

Annual Report 2010



Enel SpA Annual Report 2010

Contents



Report on operations

The Enel structure	6
Corporate boards	10
Letter to shareholders and other stakeholders	12
Summary of results	18
Significant events in 2010	22
Reference scenario	30
> Enel and the financial markets	30
> Developments in the main market indicators	32
> Economic developments in the countries in which Enel operates	33
> Italy	35
> International	48
Overview of the Group's performance and financial position	70
Results by Division	84
> Sales	87
> Generation and Energy Management	89
> Engineering and Innovation	92
> Infrastructure and Networks	93
> Iberia and Latin America	95
> International	100
> Renewable Energy	104
> Parent Company, Services and Other Activities	108
Main risks and uncertainties	110
Outlook	114
Sustainability	115
> Sustainability in Enel	117
> People	119
- Human resources and organization	119
- Customers	127
- Society	128
> Climate strategy and the environment	131
> Research and development	134
Transactions with related parties	140
Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures	141

Consolidated financial statements

Consolidated Income Statement	144
Statement of Consolidated Comprehensive Income	145
Consolidated Balance Sheet	146
Statement of Changes in Consolidated Shareholders' Equity	148
Consolidated Statement of Cash Flows	150
Notes to the financial statements	151

Corporate governance

Report on corporate governance and ownership structure	244
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Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial reports	286
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Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2010	290
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Reports

Report of the Independent Auditors	336
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Report on operations



The Enel structure

Corporate Enel SpA

Sales

Enel Servizio Elettrico
Enel Energia
Vallenergie

Generation and Energy Management

Enel Produzione
Enel Trade
Enel Trade Hungary
Enel Trade Romania
Nuove Energie
Hydro Dolomiti Enel
SE Hydro Power
Enel Stoccaggi
Enel Longanesi Development
Sviluppo Nucleare Italia

Engineering and Innovation

Enel Ingegneria
e Innovazione

Infrastructure and Networks

Enel Distribuzione
Enel Sole
Deval
Enel M@p

Iberia and Latin America

Endesa

International

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

Renewable Energy

Enel Green Power
Enel.si
Enel Latin America
Enel Green Power España
(formerly Endesa
Cogeneración y Renovables)
Enel Unión Fenosa Renovables
Enel Green Power Romania
Enel North America
Enel Green Power Bulgaria
Enel Green Power France
(formerly Enel Erelis)
Enel Green Power Hellas ⁽¹⁾

Services and Other Activities

Enel Servizi ⁽²⁾
Enelpower
Enel.NewHydro
Enel.Factor
Enel.Re

(1) In 2010 includes data for International Wind Parks of Thrace, International Wind Power, Wind Parks of Thrace, Hydro Constructional, International Wind Parks of Crete, International Wind Parks of Rhodes, International Wind Parks of Achaia and Glafkos Hydroelectric Station.
(2) In 2010 includes data for Sfera.

1

The Sales Division

2

The Generation and Energy Management Division

3

The mission of the Infrastructure and Networks Division

4

The Iberia and Latin America Division

5

The Engineering and Innovation Division

6

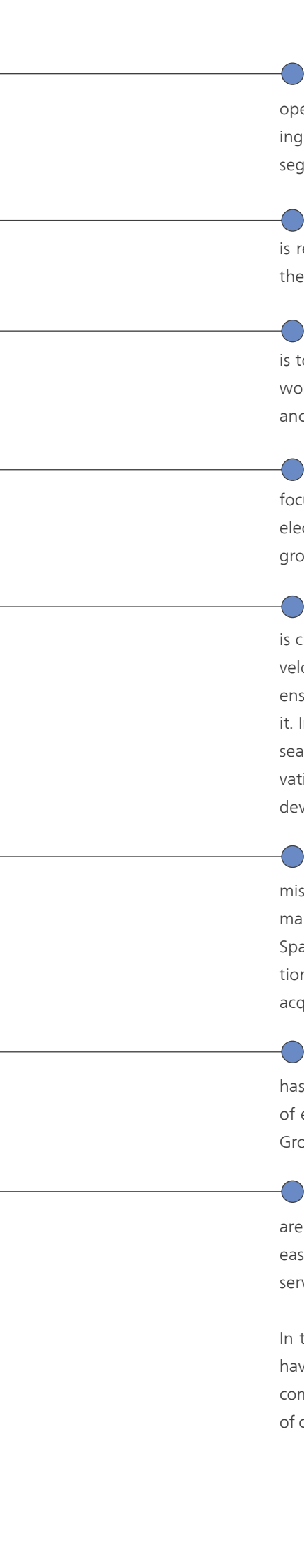
The International Division's

7

The Renewable Energy Division

8

The activities of the operational Divisions



operates in the end-user market for electrical power and gas in Italy, developing an integrated package of products and services for the various customer segments and ensuring that commercial services meet quality standards.

is responsible for generating power at competitive costs while safeguarding the environment.

is to distribute electricity and gas, optimizing the management of Enel's networks and ensuring the efficient operation of metering systems and compliance with technical service quality standards.

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.

is charged with managing the engineering processes associated with the development and construction of generation facilities on behalf of the Group, ensuring achievement of the quality, temporal and financial objectives set for it. In addition, it is responsible for coordinating and supplementing Group 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.

mission is to support Enel's international growth strategy, consolidate the management and integration of foreign operations (with the exception of the Spanish, Portuguese and Latin American markets and the renewables operations included in the Renewable Energy Division), seeking out opportunities for acquisitions in the electricity and gas markets.

has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with Enel's strategies.

are supported by the "Parent Company" and "Services and Other Activities" areas, which aim to leverage Group synergies and optimize the management of services supporting Enel's core business.

In the consolidated financial statements for 2010, the results of the Divisions have therefore been presented in accordance with the current structure and are comparable with the figures for 2009, taking account of the change in the scope of consolidation, as discussed in detail in the notes to the financial statements.

Corporate boards

Board of Directors

Chairman

Piero Gnudi

Chief Executive Officer and General Manager

Fulvio Conti

Directors

Giulio Ballio
Lorenzo Codogno
Renzo Costi
Augusto Fantozzi
Alessandro Luciano
Fernando Napolitano
Gianfranco Tosi

Secretary

Claudio Sartorelli

Board of Auditors

Chairman

Sergio Duca

Auditors

Carlo Conte
Gennaro Mariconda

Alternate Auditors

Antonia Francesca Salsone
Franco Tutino

Independent auditors

KPMG SpA

Powers

Board of Directors

The Board is vested by the bylaws with the broadest powers for the ordinary and extraordinary management of the Company, and specifically has the power to carry out all the actions it deems advisable to implement and attain the corporate purpose.

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of June 18, 2008, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, and in addition is vested by a Board resolution of June 18, 2008 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders

Dear shareholders and stakeholders,

In 2010, Enel reached important milestones that have consolidated its role as an international player in the electricity sector. Despite the continuing instability and uncertainty in the global economy, Enel was able to generate large and growing cash flows, even beating the record results posted in 2009 thanks to our market diversification and the crucial contribution of Latin America and our other international operations.

Thanks in part to efficiency enhancement programs and post-acquisition operational synergies, in 2010 Enel became the leading European utilities group in terms of gross operating margin (€17.5 billion) and posted net income of about €4.4 billion. The Group's balance sheet was further strengthened with the listing of Enel Green Power, the Group company that operates in the renewables business, on the Milan and Spanish stock exchanges. This proved to be the largest initial public offering made in Italy and Europe since 2007. In addition, careful management of operating cash flow and the leveraging of certain non-strategic assets through a selective disposal plan, including the Group's high voltage transmission network and Endesa's gas distribution network in Spain, contributed to the full achievement of the net debt reduction target. Net debt stood at less than €45 billion at the end of 2010, a €6 billion decrease from the previous year. Given these results, the debt/gross operating margin ratio at the end of 2010 came to 2.6, among the strongest ratios in the industry.

The Group's financial position has also been strengthened thanks to the success of the largest pan-European bond issue ever carried out by an Italian company for private retail investors in Italy, France, Belgium, Luxembourg and Germany, with demand almost five times greater than the bonds on offer. At the end of 2010, the average maturity of the Group's debt is almost seven years and, taking account of hedges, 93% of this debt is fixed rate: the soundness of the capital structure is the result of the Group's strict financial discipline, implemented without any negative impact on the Company's business development opportunities.

Based on the excellent results achieved, Enel's business plan confirms the effectiveness of the strategic priorities adopted after the stage of international expansion, namely:

- > leadership in core markets;
- > strengthening and organic growth in renewables in Latin America, Russia and Eastern Europe;
- > consolidation, integration and operational excellence;
- > leadership in innovation

This priorities can ensure growth in operating income while maintaining a solid financial balance.

This approach, supplemented by a well-crafted corporate social responsibility policy, will allow Enel to exploit the potential of its asset portfolio and continue to create value for all stakeholders.

The contribution of the operating Divisions to the excellent performance of the Group is discussed briefly below.

Sales Division

This year, the Sales Division focused on high-profitability segments, with a significant number of new customers added in the electricity and gas mass market.

With 3.2 million electricity customers and 2.9 million gas customers, Enel remains the leading Italian group supplying electricity on the free market with a share of 21% of electricity consumed, and the second-leading group in the sale of natural gas, with 11% of total volumes delivered. In addition, Enel supplies electricity to 26.2 million customers on the enhanced protection market.

The Division's strategy is to maximize the value generated for both Enel and its customers by providing excellent service quality, providing innovative commercial offers, optimizing its sales channels and improving operating efficiency.

Generation and Energy Management Division

The conversion of the Torrevaldaliga Nord plant in Civitavecchia to clean coal technology was completed in 2010. Units 3 and 4 began operation on January 31, and September 14, 2010 respectively, after the sections were successfully tested and compliance with the grid code was verified. This brings the total installed capacity of the plant to about 1,900 MW.

The Division also continued to cut costs and improve the operational management of plants through projects designed to increase operational efficiency, reliability and safety.

In 2010, the Generation and Energy Management Division generated about 69.4 TWh of power in Italy, or approximately 24% of the Italian market (excluding imports), a slight decrease from the previous year (-4%), partly due to reduced water availability.

The economic performance for the year compared with 2009 was mainly affected by this decline in generation and by other non-recurring items such as termination of the recovery of stranded costs relating to the supply of Nigerian LNG.

Engineering and Innovation Division

In 2010, the Engineering and Innovation Division carried out various plant development and construction projects.

In Italy, in addition to completing the conversion of the Torrevaldaliga Nord clean-coal plant (Civitavecchia), the Division continued development of the future Porto Tolle plant (Rovigo).

Abroad, the installation and commissioning of the Nevinnomysskaya plant (400 MW CCGT) in Russia was completed. Work began on designing a fly ash evacuation system at the Reftinskaya plant (3,800 MW coal-fired plant) in Russia and engineering for the revamping and environmental upgrading of unit 5 of that installation was completed. The Division also finished the commissioning of the Algeciras plant in Spain (800 MW CCGT) on behalf of E.ON. The construction and commissioning of the Marcinelle plant in Belgium (400 MW CCGT) also continued.

With regard to activities in the nuclear power field, a team of 60 Enel engineers and scientists worked with EDF to design and build the advanced third-generation EPR nuclear power plant in Flamanville, France. In Slovakia, the Group is in the process of completing the civil works for two units of the Mochovce 3 & 4 nuclear power plant and is working on carrying out its nuclear development program in Italy, involving the construction of four new plants using EPR technology in the coming years.

The Group also developed its Technological Innovation Plan, combining Endesa's research and development with the objective of maximizing synergies. Under this framework, the new pilot plant for separating CO₂ from flue gas at the coal-fired Federico II plant in Brindisi was completed and put into operation. This will make it possible to develop post-combustion technology with a view to building an industrial-scale demonstration plant at the future Porto Tolle plant.

Other plants opened included the combined-cycle, hydrogen-fueled plant at Fusina (Venice) and the innovative Archimede thermal solar plant (5 MW) at Siracusa, which uses molten salts and integrates generation with storage of high-efficiency electricity.

Finally, Enel remains committed to developing sustainable mobility systems to promote the use of electric cars. In 2010, a pilot project with Daimler-Mercedes was launched to provide 100 Smart "Electric Drive" cars to customers in Rome, Pisa and Milan and to install 400 charging stations, while in Spain the Smartcity project was launched with the City of Malaga and agreements were reached with car manufacturers for the promotion of electric vehicles.

Infrastructure and Networks Division

The technical and financial results for the Infrastructure and Networks Division and the optimal management of the distribution network and the public lighting infrastructure confirm Enel's leadership in Italy and its position as a benchmark for Europe.

Specifically, the quality of technical services in terms of the cumulative duration and average number of interruptions per customer improved significantly, with 46 minutes and 4.3 interruptions, respectively, placing it among the best in Europe for networks of this size.

Enel's automated remote system for managing its digital meters installed at the homes of all its Italian customers performed over 14 million contractual operations and took over 330 million remote readings in 2010. In Spain, the Cervantes project was launched in 2010 to install more than 13 million new meters by 2015.

Enel is a recognized leader in the field of smart grids, the electricity networks of the future, and chairs the ESDO (European Distribution System Operators) Association for Smart Grids, of which the largest energy distributors in Europe are members.

On the renewable resource front, in 2010, Enel Distribuzione connected more than 70,000 plants, concentrated largely in Southern Italy, to its network for 2,500 MW of power.

The Division also continues to pursue operational excellence through projects for sustainable continuous process improvements.

The public lighting business area has improved on the already positive results of the previous year and has consolidated its leading position in both Italy and Spain in the field of new LED street lighting systems, thanks to the Archilede project.

Iberia and Latin America Division

Significant results were also achieved in the Iberia and Latin America Division in 2010. Endesa reported results that were even better than its already brilliant achievements in 2008 and 2009, despite the difficult economic environment.

On a comparable scope of consolidation basis, the Division's revenues grew 15% to €31.3 billion, about 25 million customers served in Iberia and Latin America in the electricity sector and about 1 million in Iberia in the gas sector. EBITDA reached €7,896 million, an increase of 7% over the record level set in 2009.

The efficiency enhancement and synergy programs implemented by the Division and the rest of the Enel Group contributed heavily to the achievement of these impressive results.

The Spanish market saw a turnaround in demand for continental electricity, with an increase of 2.9% compared with 2009. This positive factor was accompanied by a recovery in wholesale prices, which contributed to the good performance of the Division, along with a careful energy management strategy, the performance in the free market, forward selling, optimization of fixed costs and the increase in distribution rates.

In Latin America – where the demand for electricity in the five countries in which Endesa operates grew by 6.3% on average compared with 2009 – Endesa's results were also impressive this year despite the occurrence of exceptional tragic events, such as the earthquake in Chile and the flooding in Brazil.

Against a background of a modest reduction in generation, due in part to less water availability, these results were primarily supported by the forward sale strategy and distribution activities (especially in Brazil), which saw sales volumes rise by 5.5% over 2009. Thanks to organic growth, in 2010, Endesa's customer base expanded by 382,000 new customers. On a comparable scope of consolidation basis, for the second straight year the gross operating margin set a record for growth, with a 7% increase over the previous year, confirming the robustness of the economies of the countries in which the Division operates.

It was also an important year also in terms of efficiency enhancement programs and synergies. A savings of €740 million was achieved beyond the additional savings of €108 million connected with the start-up of the Zenith Endesa project. Work also continued to achieve further synergies in the future which, when added to those already identified, will deliver benefits of over €1 billion in 2012.

The sale of non-strategic assets, such as the high-voltage electricity transmission grid and 80% of the gas distribution network in Spain (accompanied by a repurchase option), a 50.01% stake in Endesa Hellas (Greece), and 20% of the Sagunto and 21% of the Reganosa regasification plants in Spain were completed in 2010. These sales contributed more than €2 billion towards reducing the Group's debt.

Endesa's renewables assets in the Iberian peninsula were transferred to Enel Green Power España in order to leverage them fully within the Group.

As for 2011, in addition to an improved regulatory framework and the aforementioned increase in distribution rates, starting from January bonds have been issued in Spain to cover the rate deficit, for which Endesa has already received over €2 billion. These are positive signs that form the basis for a new phase of greater stability in Spain's electricity industry.

Upstream Gas Department

The recent dynamics of the commodities markets have demonstrated the effectiveness of the Enel Group's strategy of vertically integrating the gas sector to make its procurement strategy more competitive, secure and flexible in the long term.

Through a selective investment policy, the Group has built an exploration portfolio with potential reserves exceeding 1 billion barrels of oil equivalent in Russia, Algeria, Egypt and Italy.

The development of assets in the portfolio continued in 2010 in line with plans. The main change in terms of partnerships are the stakes acquired in SeverEnergiya by Novatek and Gazpromneft, both of which acquired the interest held by Gazprom. It is a partnership that provides additional industrial efficiency, excellence in expertise and that could speed up operational activities, which are currently in line with the goal of starting commercial generation within the next two years.

International Division

Internationally, 2010 was a year of renewed economic growth and energy consumption, although in many cases demand remains well below its level just two years ago.

Nevertheless, the foreign companies have contributed to the Group's result with their excellent performance, thanks largely to continued emphasis on improving the operational management of assets. They also remained firm in their commitment to complete investments under way.

In 2010, Slovenské elektrárne posted a gross operating margin of €712 million. This result was achieved thanks to increased generation (particularly nuclear and hydroelectric power) and cost optimization. The total net installed capacity in Slovakia amounted to 5,401 MW, of which 152 MW as a result of the repowering of the Bohunice nuclear power plant, and will be further increased by 880 MW in 2013 with the entry into service of units 3 and 4 of Mochovce nuclear power plant.

In Russia, Enel's activities were focused on integrating and enhancing the efficiency of systems, structures and processes and laid the foundations for a 72% increase in EBITDA compared with 2009. The Group also reached the final stage in the construction of two new 400 MW CCGT power plants in Nevinnomiskaya and Sredneuralskaya, which are scheduled to enter operation in the second quarter of 2011, and work to modernize and environmentally upgrade the Reftinskaya coal plant was begun.

In Romania, Enel has increased its investment to modernize its network assets, reduce its commercial losses and improve service quality, fully respecting the commitments made to the regulator, for a total of about €220 million. Our main objective is to improve efficiency and increase the number of customers.

In France, alongside the partnership with EDF to build third-generation nuclear power plants, the platform for the sale of electricity in the country continued to expand, with Enel France selling 7.1 TWh of electricity thanks to the availability of a further 200 MW under the anticipated capacity contract with EDF.

Enel is prepared to strengthen its position, taking advantage of the opportunities offered by the gradual liberalization of the market in 2011, which should occur following the introduction of the new "NOME" law.

In Belgium, the construction of the Marcinelle CCGT plant has reached the final stage and it is expected to enter service in the second half of 2011.

Finally, in Bulgaria, the process of selling the Enel Maritza East 3 plant has begun.

Renewable Energy Division

Enel Green Power ended the year with installed capacity of 6,102 MW, of which hydroelectric for 2,539 MW (42%), wind for 2,654 MW (43%), geothermal for 775 MW (13%) and other renewables (solar, biomass and cogeneration) for 134 MW (2%). With more than 600 plants operating in Europe and America, the Group's net generation in 2010 amounted to 21.8 TWh. This production covers the consumption of more than 8 million households and avoids the emission of more than 15 million metric tons of CO₂ each year.

Enel Green Power España was formed and began operation in 2010 and combines Enel Green Power's and Endesa's renewable energies activities in Iberia. During the year, Enel Green Power España also signed an agreement with Gas Natural Fenosa to split the assets of the joint venture Enel Union Fenosa Renovables (EUFER). Once this is completed in 2011, each company will become the exclusive owner of about 550 MW of installed capacity, a project pipeline of about 2,000 MW and will hold half of the net debt of EUFER.

In 2010, the global offering of Enel Green Power shares was successfully completed. As a result,

30.8% of its shares are listed on the Milan and Spanish stock exchanges. The offering was fully subscribed, with demand exceeding supply by 25%.

In Europe, Enel Green Power is present in Spain, Greece, France, Romania and Bulgaria with 1,869 MW in installed capacity. In Italy, with a total of about 2,776 MW of installed capacity and 12.2 TWh of electricity generated, Enel Green Power is a leader in renewable technologies. During the year, construction began on a facility in Catania for the manufacture of innovative thin-film solar panels in a joint venture with Sharp and STMicroelectronics.

In North America, the company has operates in 20 US states and two Canadian provinces, with an installed capacity of 788 MW and output of 2.6 TWh at the end of 2010.

In Latin America, Enel Green Power has 33 plants in Mexico, Costa Rica, Guatemala, Nicaragua, Panama, El Salvador, Chile and Brazil. Overall, on the continent, Enel Green Power has a renewable energy capacity of 669 MW and 3.6 TWh of electricity generated in 2010 using hydroelectric, wind and geothermal power technologies.

Finally Enel.si, a wholly-owned subsidiary of Enel Green Power, which has a network of over 550 franchisees, installed over 160 MW in photovoltaic capacity in the retail market in Italy in 2010, tripling its installed base and reaching about 12,000 customers.

Outlook

The major objectives achieved in terms of size, efficiency and diversification of the generation mix and the strengthening of our financial structure will enable Enel seize the opportunities offered by a new cycle of organic growth and development in rapidly developing countries. Accordingly, Enel, in confirming its strategic direction, will continue to pursue leadership in the markets in which it operates, continuing and intensifying its initiatives to boost operational excellence along the entire value chain. The consolidation and integration of its operations abroad will enable us to disseminate a culture of excellence and efficiency throughout the entire Group and to achieve greater operational synergies.

Enel will continue to implement its development plans in the renewable energy sector with determination, confirming their essential contribution to the strategy for sustainable development in the energy industry. Thanks to our know-how, our technological skills and the geographical scope of our operations, Enel is a world leader in what is forecast to be a rapidly expanding sector.

At the same time, Enel will continue its commitment to research and technological innovation, with a special focus on the development of environmentally compatible thermoelectric technologies, smart grids and electric mobility, as well as initiatives to strengthen direct access to fossil fuels through selective vertical integration.

Enel also intends to consolidate its leadership role in the field of corporate social responsibility, a sector in which it has already received major recognition at the global level.

On this foundation, the ever closer integration of international operations together with our development programs and initiatives to boost operational efficiency will have a positive impact on performance in 2011, helping us achieve the financial targets announced to the market.

The Chief Executive Officer

Fulvio Conti



Summary of results



Performance data

Millions of euro

	2010	2009 restated ⁽¹⁾
Revenues	73,377	64,362
Gross operating margin	17,480	16,371
Operating income	11,258	11,032
Net income before minority interests	5,673	6,590
Group net income	4,390	5,586
Group net income per share in circulation at year-end (euro)	0.47	0.59

(1) The figures have been restated following the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

Revenues in 2010 amounted to €73,377 million, up €9,015 million or 14.0% compared with 2009. The increase is essentially attributable to higher revenues from the sale and transport of electricity by the Iberia and Latin America Division, which benefited from the change in the method used to consolidate Endesa (from proportionate to full line-by-line) after the acquisition of an additional 25.01% of the Spanish company, and by the International Division,

in particular from electricity generation and sales in Russia. These positive factors were only partially offset by a decline in revenues from the sale of electricity on the Italian market, mainly attributable to a decrease in volumes sold, as well as lower gains on the disposal of assets, which in 2009 had largely regarded Enel Linee Alta Tensione and SeverEnergia and in 2010 comprised the electricity transmission and gas transport networks in Spain.

The *gross operating margin* came to €17,480 million, an increase of €1,109 million or 6.8%. The rise essentially reflects the change in the method used to consolidate Endesa, and the improvement in the margin on the sale and transport of electricity in the Iberian market. The increase was partly offset by the fall in the margin on domestic markets and the decline in capital gains.

Operating income amounted to €11,258 million, up 2.0% compared with 2009 (€11,032 million).

Group net income amounted to €4,390 million in 2010, compared with €5,586 million the previous year (a decline

of 21.4%). More specifically, the positive performance of operations was more than offset by an increase in net financial expense due to the change in the method used to consolidate Endesa and the decline in financial income,

which in 2009 had been increased by the income (€970 million) from the early exercise of the put option granted by Enel to Acciona on 25.01% of Endesa shares.



Financial data

Millions of euro

	2010	2009 restated ⁽¹⁾
Net capital employed	98,469	96,803
Net financial debt	44,924	50,870
Shareholders' equity (including minority interests)	53,545	45,933
Group shareholders' equity per share in circulation at year-end (euro)	4.03	3.54
Cash flow from operations	11,725	8,926
Capital expenditure on tangible and intangible assets ⁽²⁾	7,090	6,825

(1) The figures have been restated following the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(2) Does not include €97 million in capital expenditure of units classified as "held for sale" at December 31, 2010 (€197 million at December 31, 2009).

Net capital employed, including net assets held for sale of €620 million, amounted to €98,469 million at December 31, 2010, and was financed by total shareholders' equity of €53,545 million and net financial debt of €44,924 million. At December 31, 2010, the debt/equity ratio came to 0.84 (1.11 at December 31, 2009).

Net financial debt, excluding debt attributable to assets held for sale amounting to €636 million at December 31, 2010 (€63 million at December 31, 2009), came to €44,924 million, down €5,946 million on December 31, 2009. The decrease essentially reflects the impact of the disposal of assets in 2010 and the strong performance of cash flows from operations. These positive effects were partially offset by the payment of dividends and negative exchange rate effects, the latter being attributable to the measurement at current exchange rates of debt instruments issued by companies that adopt the euro as their functional currency (hedged by corresponding cross currency interest rate swaps), as well as the translation in euro of the debt of Group companies that use a functional currency other than the euro.

Capital expenditure amounted to €7,090 million in 2010 (of which €6,375 million in respect of property, plant and equipment), an increase of €265 million on 2009.

Operating data

	Italy	Abroad	Total	Italy	Abroad	Total
	2010			2009		
Net electricity generated by Enel (TWh)	81.6	208.6	290.2	84.0	183.8	267.8
Electricity transported on the Enel distribution network (TWh)	245.9	184.6	430.5	241.1	152.6	393.7
Electricity sold by Enel (TWh) ⁽¹⁾	113.4	195.6	309.0	127.4	160.6	288.0
Gas sold to end users (billions of m ³)	5.5	3.4	8.9	5.2	2.5	7.7
Employees at year-end (no.) ⁽²⁾	37,383	40,930	78,313	38,121	43,087	81,208

(1) Excluding sales to resellers.

(2) Of which 2,324 in units classified as "Held for sale" at December 31, 2010 (1,330 at December 31, 2009).

Net electricity generated by Enel in 2010 increased by 22.4 TWh (up 8.4%) largely as a result of the change in the method of consolidation of Endesa as from June 2009 (which added 23.2 TWh) and greater output by the International Division (up 5.7 TWh). These factors were partially offset by a decrease in generation in Spain and Italy.

Electricity transported on the Enel distribution network came to 430.5 TWh, an increase of 36.8 TWh or 9.3%. The rise reflects the change in the method of consolidation of Endesa (which added 27.1 TWh) and greater electricity demand in the Italian and Latin American markets.

Electricity sold by Enel rose by 21.0 TWh (up 7.3%), with total sales of 309.0 TWh. The increase is largely attributable to increased sales abroad (up 35.0 TWh, of which

24.8 TWh from the change in the method used to consolidate Endesa as well as increased sales in France, Russia and Latin America), partially offset by lower volumes sold in Italy, which fell by 14.0 TWh as a result of the opening of the market.

Gas sold to end users amounted to 8.9 billion cubic meters in 2010, with volumes increasing in all markets

At December 31, 2010 Enel Group employees totaled 78,313 (81,208 at December 31, 2009). The decrease of 2,895 is largely attributable to the net balance of hirings and terminations. The number of employees at Group companies registered abroad came to 40,930 at the end of 2010.

Results by Division

Millions of euro	Revenues		Gross operating margin		Operating income	
	2010	2009 restated ⁽¹⁾	2010	2009 restated ⁽¹⁾	2010	2009 restated ⁽¹⁾
Sales	18,697	20,330	483	393	58	10
Generation and Energy Management	17,540	18,377	2,392	3,024	1,832	2,482
Engineering and Innovation	608	903	14	17	10	14
Infrastructure and Networks	7,427	7,273	3,813	4,017	2,911	3,137
Iberia and Latin America	31,263	21,800	7,896	6,196	4,643	3,659
International	6,360	5,568	1,520	1,452	903	808
Renewable Energy	2,179	1,751	1,310	1,178	966	938
Parent Company	679	637	(68)	(25)	(75)	(34)
Services and Other Activities	1,133	1,092	136	124	26	23
Eliminations and adjustments	(12,509)	(13,369)	(16)	(5)	(16)	(5)
Total	73,377	64,362	17,480	16,371	11,258	11,032

Millions of euro	Operating assets		Operating liabilities		Capital expenditure	
	2010	2009 restated ⁽¹⁾	2010	2009 restated ⁽¹⁾	2010	2009 restated ⁽¹⁾
Sales	6,162	6,598	5,673	5,471	62	80
Generation and Energy Management	14,934	15,054	4,467	4,218	648	783
Engineering and Innovation	316	342	374	363	5	5
Infrastructure and Networks	17,680	17,272	5,825	5,651	1,147	1,112 ⁽¹¹⁾
Iberia and Latin America	77,764 ⁽²⁾	80,799	13,500 ⁽⁵⁾	13,034	2,866 ⁽⁸⁾	2,962
International	13,103 ⁽³⁾	12,292	5,184 ⁽⁶⁾	4,786	1,210 ⁽⁹⁾	1,014
Renewable Energy	9,654 ⁽⁴⁾	6,423	1,235 ⁽⁷⁾	804	1,065 ⁽¹⁰⁾	771
Parent Company	1,075	1,229	1,166	1,090	7	6
Services and Other Activities	2,529	2,197	1,543	1,612	80	92
Eliminations and adjustments	(5,732)	(6,142)	(5,734)	(4,981)	-	-
Total	137,485	136,064	33,233	32,048	7,090	6,825

(1) The figures have been restated following the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(2) Of which €484 million regarding units classified as "held for sale" at December 31, 2010 (€485 million at December 31, 2009).

(3) Of which €592 million regarding units classified as "held for sale" at December 31, 2010.

(4) Of which €399 million regarding units classified as "held for sale" at December 31, 2010.

(5) Of which €145 million regarding units classified as "held for sale" at December 31, 2010 (€102 million at December 31, 2009).

(6) Of which €26 million regarding units classified as "held for sale" at December 31, 2010.

(7) Of which €14 million regarding units classified as "held for sale" at December 31, 2010.

(8) Does not include €76 million regarding units classified as "held for sale" at December 31, 2010 (€134 million at December 31, 2009).

(9) Does not include €10 million regarding units classified as "held for sale" at December 31, 2010.

(10) Does not include €11 million regarding units classified as "held for sale" at December 31, 2010.

(11) Does not include €63 million regarding units classified as "held for sale" at December 31, 2009.

	Employees (no.)	
	at Dec. 31, 2010	at Dec. 31, 2009
Sales	3,823	3,962
Generation and Energy Management	6,601	6,703
Engineering and Innovation	1,339	1,202
Infrastructure and Networks	19,152	19,700
Iberia and Latin America ⁽¹⁾	24,731	26,305
International ⁽²⁾	14,876	15,752
Renewable Energy ⁽³⁾	2,955	2,685
Parent Company	803	731
Services and Other Activities	4,033	4,168
Total	78,313	81,208

(1) Of which 1,809 in units classified as "held for sale" at December 31, 2010 (1,330 at December 31, 2009).

(2) Of which 503 in units classified as "held for sale" at December 31, 2010.

(3) Of which 12 in units classified as "held for sale" at December 31, 2010.

Significant events in 2010



4

January

Enel Green Power, Sharp and STMicroelectronics agreement for the manufacture of photovoltaic panels

On January 4, 2010, Enel Green Power, Sharp and STMicroelectronics signed an agreement for the construction of one of the largest photovoltaic manufacturing plants in Italy. The factory will be built in Catania and will manufacture triple-junction thin-film photovoltaic panels. The plant is expected to have an initial production capacity of 160 MW and the project will require a total investment of €320 million. At the same time, Enel Green Power and Sharp signed an additional accord for the joint development of photovoltaic plants with a total installed capacity of about 500 MW by 2016.

18

January

Exploration and development of a gas field in Algeria

On January 18, 2010, a consortium formed by Enel (27.5%), Repsol (52.5%) and GDF-SUEZ (20%) signed an agreement with Algeria's national hydrocarbon agency and the Sonatrach oil company for the exploration and development of a gas field in Algeria ("South-East Illizi").



21
January

Acquisition of Padoma Wind Power

On January 21, 2010, Enel North America and NRG Energy reached an agreement for the acquisition from NRG of Padoma Wind Power, a specialized wind power development company. Padoma is developing about 4,000 MW of potential projects in California that, once built, will help the state meet its Renewable Portfolio Standard target of 33% of sales to end users from renewable energy resources by 2020.

The two companies also reached an agreement giving NRG the right of first offer should Enel North America seek an equity partner in Padoma projects.

10
February

€3 billion bond issue

On February 10, 2010, CONSOB approved publication of the prospectus relating to the offering and listing on the electronic bond market (MOT) of Enel fixed- and floating-rate bonds reserved for retail investors in Italy and other European countries (specifically France, Germany, Belgium and Luxembourg) for an original maximum aggregate amount of €2 billion, raised to €3 billion on February 18, 2010, in response to investor demand.

Both the fixed- and floating-rate bonds have a 6-year maturity (March 2016). The fixed-rate bond, issued in the amount of €2 billion, will pay annual effective gross interest of 3.52% (the sum of a spread of 73 basis points and the 6-year mid-swap rate), while the floating-rate bond, issued in the amount of €1 billion, will pay interest equal to 6-month Euribor plus a spread of 73 basis points.

15
March

Reorganization of renewables operations in Spain

On March 15 and 17, 2010 respectively, the boards of directors of Endesa and Enel approved the integration of the operations of ECyR (the Endesa company that engages in renewables operations in the Iberian peninsula, now renamed Enel Green Power España) and Enel Green Power (EGP) in the renewable energy sector in Spain and Portugal. The aim of the agreement is to ensure the unified management, within EGP, of development on the Iberian peninsula of all of the activities of EGP and Endesa in the renewable energy field. This objective was pursued through Enel Green Power España, which is held by EGP (60%) and Endesa (40%) following the reorganization.

The integration took place in the following stages:

- > Enel Green Power International (EGPI) acquired 30% of ECyR for about €326 million;
- > capital increase for Enel Green Power España reserved for EGPI, which subscribed the offering with the transfer of its holding in Enel Unión Fenosa Renovables and a cash payment of about €534 million.

The acquisition of the stake and the subsequent subscription of the capital increase of Enel Green Power España were carried out at market values, as appraised by a number of independent investment banks, which have issued a fairness opinion for the transaction.

16
March

Disposal of Endesa Hellas

On March 16, 2010, Endesa reached an agreement with its partner Mytilineos Holding for the sale of Endesa Hellas. The transaction was conditional upon obtaining a number of permits and was completed on July 1, 2010. In particular, Mytilineos agreed to acquire Endesa's 50.01% stake in Endesa Hellas for €140 million. In turn, Enel will

acquire hydroelectric and wind plants (part already operational and part under construction) with a total capacity of 15 MW for €20 million from Mytilineos.

31
March

Gazprom completes payment of 51% of SeverEnergy

On March 31, 2010, Gazprom paid Eni and Enel \$1,182 million (of which \$473 million paid to Enel) as the second and final tranche under the agreement of June 5, 2009 for the sale of 51% of SeverEnergy (owned 60% by Eni and 40% by Enel). The total price paid by Gazprom, including the first tranche paid on September 23, 2009, amounted to about \$1.6 billion.

9
April

New agreement for nuclear power in Italy

On April 9, 2010, Enel, EDF and the Finmeccanica companies Ansaldo Energia and Ansaldo Nucleare signed a major memorandum of understanding. The objective of the agreement is to specify areas of potential cooperation between Enel, EDF and Ansaldo Energia (which wholly owns Ansaldo Nucleare) in the development and construction of at least four Areva EPRs (Evolutionary Pressurized Reactors) that Enel and EDF intend to build in Italy. Enel and EDF will act as investors and architect engineers, with overall responsibility for the project and the management, construction and commissioning of the plants. They will leverage the experience of Ansaldo both in the study, design and commissioning activities of the nuclear systems and in support for licensing.

19
April

€10 billion revolving line of credit

On April 19, 2010, Enel agreed a 5-year revolving credit facility for €10 billion to replace a €5 billion syndicated loan. The new credit line can be used directly by Enel and by Enel Finance International, offering the Group a highly flexible tool to help manage working capital, as it is not part of the Group's debt refinancing program. At December 31, 2010 no drawings were outstanding on the credit line.

20
April

Acquisition of exploration permits and gas assets in northern Italy

On April 20, 2010, Enel Trade finalized the acquisition of the gas sector assets (now Enel Longanesi Development) of the Canadian Stratic Energy Corporation in northern Italy, in the implementation of the agreement signed in November 2009. The assets include about 0.7 billion cubic meters of reserves and a number of exploration permits, acquired for a total of €33 million. The price will be subject to possible adjustment based on when production starts at the fields.

26
April

Agreement with INTER RAO UES for the development of operations in Russia

On April 26, 2010, Enel and INTER RAO UES signed a memorandum of understanding for cooperation in the nuclear power sector, construction of new plants and technological innovation, energy efficiency and distribution in Russia and the countries of Eastern Europe. One major project will be the analysis of the development of a new nuclear plant at Kaliningrad, the first public-private partnership in the nuclear power field in Russia. The plant will consist of two units of 1,170 MW each and will employ the third-generation VVER 1200 technology. The facility is expected to begin operation between 2016 and 2018, with a significant proportion of the electricity generated to go to nearby European markets. INTER RAO UES will provide the terms and conditions of participation by foreign investors in the new nuclear reactor as well as the technical specifications for the distribution of the electricity generated. Enel will study the technical, economic and regulatory aspects of the project to assess the conditions and form of its possible participation in the initiative.

1
June

Agreement between Enel Produzione and SEL to develop hydroelectric power in the Province of Bolzano

On June 1, 2010, in implementation of the Final Agreement signed on October 20, 2009, Enel Produzione and Società Elettrica Altoatesina (SEL) established SE Hydro Power, in which Enel Produzione and SEL hold stakes of 40% and 60% respectively. Until December 31, 2010, the company operated the 12 major hydroelectric diversion concessions currently held by Enel Produzione in the Province of Bolzano, which expired at the end of the year. As from January 1, 2011, SE Hydro Power will operate ten

30-year concessions with a total capacity of about 600 MW that, following the completion of provincial administrative procedures, have been issued to SEL with effect as from that date. The deal was finalized following satisfaction of the conditions on which the transaction was contingent, namely obtaining (i) clearance from the Antitrust Authority and (ii) authorization from the Province for the transfer of the hydroelectric concessions to SE Hydro Power.

Following the agreement, in the final months of 2010 SE Hydro Power acquired from Enel Produzione the business unit that operates the concessions for minor hydroelectric diversions that Enel Produzione held in the Province of Bolzano for €20 million.

18
June

Global public offering of Enel Green Power shares

On June 18, 2010, Enel Green Power SpA (EGP) submitted an application to Borsa Italiana requesting admission of its shares for trading on the electronic stock market (Mercato Telematico Azionario - MTA) and asked CONSOB to authorize the publication of the prospectus for the public offering and the listing of its shares.

On October 13, 2010, EGP received authorization from CONSOB to publish the prospectus for the public offering and listing of EGP shares. The authorization followed the approval on October 11 by Borsa Italiana of the admission of the shares of EGP for trading on the MTA in Italy. With a view to launching a public offering also in Spain – in connection with the planned listing of the shares of EGP on regulated markets in that country – EGP and Enel also asked CONSOB to send the *Comisión Nacional del Mercado de Valores* (CNMV) a certificate of approval certifying that the prospectus has been prepared in accordance with the provisions of Directive 2003/71/EC.

On October 15, Enel announced that it had set the price range for shares of EGP, indicative of the economic capital of EGP, in order to enable the receipt of expressions of interest from institutional investors as part of the global offering of EGP shares. The price range was set at between

a minimum of €9 billion and a maximum of €10.5 billion (equal to a non-binding minimum price of €1.80 per share and a binding maximum price of €2.10 per share, the latter equal to the maximum placement price).

On October 28, Enel, without prejudice to the indicative price range reported above, announced that it would consider expressions of interest as from €1.60 per share in order to achieve the best possible valuation of such an important asset as EGP.

On October 30, 2010, Enel, in consultation with the Joint Global Coordinators and the Joint Bookrunners, set the final offering price at €1.60 per share. The final price, which was identical for both the public offering and the offering to institutional investors, was set by taking into account, inter alia, conditions in financial markets in Italy and abroad, the volume and quality of the expressions of interest received from institutional investors, as well as the volume of applications received in the public offering.

The offering generated total gross demand for around 1,780 million shares (of which about 1,260 million shares on the part of retail investors in Italy and Spain and about 520 million shares on the part of institutional investors), compared with 1,415 million EGP shares involved in the global offering, which could be supplemented by a maximum of 210 million additional shares that the Global Coordinators, within 30 days from the start of trading of EGP shares, could purchase through the exercise of the greenshoe option reserved for them. Following the completion of the above process, as from November 4, 2010, the EGP shares have been listed on the MTA market of Borsa Italiana and on regulated markets in Spain.

On December 3, 2010, the Joint Global Coordinators, in conformity with the provisions of the prospectus, announced the exercise of the greenshoe option for about 126 million shares, equal to 9% of the global offering. Following the exercise of the greenshoe, Enel's stake in EGP amounts to 69.2% of share capital.

1
July

Sale of power transmission networks in Spain

On July 1, 2010, Endesa reached an agreement with Red Eléctrica de España (REE) for the sale, to a subsidiary of REE, of the power transmission network owned by Endesa Distribución Eléctrica, a wholly owned subsidiary of Endesa. This sale is to take place in accordance with the provisions of Law 17/2007, which designates REE as the sole entity to perform transmission activities. The agreement refers to both the assets in service and the assets currently under construction. The agreement, which calls for a payment of around €1.4 million, will be effective subject to obtaining the required administrative authorizations. On December 13, 2010 the sale was completed and Endesa Distribución Eléctrica received an additional €66 million as payment for the maintenance of the electricity grids sold.

30
July

Agreement with Gas Natural to divide assets of Enel Unión Fenosa Renovables

On July 30, 2010, Enel Green Power and its subsidiary Enel Green Power España (EGPE) reached an agreement with Gas Natural for the division of the assets of Enel Unión Fenosa Renovables (EUFER), an equally held joint venture between EGPE and Gas Natural Fenosa. The aim of the transaction is to enable the parties to pursue their strategies for the Iberian renewable energy market more effectively.

The agreement is subject to a number of conditions that are expected to be met by the end of the year, including approval from the competent antitrust and regulatory authorities. Pending completion of the agreement between the parties, the EUFER assets have been divided into two well-balanced groups (Lot A and Lot B): Lot A will continue to be held by the Enel Group, which will own all of

EUFER, and Lot B will be transferred to Gas Natural Fenosa. Accordingly, the assets and liabilities associated with Lot B have been classified as "Assets held for sale" and "Liabilities held for sale" in these consolidated financial statements, as they meet the requirements for such classification set out in IFRS 5.

24
September

Sale of gas transport and distribution networks in Spain

As part of efforts to leverage its operations in the gas transport and distribution industry in Spain, on September 24, 2010 Endesa reached an agreement for the sale of an 80% stake in its subsidiary Nubia 2000, a company established in 2010 with the assets of Endesa Gas (a gas distribution company) to two infrastructure investment funds managed by Goldman Sachs. Endesa may repurchase the stake upon the exercise of a call option between five and seven years after the completion of the transaction. Endesa will continue to have a presence in Spain's gas transport and distribution sector through its remaining 20% interest in Nubia 2000, to which it will continue to provide a number of support services. The assets held by Nubia 2000 comprise about 3,800 kilometers of distribution networks, 600 kilometers of transport network and 355,000 delivery points, with annual consumption of 7,500 GWh.

On December 17, 2010, Endesa completed the sale of 80% of Nubia 2000, which also includes a 35% stake in Gas Aragon, previously transferred by Gas Natural to Nubia 2000.

29
September

Interim dividend for 2010

On September 29, 2010, the Board of Directors of Enel SpA approved the accounts of the Parent Company at June 30, 2010 and the report showing that the performance and financial position of the Company and the Group would allow the distribution of an interim dividend for 2010 of €0.10 per share. The interim dividend, gross of any withholding tax, was paid as from November 25, 2010, with the ex-dividend date falling on November 22, 2010.

20
October

Agreement with the Tennessee Valley Authority

On October 20, 2010, Enel Green Power and its development partner TradeWind Energy entered into an agreement between the Caney River Wind Project and the Tennessee Valley Authority for the purchase of the annual output of a 200 MW wind farm to be built and operated by Enel Green Power in Elk County, Kansas.

14
October

Memorandum of understanding for the development and implementation of technologies for smart grids in Russia

On October 14, 2010, Enel and IDGC Holding signed a memorandum of understanding to cooperate in the development of smart grid technologies. The two groups will carry out joint projects related to the development and implementation in Russia of smart grids, including smart meters. The companies are also considering various options for cooperation in grid asset management, including setting up a joint venture. Enel and IDGC Holding will also continue to exchange best practices with regard to design, development of standardized technology and the unification and implementation of quality management standards.

Within three months of the signing of the memorandum, Enel and IDGC Holding will establish a committee to handle the organization and coordination of their activities.

21
October

Updating of bylaws to incorporate new shareholders' rights regulations

On October 21, 2010, the Enel Board of Directors approved a number of amendments to the bylaws in order to fully update the contents to incorporate the changes introduced with Legislative Decree 27/2010 (transposing into Italian law Directive 2007/36/EC, which seeks to facilitate the participation of shareholders in the general meetings of listed companies). The changes completed an adjustment process that was initiated at the Extraordinary Shareholders' Meeting held on April 29, 2010, which approved a number of "optional" amendments to the bylaws, the adoption of which Legislative Decree 27/2010 left to the discretion of each listed company.

The amendments to the bylaws adopted by the Board of Directors, as with those approved by the Extraordinary Shareholders' Meeting of April 29, 2010, will apply as from the Shareholders' Meeting for which the notice calling the meeting is published after October 31, 2010.

11
November

Enel and Kepco sign cooperation agreement for the development of smart grids and carbon dioxide capture and sequestration

On November 11, 2010, Enel and the Korean Electric Power Corporation (Kepco) signed a letter of intent (followed by specific memorandums of understanding) in Seoul to develop cooperation in the areas of network systems, particularly in the field of smart grids, and technologies for reducing emissions of greenhouse gases, particularly carbon capture and sequestration (CCS).

The parties have undertaken to pursue cooperation and the mutual exchange of information in the development of these two technologies, both considered crucial to shaping the future of energy efficiency and a low-carbon society.

10
December

Agreement with EIB for financing investment in renewable

On December 10, 2010, Enel Green Power and the European Investment Bank (EIB) signed an agreement for a loan totaling €440 million that may be increased, subject to further agreements between the parties, up to €600 million. The 20-year loan bears a significantly lower interest rate than the market benchmark rates and will be used to finance the installation of wind and photovoltaic plants with a total capacity of 840 MW. Enel Green Power plans to invest a total of around €1,300 million in this project.

Reference scenario

Enel and the financial markets

	2010	2009 restated
Gross operating margin per share (euro)	1.86	1.74 ⁽¹⁾
Operating income per share (euro)	1.20	1.17 ⁽¹⁾
Group net earnings per share (euro)	0.47	0.59 ⁽¹⁾
Dividend per share (euro)	0.28 ⁽²⁾	0.25
Pay-out ratio ⁽³⁾ (%)	60	42
Group shareholders' equity per share (euro)	4.03	3.54
Share price - 12-month high (euro)	4.23	4.35
Share price - 12-month low (euro)	3.43	2.91
Average share price in December (euro)	3.78	4.06
Market capitalization ⁽⁴⁾ (millions of euro)	35,543	38,176
No. of shares outstanding at December 31 (millions)	9,403	9,403

(1) Calculated on the basis of the number of shares at December 31, 2009, in order to reflect the effects of the capital increase completed on July 9, 2009.

(2) Dividend proposed by the Board of Directors on March 14, 2011.

(3) Calculated on Group net income.

(4) Calculated on average share price in December.

		Current ⁽¹⁾	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2008
Enel stock weighting in:					
- MIB 30 index ⁽²⁾		n.a.	n.a.	n.a.	9.34%
- FTSE Italia All Share index ⁽³⁾		9.30%	8.97%	8.88%	n.a.
- STOXX Europe 600 Utilities index		8.89%	8.07%	8.26%	6.33%
- Bloomberg World Electric index		3.55%	3.16%	3.58%	2.84%
Rating		Current ⁽¹⁾	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2008
Standard & Poor's	Outlook	Stable	Stable	Stable	Negative
	Medium/long term	A-	A-	A-	A-
	Short term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	Negative
	Medium/long term	A2	A2	A2	A2
	Short term	P1	P1	P1	P1
Fitch	Outlook	Stable	Stable	Stable	n.a.
	Medium/long term	A-	A-	A-	n.a.
	Short term	F2	F2	F2	n.a.

(1) Figures updated to March 1, 2011.

(2) As from June 1, 2009, figures for the MIB 30 index have no longer been available.

(3) The data for the new FTSE Italia All Share index are available as from May 26, 2009.

2010 saw a partial recovery in the world's economies, although the pace of growth differed from country to

country. The expansion was robust in the emerging economies (especially China, India and Brazil) and in a number

of industrial economies (such as Germany, Japan and the United States), but less vigorous in the other industrial countries.

The central banks of the main developed economies continued to maintain an expansionary monetary policy stance in 2010. For the entire year, official interest rates in the euro area and the United States were kept at a historically low level (the European Central Bank left its main refinancing rate at 1%, while the Fed kept its target federal funds rate at 0.25%).

As regards the financial markets, differences in the performance of the European economies were reflected in prices on their respective securities markets.

In the euro area, there was a divergent pattern of developments in equity indices. More specifically, 2010 ended with a significant rise in Germany (the DAX index closed the year with a gain of 16% on 2009), while markets in the countries of the Mediterranean basin performed markedly less well (in Italy, the FTSE Italia All Share index closed the year with a loss of 11.5% and Spain's IBEX index fell by 17.4%).

Dividend per
share of €0.28 at
December 31,
2010

Against this background, the utilities segment was among the worst-performing sectors in 2010. Together with the banking sector, the utilities indices were the only ones to post losses for the year (the STOXX Europe 600 Utilities index fell by about 8% in 2010).

The strong correlation between the utilities sector and the country risk associated with the perceived sovereign risk helped drag down the performance of the segment.

In this environment, the performance of the Enel stock price was in line with the European sector index (Enel shares closed the year at €3.74, down 7.6%) but significantly better than all its main European competitors (Enel outperformed RWE, EDF, E.ON, Iberdrola, EDP and GDF over the year).

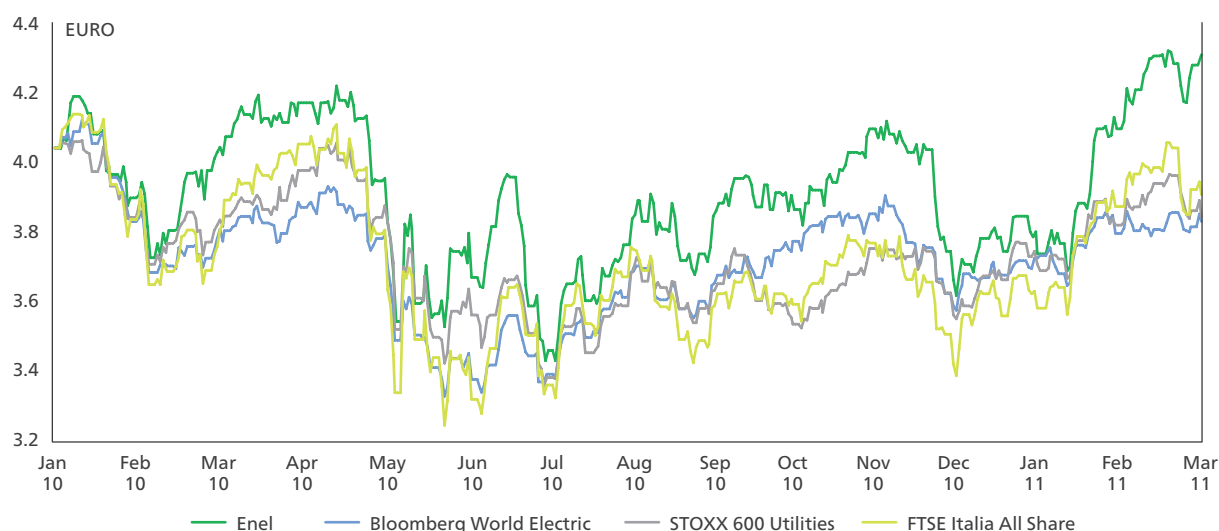
On November 25, 2010, Enel paid an interim dividend on 2010 profits of €0.10 per share, which together with the dividend paid on June 24, 2010, brought total dividends paid during the year to €0.25 per share.

At December 31, 2010, the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors 37.0% and individual investors the remaining 31.8%.

For further information we invite you to visit the Investor Relations section of our corporate website (<http://www.enel.com/en-GB/investor/>), which contains financial data, presentations, on-line updates on the share price, information on corporate bodies and the regulations of shareholders' meetings, as well as periodic updates on corporate governance issues.

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683057975; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, STOXX Europe 600 Utilities and FTSE Italia All Share indices

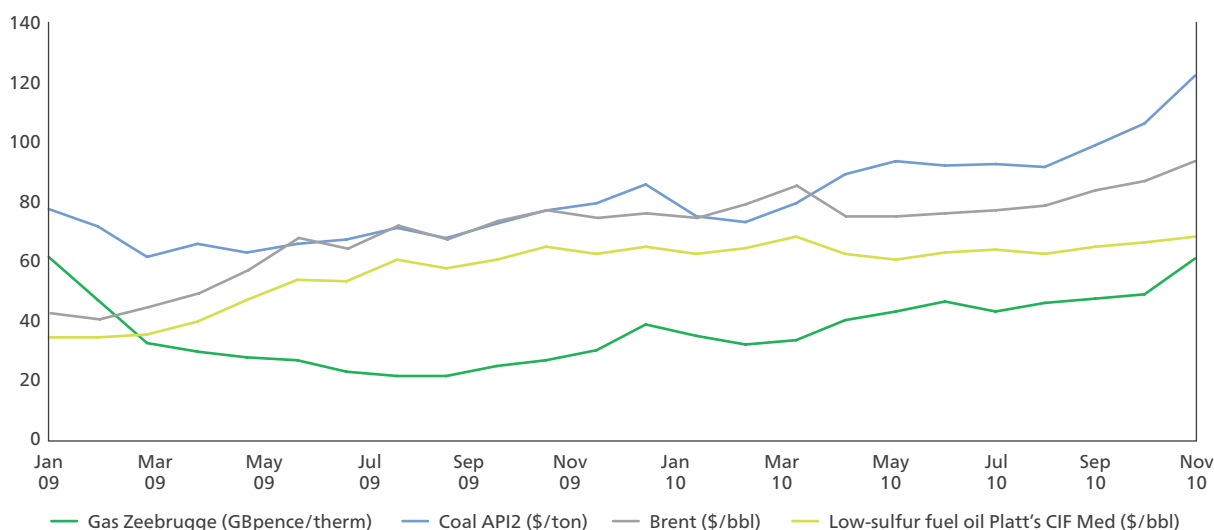


Source: Bloomberg.

Developments in the main market indicators

The following charts report developments in the main market indicators in the two reference years.

Fuel prices



In 2010 the prices of energy commodities continued to rebound from their lows registered at the end of 2008. Compared with the previous year, the average price of Brent oil in 2010 rose by 29%, from \$62.3 to \$80.3 a barrel.

The recovery was spurred by the expectations engendered by the rise in demand, which was much stronger

than originally forecast at the start of the year, both in the emerging areas and the OECD countries. In 2010 global demand for oil rose above its pre-crisis levels, increasing by 3%. One of the main factors driving demand was Chinese consumption, which rose by more than 11% over the year. The market still has considerable spare capacity, with

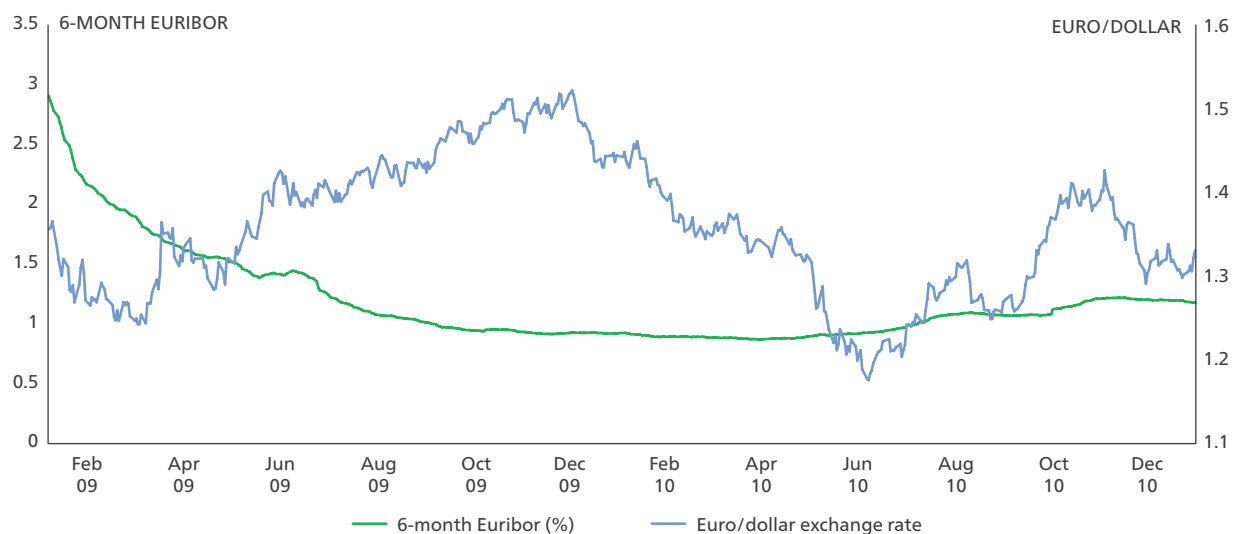
inventories at their highest level in the last five years. Coal prices rose rapidly over the course of 2010, once again under the impulse of Chinese demand, which in just a few years has transformed that country from a net exporter of coal into the world's largest importer of that commodity. Towards the end of the year, coal prices were also affected by the flooding in Australia and Indonesia, which drove the price of South African coal to \$130 a metric ton in December.

In 2010 the average CIF Northern Europe (API2) price

of coal was \$91.7 a metric ton, up 30% on 2009. The spot price of natural gas at the Zeebrugge rose from 31.3 GBpence/therm in 2009 to 43.3 GBpence/therm in 2010, an increase of 38%. The price was considerably impacted by weather conditions, especially the very cold weather registered in Northern Europe at the end of the year, which triggered a sharp rise in spot prices.

Finally, the average price of low-sulfur fuel oil rose by 27.4%, from \$371 a metric ton in 2009 to \$473 a metric ton in 2010.

Money market



Developments in the money markets in 2009 and 2010 were primarily attributable to the financial market crisis. The euro/dollar exchange rate went from an average of 1.39 in 2009 to 1.33 in 2010, a depreciation of 4.5%.

6-month Euribor fell from an average of 1.43% in 2009 to 1.26% in 2010, with a slight rise at the end of 2010 after a significant declining trend over the last two years.

Economic developments in the countries in which Enel operates

In 2010 the recovery in the world economy strengthened, with activity rising from the trough of the crisis reached around mid-2009. Industrial output began to rise again in both the euro area and the United States, although it has not yet returned to pre-crisis levels. Part of the decline in production, however, has been structural, with the closure of plants in the worst phase of the recession in 2009. Developments in economic indicators in the 1st Half of 2010 pointed to robust growth in the world economy,

continuing throughout the spring, followed by a gradual deceleration from the summer onwards. Market growth slowed in the middle months of the year, partly in response to the fears about the sustainability of the sovereign debt of a number of European economies (Greece, Ireland, Portugal and Spain).

World GDP expanded by 4.1% in 2010, compared with a contraction of 1.9% in 2009. Driving the recovery last year was the rise in demand in the Asian emerging economies,

which posted rapid rates of growth (China: +10.3%; India: +8.5%; Taiwan: +10.5%; Indonesia: +6.1%).

The recovery in international exports helped foster the revival of GDP growth in the United States (+2.9%) and the euro area (+1.7%).

Within the euro area, much of the growth in the first part of 2010 was attributable to stockbuilding, and the growth in exports and capital expenditure on machinery (especially in Germany) drove the acceleration in economic activity. The most rapid growth was posted in Germany, the engine of the euro area, where GDP expanded by 3.6%, while Greece was heavily impacted by the domestic crisis, causing GDP to contract by even more than it had in 2009. Italy benefited from the recovery in the euro area, with GDP growing by 1.2% over the previous year.

Despite a revival in the final quarter of the year, Spain saw GDP contract by 0.1% for the year. Weighing on the Spanish economy was the persistence of the real estate crisis and the high rate of unemployment.

The economies of the Latin American countries improved markedly, with the area posting GDP growth of 5.6% in 2010.

On the foreign exchange front, the euro closed the year at 1.34 to the dollar, down from 1.43 at the end of 2009. Developments in the exchange rate over the year reflected the tensions created by the risk of default by a number of euro-area countries and the very expansionary monetary policy stance of the Federal Reserve in the United States.

Interest rates remained very low, although in the 2nd Half of the year a number of central banks began to adopt a more restrictive stance in response to initial signs of a resurgence in inflation.

The gradual risk in inflation towards the end of 2010 essentially reflected the changes in the prices of raw materials and agricultural products.

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

Annual real GDP growth

%		
	2010	2009
Italy	1.2	-5.2
Spain	-0.1	-3.7
Portugal	1.3	-2.5
Belgium	2.0	-2.8
Greece	-4.2	-2.0
France	1.6	-2.6
Bulgaria	-0.1	-4.9
Romania	-1.2	-7.1
Slovakia	4.1	-4.8
Russia	4.1	-7.8
Argentina	8.3	0.9
Brazil	7.7	-0.6
Chile	5.3	-1.4
Colombia	4.0	0.8
Mexico	5.5	-6.1
Peru	9.0	0.9
Canada	2.9	-2.5
USA	2.9	-2.6

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

Italy

The electricity market

Domestic electricity generation and demand

Millions of kWh

	2010	2009	2010-2009	
Net electricity generation:				
- thermal	222,157	216,087	6,070	2.8%
- hydroelectric	49,369	52,844	(3,475)	-6.6%
- wind	8,374	6,484	1,890	29.1%
- geothermal and other resources	6,631	5,692	939	16.5%
Total net electricity generation	286,531	281,107	5,424	1.9%
Net electricity imports	43,944	44,959	(1,015)	-2.3%
Electricity delivered to the network	330,475	326,066	4,409	1.4%
Consumption for pumping	(4,310)	(5,798)	1,488	25.7%
Electricity demand	326,165	320,268	5,897	1.8%

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2010).

- > Domestic *electricity demand* increased by 1.8% compared with 2009, reaching 326.2 TWh. Of this total, 86.5% was met by net domestic electricity generation for consumption (86.0% in 2009), with the remaining 13.5% being met by net electricity imports (14.0% in 2009);
- > *net electricity imports* in 2010 fell by 1.0 TWh owing to the narrower differential with electricity prices in the other European markets compared with those in the domestic market;
- > *net electricity generation* increased by 1.9% or 5.4 TWh, essentially attributable to an increase in thermal generation (up 6.1 TWh), wind generation (up 1.9 TWh) and generation from geothermal and other resources (up 0.9%). This was only partially offset by the decline in hydroelectric generation (down 3.5 TWh) owing to more favorable water conditions in 2009.

Developments in domestic electricity sales prices

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2010				2009			
Power Exchange - PUN IPEX (€/MWh) ⁽¹⁾	64.1				63.7			
Residential user with annual consumption of 2,700 kWh (eurocents/kWh): ⁽²⁾								
Price including taxes	16.3	15.8	15.7	15.6	17.1	16.8	16.6	16.6

(1) Source: Energy Markets Operator; average annual price.

(2) Source: Authority for Electricity and Gas and Single Buyer (consumption represents average Italian household with contracts for 3 kW - resident).

In Italy, the average uniform national sales price of electricity on the Power Exchange rose by 0.6% compared with 2009.

The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas fell by 6% in 2010, mainly owing to the decrease in the rate component covering provisioning and dispatching costs.

The gas market

Domestic gas demand

Billions of m³

	2010	2009	2010-2009	
Residential and commercial	33.8	31.6	2.2	7.0%
Industrial	16.5	15.4	1.1	7.1%
Thermal generation	30.3	29.0	1.3	4.5%
Other ⁽¹⁾	2.4	2.0	0.4	20.0%
Total	83.0	78.0	5.0	6.4%

(1) Includes other consumption and losses.

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

Domestic demand for natural gas in Italy came to 83.0 billion cubic meters, an increase of 6.4% on 2009, when consumption was curbed by the slowdown in the domestic

economy as a result of the financial crisis. Residential and commercial consumption also rose, especially in the final part of the year.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2010				2009			
Average user with annual consumption of less than 200,000 m ³ (eurocents/m ³):								
Price including tax	69.3	71.8	74.1	74.1	79.3	73.4	68.3	67.5

Source: Authority for Electricity and Gas.

The average sales price of natural gas in Italy increased by 0.3% compared with 2009, partly as a result of the changes made to the formula for updating the raw materials component. Without the amendment, the increase would have amounted to 1.1%.

- > the "Effort Sharing Decision" setting emissions reduction targets for the individual Member States in the sectors not included in the ETS (transport, agriculture and building);
- > Directive 2009/28/EC on the promotion of the use of renewable energy sources, setting binding targets for each Member State for the share of those sources in gross final consumption in 2020;
- > Directive 2009/31/EC on carbon capture and storage (CCS), which establishes a regulatory framework to ensure the safe and environmentally compatible use of CCS technologies;
- > Directive 2009/30/EC on the quality of fuels, which sets a target reduction of 6% in emissions of greenhouse gas produced over their life cycle;
- > Regulation (EC) no. 443/2009 on new CO₂ emissions limits for cars.

As regards the ETS, the main changes introduced with Directive 2009/29/EC were:

- > a single European-level emission cap, to be lowered each year until it achieves a 21% reduction from 2005 levels in 2020;

Regulatory and rate issues

Climate and energy package

The climate and energy package, adopted in 2009 in implementation of the commitments undertaken by the European Council with regard to countering climate change and promote the use of renewable energy sources, is composed of:

- > Directive 2009/29/EC amending the EU's Emissions Trading Scheme (ETS), introduced in 2005 and applied to about 40% of the greenhouse gas emissions in the European Union;

- > gradually increasing use, as from 2013, of an auction system for the allocation of emissions allowances to plants, with the Member States to be required to direct part of the funds raised to finance measures for emissions reduction and climate change adaptation;
- > a limited expansion of the sectors and gases governed by the system.

In 2010, major measures were adopted to implement Directive 2009/29/EC, including:

- > on February 18, 2010, the new regulation for the allowance registries was approved. Among other things, the regulation provides for the establishment of a European ETS Registry in place of the existing system of national registries. The regulation also contains measures to enhance the security system with a view to preventing tax fraud and other fraudulent activities;
- > on October 22, 2010, European Commission set the total number of EU emission allowances (EUAs) for 2013, taking account of new gases and new sectors to be covered by the ETS. The cap will total 2,039 million metric tons of CO₂;
- > on November 6, 2010, the decision on the financing of renewable energy and CSS projects through the sale of 300 million emissions allowances of the New Entrant Reserve for the period after 2012 (the NER-300 fund) was published. At the same time, the first call for proposals was also published. The projects selected will receive funding from the liquidation of an initial tranche of 200 million metric tons of allowances. The proposals must be transmitted to the Member States (who are in charge of pre-selection of projects) within three months of the publication of the call for proposals, while the final decision is expected to come in 2012;
- > on November 12, 2010, the rules governing the operation of the auctions for allocating emissions allowances were approved. In implementation of the rules, the procedure for selecting the centralized platform to manage the auctions on behalf of the Member States is scheduled to be defined in early 2011.

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

Acquirente Unico (hereinafter Single Buyer) at a set price and is used to supply the enhanced protection market.

On December 18, 2009, the decree of the Minister for Economic Development governing the import procedures for the long-term contract for 2010 was published. The decree confirmed the capacity reserve necessary for the performance of the contract and set the price for the 1st Quarter of 2010 at €59.5/MWh (€78/MWh for the 1st Quarter of 2009). For the remainder of the year, the price was updated based on the indexing of the Single National Price (SNP); on this basis the price for the 2nd and 3rd Quarters of 2010 amounted to €66.49/MWh and €63.66/MWh, while that for the 4th Quarter was €73.02/MWh.

On December 14, 2010, the decree of the Minister for Economic Development governing the import procedures for the long-term contract for 2011 was published. The decree set the price for the 1st Quarter of 2011 at €66.3/MWh, confirmed the mechanism for updating the price for the subsequent quarters and, in line with the previous decree, gave the Single Buyer the right to not draw the electricity under the long-term contract if prices are not consistent with its forecast for average provisioning costs. The Single Buyer confirmed its intention to draw the electricity governed by the contract for 2011.

Green certificates

On February 9, 2010, the Energy Services Operator (ESO) notified operators of the reference price for green certificates for 2010: €112.82/MWh, equal to the difference between the initial reference price (set at €180/MWh in the 2008 Finance Act) and the annual average sales price for electricity in 2009, defined by the Authority for Electricity and Gas in Resolution ARG/elt no. 10/09.

In addition, the ESO also announced the guaranteed withdrawal price for green certificates issued for generation in 2007, 2008 and 2009 (with the exception of those regarding co-generation plants connected with district heating) at €88.91/MWh. This corresponds to the weighted average price in green certificates trading on the market run by the Energy Markets Operator in 2007-2009.

Article 2, paragraph 3, of Law 72/2010 repeals the transfer of the obligation of delivering a share of renewable energy to the national electricity system from the producers or importers of electricity from non-renewable resources to those who enter into one or more ancillary services contracts for withdrawal with Terna. The transfer had been established with Law 99/2009 (the "Development Act").

With a decree of March 2, 2010, the Minister for Agricultural Policy set a multiple of 1.8 for green certificate incentives for power generation from locally-sourced biomass (produced within a radius of 70 km of the generation plant) and industry agreement biomass (produced under industry agreements or framework agreements pursuant to Articles 9 and 10 of Legislative Decree 102/2005).

The law ratifying the decree law containing budget adjustment measures establishes (Article 45) that as from 2011 the charges incurred by the ESO for the withdrawal of expiring green certificates shall be 30% less than those for 2010. The measure could be repealed under the provisions of the draft decree approved by the Council of Ministers on November 30, 2010. Generally, the decree regards the transposition of the EU Directive on the promotion of the use of renewable energy resources. The text of the decree is currently being examined by the Joint Conference and the Chamber and Senate committees, with final approval scheduled for the 1st Quarter of 2011. Under the measure, as from 2013 the incentive mechanism for electricity generated from renewable resources will comprise auctions run by the ESO for plants with a capacity of more than 5 MW and special rates for smaller plants and all plants running on biofuels. The measure also provides for a transitional period with the gradual elimination of the green certificates system.

Sales

Code of Commercial Conduct

With Resolution ARG/com no. 104/10, the Authority for Electricity and Gas (the Authority) introduced the Code of Commercial Conduct for the sale of electricity and gas, which modifies and harmonizes the rules governing the two sectors. The code establishes the rules to be followed by operators in promoting offers and will enter force as from January 1, 2011.

Enel Energia has appealed the measure before the Lombardy Regional Administrative Court, challenging the provision for an automatic indemnity for failure to comply with the invoice frequency set out in the supply contract. With Resolution ARG/com no. 239/10, the Authority reduced the amount of the indemnity – originally set at €30 – to €20 and postponed the date it takes effect to September 2011, subordinating it in any case to the completion of a new consultation to identify any reasons not attributable to the sales companies that would make it impossible

to comply with the established invoice frequency. Enel Energia has appealed this measure as well.

Quality standards

With Resolution ARG/com no. 147/10 the Authority updated the integrated code governing the quality of commercial services for the sale of electricity and gas. The Authority has established stricter rules for sellers concerning time limits (maximum of two business days) for transmitting requests for service to distributors. Specifically, starting from July 2011, sellers must pay customers a penalty of €30 if they fail to meet the time limit.

Enel Energia and Enel Servizio Elettrico have appealed the measure before the Lombardy Regional Administrative Court.

Electricity

Sales services

With a decree of the Minister for Economic Development of October 21, 2010 and the subsequent Resolution ARG/elt no. 182/10, the next period for delivery of safeguard services was extended from two to three years (2011-2013). For that period, in the auctions to award the contracts for the services, out of a total of twelve areas up for bid, Enel Energia was awarded the concessions for the major islands as well as Umbria and Marche, Basilicata and Calabria, and Campania. The average premium bid by Enel Energia in the five areas awarded was about €63.6/MWh. Resolution ARG/elt no. 22/10 introduced a mechanism for the gradual application of dual pricing for residential customers whose meters have been reprogrammed to handle time-band pricing for the period from July 1, 2010 (when the new peak/off-peak pricing system begins, as postponed by Resolution ARG/elt no. 177/09) and December 31, 2011. In particular, during the transition period the mechanism will alert customers to the difference in the cost of electricity in peak and off-peak hours.

Law 129 of August 13, 2010 created an Integrated Information System (IIS) at the Single Buyer based on a database of withdrawal points and the personal identifying data of final customers to manage the exchange of information between operators on energy markets. The Authority, with Resolution ARG/com no. 201/10, set out the general operating criteria and the organizational arrangements of the system, which during the initial stage will involve managing the switching process and the

information on customers who have failed to make payments for the purposes of possibly suspending deliveries to such customers.

Credit risk mitigation

With Resolution ARG/elt no. 33/10, the Authority set out the mechanism for settling receivables remaining on the books of operators that temporarily provided safeguard services in the period from July 1, 2007 to April 30, 2008. More specifically, the Authority established that such receivables shall be recognized net of the margins earned by the individual operators during the same period. Under the provisions of Resolution no. 190/10, on December 31, 2010, Enel Servizio Elettrico received a payment on account of €91.1 million, subject to adjustment to be settled following the process of quantifying the margin, which is expected to take place in 2011.

With Resolution ARG/elt no. 219/10, the Authority set out the general criteria and operating arrangements of an innovative Indemnity System (IS) introduced with Resolution ARG/elt no. 191/09 to counter customer default following switching. More specifically the IS ensures that out-going sellers – in the event they are unable to collect payment of final invoices from low-voltage customers that have switched – will be indemnified in an amount equal to the estimated cost of two months of supply. The indemnity will be levied by the new seller to the final customer who accrued the original payable, thereby discouraging opportunistic behavior. The IS, which will be in full operation in 2012, will be introduced as from January 2011 with simplified operating procedures.

A decree of the Minister for Economic Development of October 21, 2010 established a mechanism for reimbursing unrecoverable costs incurred by safeguard service operators in respect of unpaid invoices by end users who cannot be disconnected.

The Authority, with Resolution ARG/elt no. 182/10, initiated a proceeding to define the operating arrangements and access criteria for the reimbursement mechanism. It is scheduled to be completed by September 30, 2011.

Rate and rate updates

With Resolutions ARG/elt no. 205/09 and ARG/com no. 211/09, the Authority set the rates for the enhanced protection service for the 1st Quarter of 2010. The final rate for average residential customers was set at €162.6/MWh, a reduction of 2.2% from the previous quarter. More specifically, the PED component (covering sourcing and

dispatching costs) was reduced by about €0.6/MWh; the PPE component (covering imbalances in the equalization system for 2008) was reduced by €3.7/MWh; and the A4 component (used to finance special rate mechanisms) was reduced by €0.3/MWh. These reductions were partially offset by an increase in the UC1 component (covering deficits in the equalization system for years prior to 2008) of €1.5/MWh and an increase in the A3 component (incentives for renewable and comparable sources) of €0.8/MWh.

With Resolutions ARG/elt no. 41/10 and ARG/com no. 44/10, the Authority set the rates for the enhanced protection service for the 2nd Quarter of 2010. The final rate for the average residential customer was set at €157.7/MWh, a decrease of 3.1% on the previous quarter. More specifically, the PED was reduced by €0.5/MWh, the A4 component was reduced by €0.14/MWh and the PPE and UC1 components were set at zero, partially offset by a further increase in the A3 component (€1.5/MWh).

With Resolution ARG/elt no. 41/10, the Authority also updated, as from April 1, 2010, the RCV component covering sales costs incurred by enhanced protection service operators, ensuring annual revenues in line with those for the previous year.

With Resolutions ARG/com no. 93/10 and ARG/elt no. 94/10, the Authority set the rates for the enhanced protection service for the 3rd Quarter of 2010. The final rate for the average residential customer was set at €156.8/MWh, a decrease of 0.5% on the previous quarter, mainly attributable to a decrease of €1.8/MWh in the PED component, offset by a further increase in the A3 component of €1.1/MWh.

With Resolutions ARG/com no. 151/10 and ARG/elt no. 152/10, the Authority set the rates for the enhanced protection service for the 4th Quarter of 2010. The final rate for the average residential customer was set at €155.9/MWh, a decrease of 0.5% on the previous quarter, again attributable to changes in the PED (-€1.5/MWh) and A3 (+€0.4 /MWh) components.

As a result, in 2010 the rate for the average residential customer fell by €6.7 euro/MWh, a decrease of 4.1%. The reduction was mainly attributable to the overall reduction of €8.8/MWh in the rate components regarding the purchase and sale of energy (PED, PPE, UC1 and marketing) for enhanced protection service operators, equal to a reduction of 8.7%, partially offset by the steady increase in the A3 component, which is intended to finance incentives for renewable and

comparable resources, which rose by €3/MWh or 33.4%. In November 2010, with Resolution ARG/elt no. 192/10, the Authority closed the proceeding to determine the amounts in respect of the compensation mechanism for the sales costs of enhanced protection service operators in 2008. Following the Resolution, in December Enel Servizio Elettrico and Vallenergie received €36.5 million and €0.3 million, respectively.

With Resolutions ARG/elt no. 232/10 and ARG/com no. 236/10, the Authority set the rates for the enhanced protection service for the 1st Quarter of 2011. The final rate for the average residential customer was set at €155.65/MWh, a reduction of 0.2% on the previous quarter. More specifically, the PED component (covering sourcing and dispatching costs) was increased by about €3.7/MWh to €89.83/MWh. The rise was more than offset by reductions in the PPE (-€2.5/MWh), A2 (covering the dismantling of decommissioned nuclear power plants, -€0.6/MWh) and As (covering costs in respect of the social rate, -€0.3/MWh) components. The amount of the final rate for the average customer for the 1st Quarter of 2011 was also affected by the updating, with Resolution ARG/elt no. 228/10, of the distribution and metering rates for 2011, which were reduced by about €0.3/MWh for that category of customer.

Rules for the sale of CIP 6 electricity by the Energy Services Operator

The decree of the Minister for Economic Development of November 27, 2009, governing the sale of CIP 6 energy, established a total assignable quantity of 4,100 MW, of which 17% designated for the Single Buyer to supply customers in the enhanced protection market. The electricity assigned will be reduced proportionately in the event of the early termination of the CIP 6 agreements by those generators participating voluntarily in the mechanisms envisaged in the implementation of Article 30, paragraph 20, of Law 99/09. The prices for the sale of CIP 6 electricity for four quarters of 2010 were €57/MWh, €63.69/MWh, €60.99/MWh and €69.96/MWh respectively.

Inquiries and fact-finding investigations

On December 2, 2009, the Competition Authority launched an inquiry into improper commercial practices (PS/5150) against Enel Energia, alleging that its call centers used misleading and aggressive methods to persuade customers to change contracts. On January 21, 2010 the company submitted a number of commitments in order

to close the proceeding without a finding of a violation. On June 16, 2010 the Competition Authority decided to accept the commitments, thereby closing the proceeding without the imposition of sanctions.

On March 3, 2010 the Competition Authority initiated a proceeding for improper commercial practices (PS/3317) against Enel Energia. The Competition Authority alleged that the company issued invoices with estimated consumption of electricity and gas in excess of actual consumption and that customers were having difficulty in notifying the company of their self-readings of meters. On May 7, 2010 Enel Energia submitted commitments in order to close the proceeding without a finding of violation. On July 7, 2010 the proceeding was extended to include Enel Servizio Elettrico, which simultaneously submitted commitments in order to close the proceeding without a finding of violation. On October 6, 2010, the Competition Authority accepted the commitments, closing the proceeding without sanctions.

On May 6, 2010 the Competition Authority, following the issue of ruling no. 5290/09 by the Lazio Regional Administrative Court, initiated a proceeding (PS/1554B) to recalculate the fine levied on October 16, 2008 against Enel Energia and Enel Servizio Elettrico as part of proceeding PS/1554, equal to €225,000 and €210,000 respectively. The disputed practice involved imposing default interest on late payments by customers who received their bills only after the payment due date had passed. On July 28, 2010 the Competition Authority issued a measure reducing the fines to €125,000 and €110,000 respectively. On November 10, 2010, Enel Energia and Enel Servizio Elettrico appealed the reduced fines before the Lazio Regional Administrative Court.

With ruling no. 2507/2010, on May 3, 2010 the Council of State granted the appeal of the Authority against ruling no. 321/08 of February 13, 2008 with which the Lombardy Regional Administrative Court had voided Resolution no. 66/07. With the latter measure, the Authority had levied a fine of €11.7 million on Enel Distribuzione for having failed to meet the provisions of Resolution no. 55/00 concerning the transparency of invoices. Enel Distribuzione lodged an appeal with the Council of State to revoke ruling no. 2507/2010, notifying the Authority on June 1, 2010, as well as lodging an appeal with the European Court of Human Rights.

Following the hearing of February 1, 2011, the ruling of the Council of State on the appeal for revocation is pending.

With Resolution VIS no. 93/09, the Authority launched a formal inquiry of a number of electricity sellers, including Enel Energia, to determine whether measures concerning the transparency of invoices had been violated.

Upon completing the inquiry, the Authority issued Resolution VIS no. 109/10 fining Enel Energia a total of €872,000.

On September 21 and 22, 2010, an inspection was conducted of the complaints and information request management system of Enel Servizio Elettrico (for the 2nd Half of 2009) approved by the Authority with Resolution VIS no. 28/10. With regard to a number of replies to complaints (which were sample tested), the Authority found a number of irregularities, which Enel Servizio Elettrico officially protested during the inspection. On September 28, 2010, the Authority announced the findings of its inspection, levying a fine of about €8 million. Enel Servizio Elettrico notified the Authority that it did not accept the findings of the inspection and challenged the communication.

Subsequently, the Authority issued Resolution VIS no. 143/10 approving a new inspection of Enel Servizio Elettrico in order to assess the full implementation of the Integrated Service Quality Code (TIQV) and re-examine the findings of the inspection carried out under VIS no. 28/10. Enel Servizio Elettrico has also appealed that measure, with additional motivations.

With Resolution VIS no. 166/10 of November 24, 2010, the Authority launched a formal inquiry into Enel Servizio Elettrico to ascertain alleged violations of its telephone sales activities.

With Resolution VIS no. 175/10, the Authority closed, with prescriptive actions, the fact-finding investigation launched with VIS no. 46/10 in June in order to assess the implementation of net metering.

With Resolution VIS no. 176/10, the Authority also ordered the ESO, sellers and distributors to halt conduct in violation of the rights of net metering users, requiring the transmission of at least 99% of metering, ID and invoicing data for 2009 by the specified deadlines. Failure to do so would result in the automatic initiation of penalty proceedings. With Resolution ARG/elt no. 226/10, the Authority also introduced a series of simplification measures to improve the exchange of data between operators and

the ESO and the calculation procedures for determining the periodic payments on account made by the ESO.

Gas

Integrated Code for the sale of gas

In 2009 the Authority approved the Integrate Code for the sale of gas (TIVG), which set out arrangements for safeguards and the structure of rates for supply prices for end users in the natural gas market.

With Resolution ARG/gas no. 64/10 the Authority postponed until September 30, 2011 the expiry of the safeguards that guaranteed the supply price established by the Authority for non-residential customers with consumption of less than 200,000 cubic meters a year who have never opted for a supplier on the free market.

With Resolution ARG/gas no. 153/10, the Authority also extended for six months, until June 30, 2011, the value for the component covering remuneration of retail sales (QVD), currently equal to about €43 per customer served.

Rates and rate updates

With Resolution ARG/gas no. 207/09 the Authority updated the supply prices for natural gas for the 1st Quarter of 2010, setting a price of 69.34 eurocents/m³, an increase of 2.8% on the previous quarter.

With Resolution ARG/gas no. 42/10, the Authority updated the supply prices for natural gas for the 2nd Quarter of 2010, setting a price of 71.81 eurocents/m³, an increase of 3.6% on the previous quarter.

With Resolution ARG/gas no. 47/10, the Authority initiated a proceeding for the change of supply prices for natural gas for the enhanced protection service. The Authority published Resolution ARG/gas no. 89/10, with which it reduced the QE component (covering raw materials provisioning costs) by 7.5% compared with the level established using the formula previously in force, as from October 2010 to September 2011. In the same Resolution, the Authority also initiated a market monitoring exercise to assess possible additional measures to be taken by February 2011 concerning modifications of the QE component after September 2011. Enel Energia and Enel Trade appealed the measure and are awaiting for the date of the hearing to be set.

With Resolution ARG/gas no. 95/10, the Authority updated the supply prices for natural gas for the 3rd Quarter of 2010, setting a price of 74.13 eurocents/m³, an increase of 3.2% on the previous quarter.

With Resolution ARG/gas no. 153/10 the Authority updated the supply prices for natural gas for the 4th Quarter of 2010, setting a price for the average residential customer (annual consumption of 1,400 cubic meters) of 74.07 eurocents/m³, a decrease of 0.1% on the previous quarter. In 2010, the price of gas for the average residential customer rose by 7%. The rise in the raw materials component came to 18%.

With Resolution ARG/gas no. 233/10 the Authority updated the supply prices for natural gas for the 1st Quarter of 2011, setting a price for the average residential customer of 75 eurocents/m³, an increase of 1.3% on the previous quarter.

With ruling no. 347/2011, the Lombardy Regional Administrative Court granted the appeal lodged by Enel Energia against Resolution ARG/gas no. 106/09 concerning the compensation mechanism for costs not otherwise recoverable incurred by sellers as a result of the elimination of the invariance threshold established by the Authority as from January 1, 2009.

Supplier of last resort

With Resolution ARG/gas no. 131/10, the Authority established the procedure to be followed by the Single Buyer in selecting suppliers of last resort for natural gas for the 2010-2011 gas year. Such suppliers ensure service continuity for residential customers, businesses in the services sector connected to the distribution network and other non-residential customers with an annual consumption of less than 200,000 cubic meters who find themselves temporarily without a supplier. On September 21, 2010 the Single Buyer published the list of suppliers for the four areas being tendered. Enel Energia placed second in all the areas and will become supplier of last resort if the first-ranked company's supply of gas allocated for this purpose runs out.

Inquiries and fact-finding investigations

On February 2, 2010, Enel Energia lodged an appeal with the Council of State against the decision of the Lazio Regional Administrative Court of September 8, 2009, which had denied Enel Energia's appeal against the Competition Authority's 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 calculated using unspecified estimation criteria. With Resolution VIS no. 92/10, the Authority initiated an inquiry against Enel Energia to ascertain

any violations of mandatory gas distribution rates. Specifically, the Authority alleges that Enel Energia failed to apply the fees for gas distribution and metering services approved by the Authority (Resolution ARG/gas no. 79/09) in invoices issued through June 2010.

Generation and Energy Management

Electricity

Virtual Power Plant in Sardinia

Article 30, paragraph 9, of Law 99/2009 of July 23, 2009, requires the Authority for Electricity and Gas (the Authority) to adopt – based on the guidelines of the Minister for Economic Development – temporary measures aimed at expanding the supply of electricity in Sardinia.

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 Power Plant (VPP) 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), with companies chosen through auction. The measure also established that at least 10% of the total VPP capacity be assigned by entering into five-year contracts (2010-2014) and by permitting the companies providing capacity to set a minimum allotment price. The entire capacity was assigned through the auction for assigning five-year (23 MW) contracts and contracts for 2010 (202 MW) held on October 15, 2009. The Authority, with Resolution ARG/elt no. 146/10, approved the reserve premiums relating to the auction of VPPs for 2011. The auction was held on September 28, 2010 and resulted in the assignment of all available capacity.

Ancillary Services Market (ASM)

Pursuant to the decree of the Minister for Economic Development of April 29, 2009, as of January 1, 2010, the new Ancillary Services Market (ASM) is operational. The new market provides for a programming phase (the day prior to delivery of the electricity) and a real-time balancing market organized into five sessions, with operators allowed to update the quantities and prices of their offers. On January 1, 2011 the Intraday Market and the ASM were integrated, with two new real-time sessions of the Intraday Market.

With Resolution ARG/elt no. 211/10, the Authority repealed as from January 1, 2011 the provisions of Resolution no. 165/06 establishing that offers accepted by Terna in the programming phase and then revoked in the real-time balancing market would not be remunerated.

Units essential to the security of the electrical system

On June 23, 2009, the Council of State held a hearing on the Authority's appeal of the Regional Administrative Court decision voiding Resolution ARG/elt no. 97/08. The resolution placed all plants in Sicily and Sardinia under the essential unit system. In the same case, Enel Produzione had requested damages for losses incurred. On May 11, 2010 the full text of the ruling with which the Council of State ordered Terna to pay damages to Enel Produzione was published. The ruling took account of the criteria set out in the report submitted by Terna itself. The damages, recently quantified by Terna and including interest and revaluations, amounted to about €3.6 million.

With Resolution ARG/elt no. 52/09, pursuant to Article 3, paragraph 11, of Law 2/09, the Authority revised the rules governing essential plants, which entered force as from January 1, 2010, establishing that:

- > Terna must identify plants essential to the security of the electrical system and their groups to be subject to the new rules governing binding bids on the Day-Ahead Market/Intraday Market and ASM;
- > owners of these plants may be exempted from the administrated system by entering into forward contracts with Terna.

Enel Produzione appealed Resolution no. 52/09. On April 28, 2010 the Milan Regional Administrative Court ordered that the ruling be suspended and referred the matter to the European Court of Justice.

With Resolution ARG/elt no. 162/09, the Authority defined the parameters of the forward contracts that can be used as alternatives to the essential unit mechanism for 2010, which Enel elected to adopt on November 23, 2009. With Resolutions ARG/elt nos. 161/10 and 180/10, the Authority set the criteria for determining the remuneration to be paid to essential plants as from 2011.

With Resolution ARG/elt no. 162/10, the Authority defined the new contractual parameters for 2011.

In order to comply with the essential units requirements for 2011, Enel Produzione requested and obtained admission to the production cost coverage system for the plants of Porto Empedocle, Augusta, Bari and Sulcis and entered

into forward contracts with Terna for the remaining essential capacity.

Terna recalculated the payment covering variable costs due to generation units considered essential in the period from November 2005 to December 2009.

Capacity payments

With regard to the remuneration for available productive capacity, in 2009, for the second time since the introduction of the capacity payment mechanism (2004), the conditions for further payment to be made under Article 36 of Annex A to Resolution no. 48/04 were met. The revenues received by the producers on the exchanges in 2009 were less than the reference amount conventionally set by the Authority. This triggered the disbursement in 2010 of an additional capacity payment to Enel Produzione.

With Resolution ARG/elt no. 166/10 the Authority retroactively (with effect from 2010) modified the calculation mechanism for the additional remuneration, with a view to recognizing the location of the capacity made available by increasing payments to generators whose installed capacity is mainly located in low-profitability markets. Enel Produzione lodged an appeal against the resolution with the Lombardy Regional Administrative Court.

In December, Terna paid Enel Produzione the capacity payment pursuant to Article 35 of Resolution no. 48/04, for 2010. The payment amounted to about €35 million.

Green certificate charges for the regulated market in 2001-2004

The Council of State hearing of the appeal lodged by the Authority concerning payment to Enel Produzione of the green certificate charges for electricity generated from non-renewable resources to supply the regulated market in 2003 is pending.

As regards the Authority's appeal to the Council of State against the ruling of the Regional Administrative Court concerning payment of the charges in respect of green certificates incurred by Enel Produzione for hydroelectric pumping stations in 2001 and 2002, on November 4, 2009, the Council of State dismissed the case for want of prosecution. With an order of February 5, 2010, the Council of State denied the Authority's appeal of the dismissal. The Lombardy Regional Administrative Court's ruling in favor of Enel Produzione is therefore definitive.

Inquiries and fact-finding investigations

On February 2, 2010, the Competition Authority opened

a proceeding for abuse of a dominant position (A/423) by Enel Produzione and Enel SpA for alleged anti-competitive conduct in the wholesale electricity market for the Sicily macro-area. On May 3, 2010 Enel Produzione submitted a number of commitments in order to close the proceeding with no finding of violation. On August 9, 2010 the commitments were published on the Competition Authority's website for market testing, which ended on September 27, 2010. On December 30, 2010, the Competition Authority notified its acceptance of the commitments, closing the proceeding with no finding of violation and thus no penalty.

Emissions trading

On April 28, 2010, the ETS Committee issued Resolution no. 9/2010 fully allocating the residual New Entrant Reserve allowances to new plants that entered service up until April 2009, for a total of about 21.7 million metric tons. Of these, about 1 million tons were assigned to Enel Produzione for the restoration of one unit at Termini Imerese (for the entire 2008-2012 period) and for the emissions of the first unit at Torrevaldaliga Nord for the start-up period in the 1st Half of 2009. Allocations to cover the remaining requirements at Torrevaldaliga Nord, as well as numerous plants owned by other operators, were not included as they entered service subsequent to the period considered.

In order to ensure that the New Entrant Reserve would not be fully depleted, the Government, under the commitments made at the time of the Allocation Decision for the 2008-2012 period, adopted Decree Law 72 of May 20, 2010, which establishes an ex-post reimbursement of emissions allowances at market value for new entrants excluded from the allocation. The reimbursement – for an estimated allowance requirement of about 42 million metric tons – will be financed from part of the proceeds of the auctions for the allocation of allowances in Phase III of the ETS (i.e. after 2012).

The decree was ratified by Parliament with Law 111 of July 19, 2010. In implementation of this law, the ETS Committee issued Resolution no. 16/2010 establishing the reimbursement owed for plants that entered into service in 2009 and for which the preliminary process has been completed: the Torrevaldaliga Nord plant is eligible for reimbursement for 9.6 million metric tons of allowances for the first unit and for the start-up period of the second unit. Further measures will follow setting the allowances to be reimbursed for plants that entered service after that

period. Finally, with Resolution no. 117/2010, the Authority established the method for calculating the reimbursement reference price. With Resolution no. 194/10, it used that method to establish the credits due for 2009 (€30.2 million for Enel).

Pending the publication of the EU Commission call under the "NER 300" framework, the ETS Committee, with Resolution no. 23/2010, approved the call for expressions of interest from domestic projects potentially eligible for subsidies. This is in preparation for the pre-selection of the applications for financing to be entered in the NER-300 tender that the Member States must perform. Enel submitted an expression of interest for the Porto Tolle project. At December 31, 2010, the emissions produced by Enel Produzione amounted to 34.49 million metric tons. Considering that the allowances assigned under the national allocation plan (including those distributed free of charge in 2009) were equal to 38.82 million metric tons, there was no deficit.

Gas

Promoting investment in storage

With Legislative Decree 130 of August 13, 2010, the Government adopted measures aimed at developing storage capacity to make the gas market more flexible and to allow customers to take advantage of the price difference for gas between the winter and summer periods. Specifically, the measure requires Eni to build 4 billion cubic meters of new storage capacity over the next few years. This requirement is an alternative to the new gas release procedures. Of the total new storage capacity, 3 billion cubic meters is reserved for gas-intensive industrial customers and consortia of SMEs and 1 billion cubic meters for thermal power plants. It also provides for measures to grant energy-intensive industrial customers and SMEs the benefits of the future storage as from the 2010-2011 gas year; with Resolution ARG/gas no. 193/10 the Authority set out the procedures for access to these anticipatory provisions. The decree also envisages mechanisms to encourage the development of new storage sites, including companies other than Eni for up to an additional 4 billion cubic meters. With a decree of the Minister for Economic Development of January 31, 2011, the plan for investment in storage sites proposed by Eni was approved. The plan provides for the gradual addition of new capacity (expansion of existing sites and the construction of a new site at Bordolano) by the final deadline of September 1, 2015.

Gas transport and metering rates

With Resolution ARG/gas no. 176/10 the Authority specified the procedures for compensating amounts deriving from the use of rates specified for a smaller number of areas than those used for the conferral of transport capacity for the 2009-2010 gas year. The compensation mechanism regards the January-September 2010 period.

At the end of 2009, with Resolution ARG/gas no. 184/09, the Authority set transport and metering rates for 2010-2013, partially amending the rate structure for the previous regulatory period. With Resolution ARG/gas no. 192/09, the Authority established the new procedures for allocating all gas lots not subject to metering on transport networks, including unaccounted-for gas (UFG), to users. On the basis of these measures, the Authority then issued Resolution ARG/gas no. 198/09 approving the reference rates for 2010, providing for a larger increase in transport rates than the national average for users who import gas from the network entry points.

In April 2010 Enel Trade appealed Resolutions ARG/gas nos. 184/09, 192/09 and 198/09.

Pending the hearing, the Authority issued Resolution ARG/gas no. 218/10 approving the transport and metering rates for 2011. Enel Trade has also appealed that measure.

Gas Exchange and the daily balancing market

Article 30 of Law 99/09 of July 23, 2009 charges the Energy Markets Operator (EMO) with the financial management of the natural gas market (Gas Exchange), in accordance with rules prepared by the EMO and approved by the Ministry for Economic Development, and provides for the acceptance of gas purchase and sale offers by the EMO on an economic merit basis.

Pursuant to Article 30, paragraph 2, the Minister for Economic Development issued a decree on March 18, 2010, establishing the procedures for the EMO to use, as from May 10, 2010, in managing transactions in gas lots imported from non-EU countries subject to the mandatory offer requirement, later regulated by Resolution ARG/gas no. 58/10. The decree establishes that the EMO shall take on the role of sole central counterparty.

With a decree of August 6, 2010, the Minister for Economic Development provided for the sale, on the platform operated by the EMO, of the in-kind royalties due to the State by natural gas producers in Italy, governed by Resolution ARG/gas no. 132/10. The gas trading platform launched on May 10, 2010, for transactions in imported

gas and royalty gas provided for the offer of monthly/annual products without the EMO acting as a counterparty. On December 10, 2010, the EMO launched the Gas Exchange for the trading of spot products, taking on the role of central counterparty.

In December 2010, the Authority opened its guidelines for the introduction of a gas balancing market and physical and financial settlement among the parties involved up to consultation (DCO no. 45/10 and DCO no. 46/10).

Allocation criteria

With Resolution ARG/gas no. 62/09 the Authority initiated a review of the criteria used to allocate gas among users of the transport system's shared redelivery points. The current procedure, established under Article 29 of Resolution no. 138/04 and extended once to September 30, 2010, was extended again to September 30, 2011, with Resolution ARG/gas no. 27/10.

With the same resolution, the Authority established a new calculation method for daily allocation of gas withdrawn by customers not subject to daily metering. The procedure, which will be valid for the period October 2010 - September 2011, will also be applied in recalculating transport and storage fees paid by users in the period October 1, 2007 - September 30, 2010.

The adjustment payments in respect of such fees for the 2007-2008 and 2008-2009 gas years will be made by the end of February 2011. Those for the 2009-2010 gas year will be made in the first few months of 2011.

Late metering adjustments

With Resolution ARG/gas no. 182/09, the Authority established the criteria for settling payments arising in respect of late adjustments of metering data for final direct customers of the transport network. With Resolution ARG/gas no. 70/10, the scope of application was extended to the shared city-gates in cases where the late adjustments do not give rise to reallocations. As from July 2010, half-yearly netting sessions will be conducted at a regulated monthly price to cover the cost of raw materials and transport.

Coverage of gas social rate costs and energy efficiency measures

With Resolution ARG/gas no. 177/10, the Authority established, as from January 1, 2011, the application of the GS_T and RE_T fees to end users connected to the transport network. The fees are intended to finance, respectively,

the account for compensating the “gas social rate” and the fund for measures and initiatives for energy savings in the gas sector.

With Resolution ARG/com no. 236/10 the Authority set the values of those components for January-March 2011 at 0.1714 eurocents/m³ for the GS_T fee and 0.5138 eurocents/m³ for the RE_T fee.

Gas emergency measures

With a decree of December 28, 2010, the Minister for Economic Development, revising a number of the conditions introduced in the gas emergency measure of September 2007, specified the procedures for compliance with the gas consumption reduction requirements for the 2010-2011 gas year.

More specifically, electricity generators will again participate by way of a payment, specified in Resolution ARG/gas no. 1/11, that will finance incentives for those required to comply with the reduction requirements.

Infrastructure and Networks

Distribution rates

With Resolution ARG/elt no. 203/09 of December 29, 2009, the Authority for Electricity and Gas (the Authority) updated distribution and metering rates for 2010. The average unit rate was raised by 3.1% compared with 2009.

Resolution ARG/elt no. 227/10 set the equalization amounts for sales costs incurred by distribution companies in 2008; the equalization process produced a zero amount for Enel Distribuzione, since the differential between costs and revenues for sales activities was less than the deductible in the Integrated Rate Code.

With Resolution ARG/elt no. 228/10, the Authority updated, on the basis of the criteria set out in Resolution no. 348/07 concerning the 2008-2011 regulatory period, the distribution and metering rates for 2011, reducing the average unit rate by 1% compared with 2010.

Service continuity

With Resolution ARG/elt no. 205/10, the Authority determined the service continuity gains achieved in distribution services in 2009, assigning bonuses and penalties on the basis of the standard levels established in the quality incentive rules. The Authority authorized the Electricity Equalization Fund to pay Enel Distribuzione the net balance

between bonuses and penalties, equal to €54.7 million.

With Resolution ARG/elt no. 99/10 the Authority amended (with effect as from July 1, 2010) a number of aspects of the pricing of high-voltage power outage mitigation services provided by distribution companies to Terna. More specifically, the Authority introduced a price structure in which fees decline in relation to the duration of the service and established differentiated fees to be paid for mitigation services on the TELAT network.

Active grid connections

With Resolution ARG/elt no. 125/10 published last August, the Authority amended the Integrated Active Connections Code (IACC). More specifically, the Authority introduced specific procedures to strengthen coordination between grid operators and, in order to counter speculative behavior associated with reservations of grid capacity, established a system of guarantees that the generator must provide to the grid operator for connections to critical areas. The new provisions take effect on January 1, 2011, with the exception of those for connection applications already submitted, which took effect as of the date the measure was published.

On January 13, following the appeals lodged by a number of generators, the Lombardy Regional Administrative Court suspended the provisions concerning guarantees. The hearing is scheduled for June 30.

With Resolution ARG/elt no. 225/10 the Authority, in implementation of Article 15, paragraph 1c, of the decree of the Minister for Economic Development of August 6, 2010, established the indemnities that the grid operator must pay to owners of photovoltaic plants in the event that failure to comply with connection deadlines causes the owners to lose their entitlement to the subsidized rate. The amount of the indemnity, to be paid within three years of receipt of the request, increases in the event the delay attributable to the operator exceeds 25 days.

Enel Distribuzione has appealed the measure before the Lombardy Regional Administrative Court.

Inquiries and fact-finding investigations

With Resolution VIS no. 1/10, the Authority initiated a formal inquiry against Enel Distribuzione with regard to alleged violations of the rules governing the identification data of withdrawal points, i.e. the rules governing the flow of information concerning users of dispatching services.

With Resolution VIS no. 162/10, the Authority initiated a proceeding against Enel Rete Gas for alleged violation of the rules governing natural gas transport metering at the delivery points on its own network.

With Resolution VIS no. 110/08 of December 12, 2008, the Authority had charged Enel Rete Gas with non-compliance in 2007 with the requirement for on-site response within 60 minutes of the call for at least 90% of calls with regard to two plants (Fraconalto and Casaleggio Boiro). With VIS no. 33/10, the Authority closed the proceeding by fining Enel Rete Gas €450,000. Enel Rete Gas appealed the ruling to the Regional Administrative Court.

The ruling of the Lombardy Regional Administrative Court is pending following the hearing held on February 3, 2011. With Resolution VIS no. 17/11 of February 9, 2011, the Authority fined Enel Distribuzione €920,000 following the closure of the proceeding initiated with VIS no. 171/09 to verify whether errors had been committed in identifying interconnection points with the National Transmission Network and in determining the data needed to quantify fees for dispatching services.

Energy efficiency

In order to enable coverage of costs incurred in meeting energy efficiency requirements for 2009, with Resolution EEN no. 12/10, the Authority ordered the payment of the rate contribution due to distribution companies. As a result, Enel Distribuzione received about €93 million.

With Resolution EEN no. 17/10, the Authority set the rate contribution for achievement of energy savings targets for 2011 at 93.68 €/toe.

With Resolution EEN no. 18/10, the Authority specified the energy efficiency targets for electricity and natural gas distributors for 2011. Enel Distribuzione was set a target of 2.6 million toe, equal to about 50% of the total national target.

Electric cars

With Resolution ARG/elt no. 56/10 the Authority initiated a series of regulatory changes aimed at fostering the spread of electric cars. More specifically, thanks to the changes introduced with the Resolution, it will be possible to request the activation of multiple supply points to recharge electric cars in private homes, common areas in apartment buildings or dedicated company areas. Electricity drawn at these recharging points will be metered at the transport rate for low-voltage uses other than

residential supply. With the same Resolution the Authority also allowed dedicated electricity supplies for heat pumps to be used to recharge electric vehicles.

The initial framework of rules designed to enable the development of electric mobility was supplemented with Resolution ARG/elt no. 242/10, with which the Authority introduced a number of regulatory changes that will permit testing of different organizational/operational approaches to public recharging of electric vehicles.

Smart grids

With Resolution ARG/elt no. 39/10 the Authority specified the criteria for selecting investments in pilot smart grid projects, which, as already established under the Integrated Rate Code (Annex A to Resolution no. 348/07), will receive a higher rate of remuneration.

Renewable Energy

Italy

National action plan

As regards implementation of Directive 2009/28/EC on the promotion of the use of energy from renewable sources, on July 28, 2010 the Ministry for Economic Development sent the national renewable energy action plan to the European Commission. The plan divides the national development target between the electricity, heating and transport sectors. Specifically, for the electricity sector the plan sets a target for renewables' contribution to gross final electricity consumption of about 26%.

2009 Community Act

Law 96 of June 4, 2010, containing measures for the performance of obligations arising in respect of Italy's membership in the European Communities (the 2009 Community Act), sets out the enabling criteria for the implementation of Directive 2009/28/EC on the promotion of renewable resources. The measures include:

- > the joint promotion of energy efficiency and the use of renewable resources;
- > the integration of renewable resources in electricity transport and distribution networks, including support for smart grids;
- > the reorganization of the incentives system, with the harmonization and reordering of the provisions of the Development Act and the 2008 Finance Act.

The transposition of the Directive will be completed with the issue in the 1st Quarter of 2011 of the draft legislative decree approved by the Council of Ministers on November 30, 2010.

Energy account and guidelines

With a decree of August 6, 2010 ("new energy account"), the Minister for Economic Development established the incentive mechanism for photovoltaic generation of electricity for plants entering service in 2011-2013. The new energy account sets a national cumulative target for capacity to be installed by 2020 of 8 GW, establishing a ceiling on capacity eligible for the rates set out in the decree of 3 GW for photovoltaic plants, 300 MW for innovative integrated plants and 200 MW for concentrating solar plants. Law 129/2010 establishes that the rates set out in the Decree of the Minister for Economic Development of February 19, 2007 will apply to plants built by the end of 2010 that enter service by June 30, 2011.

With a decree of September 10, 2010, the Minister for Economic Development also issued guidelines for the authorization of plants using renewables (in implementation of Article 12 of Legislative Decree 387 of December 29, 2003). The decree includes connected works within the scope of the omnibus permit process and reaffirms the eligibility thresholds set out in Legislative Decree 387/2003 for the simplified "work start declaration" system.

Dispatching conditions

With Resolution ARG/elt no. 5/10, partially amended by ARG/elt no. 207/10, the Authority for Electricity and Gas set the conditions for dispatching electricity generated from non-schedulable renewable resources. Specifically, the resolutions:

- > establish the procedures for providing remuneration in the event of lack of production by wind plants halted due to dispatching orders placed by Terna in order to ensure system security;
- > define network services (including remote interruption, remote metering and remote signaling) to which wind power plants are subject;

- > provide for incentive mechanisms for scheduling and forecasting plants powered by non-schedulable renewable resources.

Energy efficiency

With its ruling of December 21, 2010, the Regional Administrative Court rejected Enel.si's appeal of the decision by the Authority to not certify energy savings achieved through the free distribution of compact fluorescent light bulbs to residential customers in 2007 and the 1st Half of 2008.

International

Electricity markets

Developments in electricity demand

TWh

	2010	2009	2010-2009
Spain	260	251	3.6%
Portugal	52	50	4.0%
France	513	486	5.6%
Greece	52	52	-
Bulgaria	31	33	-6.1%
Romania	52	50	4.0%
Slovakia	27	25	8.0%
Russia ⁽¹⁾	742	708	4.8%
Argentina	115	109	5.5%
Brazil	525	487	7.8%
Chile ⁽²⁾	43	41	4.9%
Colombia	56	55	1.8%
Peru	29	27	7.4%
USA ⁽³⁾	3,750	3,597	4.3%

(1) Europe/Urals.

(2) Figures for the SIC - *Sistema Interconectado Central*.

(3) Net of grid losses.

Source: Enel based on TSO data.

Developments in prices in the main markets

€/kWh

	2010	2009	2010-2009
End-user market (residential): ⁽¹⁾			
France	9.2	9.2	-
Portugal	10.9	13.2	-17.4%
Romania	8.6	8.2	4.9%
Spain	14.2	13.4	6.0%
Slovakia	12.8	13.0	-1.5%
End-user market (industrial): ⁽²⁾			
France	6.9	6.3	9.5%
Portugal	9.0	9.3	-3.2%
Romania	8.5	8.2	3.7%
Spain	11.1	10.8	2.8%
Slovakia	11.6	14.1	-17.7%

(1) Half-yearly price before tax – annual consumption of between 2,500 and 5,000 kWh.

(2) Half-yearly price before tax – annual consumption of between 500 and 2,000 MWh.

Source: Eurostat.

Regulatory and rate issues

Iberia and Latin America

Spain

Rate updates

On December 31, 2009, the government published Ministerial Order 3519/09, which set the electricity rates starting from January 2010.

Access rates were raised by an average of 14.5%. Specifically, customers qualifying for the TUR (*Tarifa de Ultimo Recurso*) without regard to time band will see an average 9% increase in their access rates.

The Ministerial Order also calls for, among other things:

- > a significant increase in the remuneration for reactive power, which could increase the regulated revenues for the system by up to 3%;
- > modification of the formula for calculating the electricity component of the TUR without regard to time band, which could lead to an increase of up to 2% in the cost of electricity payable to the CURs (*Comercializadores de Ultimo Recurso*);
- > revision of the remuneration for continuity service in 2010: €450 million (compared with €750 million

attributed to system costs for 2009);

- > the extension of the right of non-TUR customers who are not party to a free-market contract to be supplied by the CURs until December 2010.

With its Resolution of December 29, 2009, the Ministry for Industry updated the TUR for the 1st Half of 2010, increasing the rate without regard to time band by 2.64% over the same rate applicable during the 2nd Half of 2009.

On June 30, 2010, Ministerial Order 1732/2010 was published, setting access rates for the 2nd Half of 2010. All rates were kept at the same level as for the 1st Half of the year, except for the variable component of the access rate, which corresponds to the TUR without regard to time band and was cut by 4.3% to offset the rise in the cost of electricity resulting from the most recent CESUR auction.

On the same date, the Ministerial Resolution of June 28, 2010, setting the cost of electricity for the TUR for the 3rd Quarter of 2010, was also published. Overall, the TUR without regard to time band was kept at the same level as for the previous period.

Royal Decree 1202/2010, published on September 25, 2010, set the access rate revision schedule. Access rates will be updated annually, unless the following extraordinary events (that could require the rates to be revised more frequently, though no more often than quarterly) occur:

- > the existence of a rate deficit;
- > regulatory changes that affect the regulated costs used in calculating access rates;
- > on an exceptional basis, when special circumstances occur that affect regulated costs or the parameters used in calculating them.

The Ministerial Resolution of September 29, 2010 (published on September 30) set the parameters used in calculating the TUR for the 4th Quarter of 2010. There was a 5% increase overall in the TUR without regard to time band due entirely to the rise in the cost of electricity resulting from the twelfth CESUR auction. The access rates were left unchanged.

On December 29, 2010, Ministerial Order 3353/10 was published, setting electricity rates applicable as from January 2011.

The access rates were left unchanged.

Among other provisions, the Ministerial Order also provided for:

- > a revision of unit prices paid by consumers to finance capacity payments, which increased available funds by about 71%;

- > the specification of the definitive remuneration of distribution services for 2009 and 2010, which is calculated using the method set out in Royal Decree 222/08. The remuneration due to Endesa was increased for both years;
- > the publication of the zonal coefficients for calculating the incentive for reductions in grid losses for 2011;
- > the extension until December 2011 of the right to be supplied by the CURs for non-TUR customers without a supply contract on the free market.

With a Resolution of December 28, 2010, published on December 29, 2010, the Ministry for Industry updated the TUR for the 1st Quarter of 2011, raising the rate without regard to time band by about 9.8% over that applied in the 4th Quarter of 2010.

TUR calculation methodology

On June 17, 2010 Ministerial Order 1601/2010 was published. The order amends the rules governing the CESUR auctions, repealing Ministerial Order 400/2007. The new rules are intended to enhance objectivity, transparency and competition in the auction mechanism.

Ministerial Order 1601/2010 also introduces changes in the method used to calculate the energy cost component of the TUR. More specifically, the CURs may no longer use provisioning strategies that sterilize the price risk in the supply of electricity to customers with that rate.

CESUR auctions

In 2010 a total of three auctions (the eleventh to the thirteenth) were held, for a total of 13,234 MW of quarterly power (12,000 MW of base load power and 1,234 MW of peak load power). Endesa acquired 5,039 MW of base load power and 555 MW of peak load power. The final auction was held on December 14, 2010. Twenty-two operators were awarded supplies for the 1st Quarter of 2011 for a total of 4,000 MW at a price of €49.07/MWh for base load power and 306 MW at a price of €53.99/MWh for peak load power. As to the purchase obligations of the CURs, Endesa Energia XXI must purchase 1,704 MW and 160 MW, respectively, of the energy auctioned for each product.

Rate deficit

Royal Decree Law 6/2010 concerning measures to stimulate economic recovery and employment, published on April 13, 2010, contains a specific chapter for the energy sector that introduces a number of amendments to the

Electricity Sector Act (no. 54/1997). The changes to the law set out a mechanism for financing any deficits that may arise during the settlement of regulated activities. The amounts necessary to finance the deficits are paid by the leading industry players, who acquire the right to recover those amounts plus interest (calculated at a market rate).

On April 21, 2010 Royal Decree 437/2010 was published. In application of Royal Decree Law 6/2009, it regulates the securitization of the receivables accrued in respect of financing the deficit by the main industry companies. Specifically, for the securitization of all receivables (past and future, peninsular, island and extra-peninsular), the measure:

- > sets a price for the transfer of the rights to the fund equal to the value of the receivable to be collected;
- > establishes that the fund shall have a maximum of one year as from the assignment of the receivables to issue and place debt securities in an amount sufficient to cover the purchase of the rights assigned by the companies.

The Ministerial Resolution of July 26, 2010 (published on July 31) establishes that the final total of receivables accrued in respect of financing the deficit at December 31, 2009 can be securitized in the amount of €14,624 million, of which €7,702 million is owed to Endesa.

On December 24, 2010, Royal Decree Law 14/2010 was published, setting out urgent measures to correct the rate deficit. The main provisions include:

- > a grid access rate of €0.5/MWh for generation (including special regime);
- > a requirement to finance the cost of energy savings and efficiency policies for ordinary-regime generators (Endesa share: 34.66%);
- > the extension of the requirement to finance the *bono social* charged to electricity companies until the end of 2013;
- > a revision of the limits set under Royal Decree Law 6/2009 for the level of the ex-ante deficit until 2013: €5.5 billion for 2010 instead of €3 billion; €3 billion for 2011 instead of €2 billion; and €1.5 billion for 2012 instead of €1 billion.

On January 11, 2011, the first securities were issued under the deficit securitization process governed by Royal Decree 437/2010. The fund raised €2 billion from the issue, which were used to pay the receivables assigned by the electricity companies (Endesa received €1,040 million).

With a Ministerial Resolution of January 20, 2011, pub-

lished on January 26, 2011, the Ministry established the total amount at December 31, 2010 of receivables in respect of financing the rate deficit that can be securitized at €16,694 million, €8,467 million of which assigned to Endesa.

Incentives to use domestic coal

Royal Decree 134/2010 was published on February 27, 2010, creating an incentive to consume domestic coal. It introduces a new organized market phase, called the *Resolución de restricciones por garantía de suministro*, for ensuring priority dispatching for power plants that burn domestic coal. The plants affected by the measure (Endesa is involved with four of these) will be compensated for a maximum annual production amount at a fixed price corresponding to the unit cost of generation. That generation cost is defined as the cost of domestic coal, the financial cost incurred for storing that coal, variable operating costs, fixed costs and the cost of covering CO₂ charges in respect of the output produced.

The priority dispatching for the coal plants excludes plants originally accepted into the program. Priority will be assigned on the basis of a ranking in descending order of levels of CO₂ emissions or – solely for natural gas plants – an economic merit ranking established on the basis of competitive bidding. For each MWh not produced, plants excluded receive compensation equal to the difference between the marginal hourly price and the variable generation cost, plus any unit commercial margin if they are signatories to take-or-pay contracts.

These rules are transitional and shall only remain in effect until 2014 at the latest.

Although already published in Spain's official journal (*Boletín Oficial del Estado*), the decree was submitted for approval to the European Commission, as it represents potential state aid. The Commission required the Spanish government to draft a new decree modifying the previous measure (the most controversial part of the decree appears to be the provisions concerning the compensation for the lost earnings of excluded generation plants).

The main amendments introduced with the new decree include:

- > the elimination of the compensation of lost earnings;
- > the plants using domestic coal specified in the measure will initially be remunerated at the regulated estimated cost calculated by the *Comisión Nacional de Energía* (CNE). Any remuneration excess/deficit will then be settled on the basis of the audited actual costs;

- > the value of the emissions allowances granted free of charge to the plants using domestic coal will be deducted from their remuneration.

On September 29, 2010 the European Commission approved the compensation to be paid to producers that generate electricity using Spanish coal. The Commission limited the amount of energy that can be generated under the Spanish Royal Decree for the 2011-2014 period to 23.4 TWh per year. The limit for the remainder of 2010 was set at 9.6 TWh from the date of application of the decree. Royal Decree 1221/2010 amending Royal Decree 134/2010 was published on October 2, 2010, creating an incentive to consume domestic coal to bring it in line with the European treaty.

On October 26, the Resolution of the State Secretariat for Energy (SSE) of October 22, 2010 was published, setting volumes and prices for 2010. The maximum output from domestic coal was set at about 9 TWh for the last Quarter of 2010.

Following appeals and petitions for precautionary measures submitted by Endesa and other national and European sector operators, on October 29, 2010, the *Audiencia Nacional* suspended the SSE Resolution of October 22, 2010 (adopting urgent precautionary measures – *cautelarisimas*) and on November 3, 2010, it decided to keep the suspension in force until the decision of the *Tribunal Supremo* on the adoption of ordinary precautionary measures. Again on November 3, 2010, the European Court of Justice suspended the Decision of the Commission of September 29, 2010, until a decision is made on the adoption of precautionary measures.

On December 22, 2010, the *Tribunal Supremo* rejected the request for precautionary measures against the decree.

On December 30, 2010, Ministerial Order ITC 3366/10 set out the methodology for calculating the cost of CO₂ emissions allowances assigned to plants using domestic coal that are required to participate in the *Resolución de restricciones por garantía de suministro* process in 2011 and 2012. Under the measure, part of the allowances assigned free of charge to the plants (equal to the number of hours of mandatory dispatching for the *Resolución de restricciones por garantía de suministro* divided by 7,000 hours) will be valued at zero. However, the entire opportunity cost of the emissions rights will be taken into consideration in calculating the variable cost at which the plants are required to make their offers to the market.

On January 10, 2011, the *Audiencia Nacional* decided to

remove the *cautelarismas* adopted in respect of the SSE Resolution.

On February 3, 2011, Endesa and the other electric companies withdrew the appeals and petitions for precautionary measures that they had submitted to the European Court of Justice.

On February 10, 2011, the Resolution of the Ministry for Industry of February 8, 2011, was published, establishing the main parameters for application of the *Resolución de restricciones por garantía de suministro* process for 2011. In particular, the mechanism will regard consumption of about 10 million metric tons of domestic coal and a maximum electricity output of 23.3 TWh. The measure also sets out the regulated prices of the electricity produced by each plant involved in the process.

Garroña nuclear power plant

On March 24, 2010, Nuclenor, the company that owns the Santa Maria de Garroña nuclear power plant (50% of which held by Endesa), formally argued the appeal filed with the *Sala de lo Contencioso-Administrativo de la Audiencia Nacional* on September 14, 2009 against Ministerial Order 1785/09, which sets the date for termination of operation of the nuclear power plant at July 2013. Among other things, Nuclenor is asking that Ministerial Order 1785/09 be voided and that it be given the right to operate the plant until at least July 6, 2019. The company is also seeking the explicit renewal of the authorization under the terms announced by the Spanish nuclear safety board (*Consejo de Seguridad Nuclear - CSN*), namely that operation can continue through 2019 and perhaps beyond.

Almaraz nuclear power plant

With Ministerial Order ITC/1588/2010, published on June 16, 2010, the Spanish government approved the renewal of the operating license of the two units of the Almaraz nuclear power plant (in which Endesa has a 36% stake). The license takes effect as from June 8, 2010, with a term of 10 years.

Vandellos nuclear power plant

With Ministerial Order ITC/2149/2010, published on August 5, 2010, the Spanish government approved the renewal of the operating license of the Vandellos II nuclear power plant (in which Endesa has a 72% stake). The license takes effect as from July 26, 2010, with a term of 10 years.

Auction of financial contracts for Spain-Portugal interconnection

In application of the provisions of Ministerial Order 1549/09, with a Resolution issued on May 7, 2010, the State Secretariat for Energy established the calendar of auctions for 2010 and the characteristics of the financial contracts to be offered.

The first auction of 2010 (the third auction overall) was held on June 24, 2010, and involved the offer of forward contracts to hedge exports from Spain to Portugal for 200 MW of capacity with a time horizon of six months (2nd Half of 2010).

The second auction of 2010 (the fourth overall) was held on December 16 and involved the offer of forward contracts to hedge exports from Spain to Portugal for 200 MW of capacity with a time horizon of both one year (for 2011) and six months (1st Half of 2011).

Emissions trading

In 2010, according to the best available estimate Endesa produced emissions totaling around 23.2 million metric tons in Spain. Allowances assigned under the national allocation plan amounted to about 24.5 million metric tons.

"Instalaciones Eléctricas" proceeding of the Comisión Nacional de la Competencia (CNC) of May 10, 2010

On May 10, 2010, the investigative unit of the CNC initiated a proceeding against Endesa for possible abuse of a dominant position in the electrical installation sector. The alleged anti-competitive behavior involves the use of information held in its capacity as a power distribution company in order to develop its operations in the electrical installation market.

On December 3, 2009 the CNC had undertaken similar proceedings against Hidrocantábrico, E.ON-Viesgo and Gas Natural-Unión Fenosa. The CNC has up to 18 months from the start of the proceeding to adopt a resolution.

"Modificación condiciones contractuales" proceeding of the Comisión Nacional de la Competencia (CNC) of November 5, 2010

On November 5, 2010, the investigative unit of the CNC initiated a proceeding against Endesa Energia XXI SL, for possible anti-competitive conduct. The alleged anti-competitive behavior involves changes in the terms and conditions of customers' contracts without their explicit consent.

On July 2, 2010, the CNC had undertaken similar proceedings against a number of companies in the Iberdrola Group. The CNC has up to 18 months from the start of the proceeding to adopt a resolution.

Argentina

Update of wholesale market rules

With its Note SE no. 496 of January 19, 2010, the Argentine *Secretaría de Energía* (SE) announced that it would not be possible to change the wholesale market rules (MEM, *Mercado Eléctrico Mayorista*) so as to bring them into full compliance with Resolution 1427/2004 and the 2004 and 2005 agreements with the generation companies that contributed to the funding of FONINVEMEM (the fund used to build two CCGT plants that came into operation at the start of 2010).

Resolution 1427/2004 contained, among other things, the commitment to increase the remuneration for capacity and the *precio estacional* (price paid by the distribution companies to the generation companies) and to eliminate the cap on the spot market introduced by SE Resolution 240/2003.

Negotiations were conducted over the course of 2010 between the SE and the generation companies to establish temporary rules for the remuneration of the generation companies for the 2010-2011 period. Pending agreement for the entire two-year period, the Argentine government intends to reach specific agreements with individual plants, on the basis of Resolution SE 724/08 (*Mantenimiento Plus*) to facilitate extraordinary maintenance programs that increase the availability of existing plants. On November 25, 2010, the SE and the electricity generators reached a final agreement that provides for new instruments for payment of electricity and generation capacity and a new mechanism (for the 2008-2011 period) to foster investment in new generation capacity (along the lines of the FONINVEMEM approach).

Generation

On September 1, 2010, the SE and Endesa Costanera signed an *Acuerdo de Intenciones* to increase the availability of steam turbines at the plant. The agreement provides for investments of about \$60 million (with no costs charged to Costanera) and will allow recovery of capital expenditure carried out between 2007 and 2010 totaling another \$60 million. Within this framework, on December 12, a *Contrato de Compromiso de Disponibilidad de Equi-*

pamiento MEM was signed between Endesa Costanera and CAMMESA, the Argentine electricity market operator.

Mecanismo de Monitoreo de Costos and the PUREE incentive program

With Resolution 45 of March 8, 2010, the SE established that the new mechanism for calculating incentives under the PUREE program (*Programa de Uso Racional de la Energía Eléctrica*) for residential consumers with consumption above 1,000 kWh per bi-monthly period would apply starting from March 10, 2010. By applying this standard, the amount of the incentives agreed will be reduced, further increasing the difference between the PUREE penalties and incentives that the distribution companies are authorized to withhold to offset their higher costs when the increases for the *Mecanismo de Monitoreo de Costos* (MMC – an indicator of price developments introduced by the *Acta de Acuerdo* in 2005) are not incorporated into the rates. This generates a benefit for Edesur, the distribution company operating in Argentina.

In August 2010 the appellate court issued a ruling in favor of distribution company Edenor requiring the regulator, ENRE, to rule on the possible recognition of the increases in the MMC not incorporated in. In March 2010, the court of first instance had ruled in favor of recognizing the MMCs.

Remuneration of distribution activities

On November 12, 2009 the Argentine government reopened the RTI process (*Revisión Tarifaria Integral*) for the distribution companies Edenor, Edesur and Edelap, which had been suspended in February that year.

Accordingly, Edesur submitted its proposed RTI to ENRE for the next five years, which envisages an increase of 100% in rates from their current levels.

It is possible that the rate review process may be delayed in view of the presidential elections scheduled for 2011.

Service quality regulations

Following a number of supply interruptions by Edesur between December 22 and 31, 2010 (due to high temperatures and high demand), on January 4, 2011, ENRE Resolutions 525 and 551/2010 were published. With the first resolution, ENRE asked Edesur to upgrade its 2010 investment program and submit a "*Programa de Regularización Operativo*" to remedy the shortcomings found by ENRE with regard to service quality. With the second measure, ENRE (at the request of Edesur and to avoid penalties)

suspended the analysis of the allotment of dividends for 2009.

Edesur has already submitted its 2010 investment plan, which provides for expenditure of \$110 million (greater than the amount requested in Resolution 525) and detailed the actions envisaged under the “*Programa de Regularización Operativo*” for the October 2010 - March 2011 period. The company also filed an administrative appeal against Resolution 525.

Brazil

Distribution rates

Following public consultation no. 043/2009 and meetings with each distribution company, on February 2, 2010 the regulator ANEEL proposed to the distribution companies a change in the method for calculating the “system costs” component of the distribution rate, so as to eliminate the weaknesses in passing through the cost to consumers and to neutralize revenues attributable to the system costs (so-called *encargos sectoriales*) with respect to the volumes sold.

The introduction of this different method proposed by ANEEL (which will not have retroactive effect) means that a change must be made in the concession agreement (30-year contract, expiring in 2026 and in 2028, respectively, for Ampla and Coelce). On June 23, 2010, ANEEL announced that all the distribution companies operating in the country had agreed to amend the concession agreement.

On September 10, 2010 ANEEL formally initiated the process of reviewing the distribution rates (third rate cycle), proposing to change the method and reference parameters used (such as WACC and Regulatory Asset Base - RAB, non-technical losses and the X efficiency factor). As to the RAB, the regulator agreed to not subject assets recognized during the previous period to review, rather allowing a simple adjustment for capital expenditure and disposals made over the last few years. The consultation process, which was initially scheduled to close on December 10, 2010, will continue until January 10, 2011.

Coelce will be the first Brazilian distribution company subject to review for the April 2011 - April 2014 period. Pending definition of the new method, the rate review for Coelce will initially be carried out using a provisional approach. The review of Ampla is expected for the 2014-2019 period.

Annual rate adjustments

On March 15, 2010 the process of adjusting the annual rates for the distribution company Ampla was completed. It received a 1.35% increase in the VAD (*Valor Agregado de Distribución*), the component for compensating distribution activity. This adjustment has not translated into an increase in the rate for end users, who instead saw a 4.7% reduction.

The annual rate adjustment process for the distribution company Coelce was completed on April 22, 2010 with the definitive publication of the rate adjustment index. The measure establishes an increase of 3% in the remuneration paid to the company.

Commercial rules for distribution companies

On September 9, 2010, ANEEL approved Resolution 414/2010, amending Resolution 456/2000 containing the commercial rules to be followed by distribution companies in dealing with their regulated customers. The new text, which incorporates a range of resolutions adopted in the past ten years, governs the rights and obligation of distributors and will apply to all final customers. The resolution requires distribution companies to establish an office in each city covered by the concession.

Argentina-Brazil interconnection line (CIEN)

On December 9, 2009 final approval was given to Law 12111, which modifies national legislation in preparation for the future integration of isolated systems into the *Sistema Nacional Interconectado* (SNI). Among other things, the law establishes that as from 2010 interconnection lines (including CIEN, the Argentina-Brazil interconnection operated by Endesa) may be treated as part of the national transmission grid and can therefore take advantage of regulated rates.

Technical negotiations with ANEEL on the value of the lines and, as a result, the applicable rates lasted nearly all of 2010 and were conducted on the basis of the remuneration method established by ANEEL in Resolution 386/09. On September 20, 2010 ANEEL issued Technical Note 091/2010 setting the basis of the remuneration for the CIEN interconnection line. The company responded by submitting a higher basic request for remuneration and asked that the concession period be extended from 20 to 30 years. On December 14, 2010, ANEEL formally approved the value of the *Receita Anual Permitida* (RAP) of the CIEN, which will initially amount to R\$239 million (\$128 million), valuing the line at about \$1 billion. The

ANEEL resolution also provides for the possibility of an extension of the concessions beyond the current 20 years (i.e. until 2021). At the end of the concession period, the plants will be paid at their residual value (in line with the provisions of Law 8987 on administrative concessions). The new remuneration rules will enter force after approval of the implementing decree by the Ministry for Energy and Mineral Resources.

On December 28, 2010, the Ministry for Energy and Mineral Resources published *Portaria* 1004/2010, asking for expressions of interest concerning the treatment of interconnection lines as part of the transmission grid, in the light of the special conditions applied by ANEEL.

In the meantime, on June 4, 2010, the *Acuerdo de Provisión de Energía Eléctrica* between CIEN and CAMMESA, the Argentine electrical market operator, was signed. The agreement provides for a monthly payment over nine months and will expire following definition of the annual remuneration paid to CIEN by ANEEL.

Social rate

On January 20, 2010, Law 12212 on the social rate was promulgated. It changes the amount of the discount granted to low-income residential customers.

The primary changes from the previous rules (Law 10438 of 2002) relate to the eligibility requirements for the social rate: eligibility will no longer be based solely on monthly consumption, but will also take customers' financial situation into account. Specifically, it requires registration in the *Cadastro Único para Programas Sociais do Governo Federal* (CadÚnico), a register of economically disadvantaged households maintained by the Ministry for Social Development and the Fight against Hunger (previously users with consumption of less than 80 kWh/month were exempt from this requirement).

The law also introduces slight reductions in discounts granted to consumers that vary based on monthly consumption: 65% for consumption of less than 30 kWh/month, 40% for consumption of between 30 and 100 kWh/month and 10% for consumption of between 100 and 200 kWh/month. Low-income households with consumption in excess 200 kWh/month will not receive any discount.

In May a public consultation was initiated on a new draft regulation for the social rate, which requires that registration of a customer in the *Cadastro Único* for the purposes of application of the social rate be approved by ANEEL.

On July 22, 2010, the regulator, ANEEL, approved the

regulation making the Law 12212 operational, including the definitive criteria to be used to determine customer eligibility and the amount of the consumption-based discounts. The distribution companies must publish their lists of eligible customers within 60 days of approval.

Finally, the law also introduces amendments to the legislation on energy efficiency (Law 9991/2000). The primary change made to the law requires that distribution companies set aside at least 60% of energy efficiency program resources (currently 0.5% of the companies' operating income) for customers benefiting from the social rate.

Rules on climate change

On December 29, 2009, Law 12187/2009 on combating climate change was published. This law introduces the *Plan Nacional sobre el Cambio Climático* (PNMC) and sets the goal of cutting greenhouse gas emissions by between 36.1% and 38.9% of projections as of 2010 by 2020. The expected reductions for each industrial segment have not been determined.

On December 10, 2010, the decree regulating the national policy for the fight against climate change was published in the official journal. The decree sets a target for greenhouse gas reductions of 6% by 2020.

Chile

Update of nodal prices

As from May 2010 the nodal price was updated by the regulator to \$95/MWh, an increase of 1.8% with respect to its level in October 2009 and an increase of 9% compared with the price in force after the most recent indexing adjustment in March 2010. The price was in effect from May to October 2010.

Subsequently, the regulator CNE published the definitive nodal price for the period from November 2010 to April 2011. The monomic price will be \$112.52/MWh, an increase of about 8% on the current level.

Auction price pass-through rules

As from January 2010 the reform of the wholesale sourcing mechanism for electricity to be supplied to customers in the regulated market entered force (provided for under *Ley Corta II* of May 2005). The contracts entered into at the nodal price set by CNE will be gradually replaced by 15-year contracts at the price established by auctions held by the distribution companies starting from 2006. For the distribution company Chilectra, this occurred

starting primarily from November 2010, when several supply contracts entered into prior to 2006 expired. To finish introducing this mechanism, the draft of the decree establishing the method for calculating the average price that each distributor can pass through to end users to cover the costs of the auctions with the generation companies was presented to the *Contraloría General de la República*. The decree was officially published on April 16, 2010, with retroactive effect as from January 1, 2010. The distribution companies may pass through the average sourcing price, with possible adjustments to take account of differences between actual costs and the average price.

In September 2010, the generation companies rejected the proposal (made by the government) to group indexing adjustments into two occasions during the year (April and October), in line with the current indexing of the nodal price set by the regulator.

Regulations governing emissions by thermal power plants

On December 15, 2009, Resolution 7550, containing the draft regulations on thermal power plant emissions, setting the maximum levels allowed for particulates, nitrogen oxide, sulfur dioxide, mercury, nickel and vanadium, was published. The initial version proposed by the Bachelet government set different limits for new and existing power plants. More stringent requirements would apply to new plants, while existing plants were given a 3-year window in which to comply with the new regulations. The emissions restriction would be the same for new and old plants by 2020.

On November 26, 2010, the Council of Ministers for Sustainability approved the final version of the rules on emissions by thermal power plants, which has been sent for signature by President Piñera (to be followed by approval of the *Contraloría General de la República*). The main changes with respect to the version proposed at the end of 2009 regard existing plants and those declared under construction: for NO_x and SO₂ emissions, the new text raises the permitted emissions limits and extends the period for adapting plants to the new rules from three years to four and five and a half years (depending on the location of the plant). In addition, the new version removes the principle of convergence between emissions limits for new and existing plants by 2020.

Review of sub-transmission rates

The process of reviewing Chilectra's sub-transmission rates is currently under way, with the new four-year rates to come into effect starting from November 2010. A public hearing was held on August 24, 2010. The regulator CNE will announce the preliminary rate at the end of February 2011; the rate review process is expected to conclude by May 2011.

Colombia

Wholesale market

During the 1st Half of 2010, the Colombian electricity market was affected by numerous temporary measures issued by the Colombian regulator CREG to cope with the joint effects of the shortage of gas and hydroelectric resources (the latter associated with El Niño) between September 2009 and March 2010. Most of the measures were withdrawn in June, when the effects of El Niño were declared over.

More specifically, on February 9, 2010, CREG published Resolution 010/2010 introducing temporary rules for the operation of the wholesale electricity market (MEM, *Mercado de Energía Mayorista*). The goal of the resolution is to avoid exhausting reservoirs by taking action on offer prices: reservoirs with a volume less than a pre-determined alert level (*curva de alerta*) are automatically removed from the merit order. The regulator subsequently adopted additional temporary measures (CREG Resolutions 036/2010, 049/2010 and 060/2010) to forestall the exhausting of the country's reservoirs and to ensure the short-term security of the system.

In May 2010, with Resolutions 070/2010 and 071/2010, CREG ended the obligation to maintain the level of hydroelectric reservoirs. That same month, the IDEAM (*Instituto de Hidrología, Meteorología y Estudio Ambientales*) officially declared that El Niño risks were over. As a result, certain of the temporary measures affecting the wholesale electricity market are no longer in effect.

In September 2010 the regulator CREG published Resolution 121 on "negative reconciliation". Under the mechanism, generation companies will no longer receive compensation in the event it is impossible for them to deliver power owing to problems beyond their control, mainly related to system availability.

In addition, CREG adopted Resolution 138/2010 on September 17, 2010, reducing the degree of confidentiality given to information on transactions carried out in the

daily wholesale market. Specifically, information on withdrawals will be considered in the public domain and the bid price will remain confidential only until the first business day of the subsequent month.

Finally, on October 1, 2010, CREG published document 118/2010 for discussion. The document contains a regulatory proposal to identify pivotal players applying the Residual Supply Index (RSI) and regulate the offers of such players. The consultation ended on November 30, 2010.

Update of distribution rates

After establishing new distribution rates for Codensa and Cundinamarca (October 19, 2009, with CREG Resolutions 100 and 101), on December 16, 2009, CREG announced that it will take steps to correct an error contained in the calculation of the rate for voltage level IV (above 57.5 kV) for Codensa. On June 22, 2010 CREG notified Codensa of Resolution 081/2010, which corrects the error. This concluded the distribution rate fixing process for the 2009-2014 period.

In April 2010, CREG Resolution 051/2010 was approved. It sets out the procedural rules for calculating and auditing the O&M costs of distribution companies by the regulator.

Gas service security

With Decree 2730/2010, adopted in July 2010 and subsequently partially amended by Decree 2830/2010, the Ministry for Energy and Mineral Resources introduced regulations designed to improve oversight and increase the security of gas services. It is expected that these regulations will have a positive impact on the electricity industry with regard to the stability and security of services and, therefore, its ability to provide greater assurances of thermal power plant availability.

Resolution 181651, published by the Ministry for Energy and Mineral Resources on September 20, 2010, declared the natural gas scarcity for the country to be over.

Peru

Update of wholesale electricity prices

On March 2, 2010, the regulator *Organismo Supervisor de la Inversión en Energía y Minería* (OSINERGMIN) published the draft of Resolution 43/2010 setting out the proposed *tarifas en barra* (wholesale electricity price for regulated-market customers) for May 2010 through April 2011.

The measure aims to reduce the price of electricity by 5% from its current level. This change will involve a slight

increase in the capacity component and a larger reduction in the price of electricity.

In April 2010 OSINERGMIN published Resolution 79/2010, which sets the definitive *tarifas en barra* at \$39.18/MWh, essentially in line with the value announced in March but 5.35% lower than the level in force the previous year.

Long-term auctions

In April 2010 the first long-term auction of electricity to supply customers in the regulated market was held. Contracts of eight, ten and twelve years were signed.

Edelnor, the distribution company controlled by Endesa, obtained contracts for nearly all forecast demand (970 MW out of 1,000 MW). The Endesa generation companies Edegel and Eepsa signed contracts for the sale of all the electricity offered (800 and 82 MW respectively). The price ceiling set by OSINERGMIN for this auction was \$57/MWh. On November 25, 2010, an auction was held for a concession for a cold reserve project consisting in the construction of three dual thermal power plants (diesel and gas) to be available for emergency situations. Eepsa, a subsidiary of Endesa, was awarded a 20-year concession for the 200 MW plant at Talara (Piura).

Capacity payments and investment incentives

Supreme Decree 1/2010 was published in the *Diario Oficial* on January 5, 2010. It contains a variety of measures relating to capacity payments that seek to ensure the availability of generation capacity. The decree corrects against the risk of a difference emerging between the capacity prices formed in long-term auctions and those calculated by the system operator COES. It adds a component to the final rate to remunerate the cold reserve of emergency plants and penalizes the capacity of plants that do not have a long-term gas transport contract starting from September 2010. On April 29, 2010 the *Decreto de Urgencia* 32/2010 was published. The decree contains measures to accelerate investments and facilitate the financing of generation projects. Among other things, the decree introduces a number of exceptions to the capacity payment criteria established at the end of 2008 to deal with the restrictions on gas supplies from Camisea and sets out certain powers for MEM in the event of difficulties in auction procedures. It also establishes the general terms of the rural electrification program.

Operation of the *Mercado de Corto Plazo* (MCP)

The draft Supreme Decree introducing amendments to the operating rules of the *Mercado de Corto Plazo* (MCP) was published in June. The changes are designed to increase the transparency of the market (requiring market agents to declare their expected demand for the subsequent day).

With the *Decreto de Urgencia* 079/2010 of December 16, 2010, the *Decreto de Urgencia* 049/2008 was extended until December 31, 2013. The extension was made necessary by the delay in approving draft law 4335-2010-PE (amending Law 28832), which will introduce a permanent mechanism to reduce the risk of high marginal costs for the system in the event of transmission grid congestion. The government estimates that by the end of 2013, thanks in part to infrastructure upgrades, the crisis situation that prompted the adoption of the *Decreto de Urgencia* 049/2008 should have been resolved.

Remuneration of distribution activities

OSINERGMIN has announced a new calculation of the VAD (*Valor Agregado de Distribución*) for distribution companies in response to a number of objections raised by Luz del Sur concerning the VAD set in November 2009 for the November 2009 - October 2013 period. The change slightly reduces (0.1%) the distribution rate from the level approved in November 2009. On October 4, 2010, OSINERGMIN established the definitive value for the VAD for Edelnor, which remains virtually unchanged (+0.1%), partially granting the appeal of the distribution company.

Secondary natural gas market

On August 5, 2010 the Ministry of Energy and Mineral Resources approved Supreme Decree 46-2010-EM, regulating the secondary gas market where gas and transport capacity is traded through electronic auctions held on MECAP (*Mercado Electrónico de las subastas de Transferencia de Producción y/o Capacidad de Transporte a Firme de Gas Natural*). Secondary gas market transactions may take the form of bilateral contracts for a transitional period of no more than one year. After that, only centralized auctions can be used. The creation of the secondary gas market means that the electricity sector will enjoy more flexible provisioning arrangements.

International

France

NOME Act

In March 2010, the Ministry for Energy distributed the first draft of the bill for the NOME Act (*Nouvelle Organisation du Marché de l'Electricité*), setting out the main recommendations of the Champsaur parliamentary committee. In June 2010 the French National Assembly examined the NOME Act at first reading, approving a substantively amended text on June 15, 2010. After a number of major amendments introduced by the Senate (September 30, 2010), the final text was approved by the National Assembly on November 24, 2010, and published the following December 8.

The NOME Act contains reform measures that will gradually open up the French electricity market to competition and replace the TaRTAM rate for those end users who, after having opted for a contract with a free-market supplier, seek to benefit once again from regulated electricity supplies.

The main components of this reform are:

- > access to nuclear-generated base electricity for alternative suppliers at regulated prices (known as ARENH or "*Accès Régulé à l'Electricité Nucléaire Historique*"), for a 15-year transitional period, with volumes calculated annually on the basis of the volume of nuclear generation as a percentage of total consumption, with an annual ceiling of 100 TWh;
- > suppliers are required to adapt their requests for ARENH to the forecasts for the volume and profile of their portfolios and the share of nuclear energy used to cover consumption;
- > responsibility for allocating ARENH volumes to suppliers on an intra-year basis is assigned to CRE;
- > an entity independent of EDF and alternative suppliers will be charged with handling the exchange of information regarding ARENH, in order to ensure that EDF does not have access to sensitive information concerning individual suppliers;
- > as from 2013 the network operators may acquire ARENH power to offset the entire amount of network losses (currently about 30 TWh). The power allocated for this purpose will be added (with no ceiling) to the 100 TWh allocated to alternative suppliers (the first version of the NOME Act had provided for an annual ceiling of 20 TWh);

- > the ARENH price will be set with a ministerial decree, using the level of the TaRTAM at December 31, 2010 as a benchmark; as from 2013 the ARENH price will be determined directly by CRE;
- > each supplier shall provide direct or indirect guarantees of capacity for consumption reduction and electricity generation: this could give rise to the formation of a capacity market, presumably in operation as from 2015;
- > the number of CRE commissioners has been reduced, although CRE's responsibilities will increase within the scope of the duties assigned to it under the NOME Act;
- > starting from 2015 the regulated rates for major electricity consumers will be eliminated, while the regulated rates for the sale of electricity to minor consumers will be maintained;
- > a new local electricity consumption tax will be introduced (TLE) for customers with a supply contract of more than 250 kVA;
- > payment of connection costs is transferred to the generation companies in order to reduce the impact on distribution companies and to contain requests for connection made by generators using renewable energy resources.

Recently, France's ministers for energy and for the economy recommended the establishment of new committee headed by Paul Champsaur to set the ARENH price.

Poniatowski Act

On June 8, 2010 the Poniatowski Act was officially published. It introduces the option for final customers who have transferred to the free market to return to a regulated supply market, although until 2015 they must remain in the free market for at least one year. The law also extends the TaRTAM until December 2010. The rates were extended further during the Senate debate on the NOME Act: the TaRTAM will therefore remain in effect until the actual implementation of the ARENH mechanism.

Taxation

A new tax, the IFER (*Imposition Forfaitaire sur les Entreprises de Réseaux*), introduced with the 2010 Finance Act, is in effect starting from 2010. The new tax of €2,913/MW/year, will be paid by hydroelectric and wind power plants with a capacity in excess of 100 kW and by nuclear and conventional power plants with a capacity in excess of 50 MW. The 2011 Finance Act increased the IFER for wind plants (€5,000/MW/year).

Roussely Report and nuclear policy

On May 11, 2010 a confidential report prepared under the guidance of François Roussely was sent to the French President. In July 2010 a summary of the report was published, containing guidelines for France's nuclear energy policy. Among its objectives, the report calls for forging a partnership between EDF and AREVA and making them more competitive in the global nuclear energy market in order to create opportunities for exporting French technology. The report suggests ensuring that the construction of the Flamanville 3 plant proceed as quickly and cost-effectively as possible and calls for making investments to expand existing plant availability. Recognizing that certain problems faced by EPR plants are the result of the large number of safety standards imposed during construction, the Report recommends greater cooperation between EDF and the French nuclear safety authority (*Autorité de Sûreté Nucléaire* - ASN) concerning safety measures and the operational life of French nuclear power plants to make them more competitive. Finally, the report suggests that smaller-scale plants (1,000-1,150 MW), for which there is higher demand internationally, be added to France's portfolio.

Regulated electricity rates

On August 15, 2010 the French Energy Ministry set the new final regulated electricity rates, featuring average increases of 4%, 4.5% and 5.5% for small, medium and large customers, respectively.

TaRTAM rates, in effect through December 2010, were also increased by an average of 0.6%. The 2011 Finance Act set out a new regulatory framework for the operation of the electricity public service contribution (CSPE), raising that component of electricity rates from €4.5/MWh to €7.5/MWh.

Russia

Capacity market

The volumes of capacity sold on the free market are rising in line with the volume of liberalized electricity envisaged in the decree of April 7, 2007: since January 1, 2011, all capacity for non-household customers is sold on the free market.

At the conclusion of the long consultation process, in February and April 2010 the government published two decrees regulating the new long-term capacity market and setting out the pricing parameters for both new and existing capacity.

The long-term capacity market will start operation in 2011 in the Europe and Urals zone (Price Zone 1) and Siberia (Price Zone 2), each of which will be subdivided into Free Capacity Transfer Zones, on the basis of interconnection difficulties.

The first auction was held in October 2010 for capacity for 2011. The auction for offers as from January 1, 2012, 2013, 2014 and 2015 will be held on June 1, 2011. As from 2011, the capacity auctions will be held each year by December 1 for offers for the subsequent four years.

In the Free Capacity Transfer Zones, the price will be formed through the matching of supply and demand, with a floor and, where competition between generators is limited, a price cap.

The price cap set for 2011 for the zone relevant to Enel (Europe and the Urals, denoted as Zone 1) is equal to about €3,150/MW/month, while the zones of application and the annual updating method for the price cap have yet to be decided.

As regards new capacity, to be built on the basis of Capacity Contracts (DPM), the new decrees establish that certain investments agreed with the government shall be granted a guaranteed remuneration (capacity payment). In entering into the Capacity Contracts, the OGCs and TGCs make specific commitments to undertake investments in new capacity within specified time limits. In reality, the obligation to invest in new capacity has already been assumed by private investors as part of their acquisition of the OGCs and TGCs from RAO UES: for Enel OGC-5, this capital expenditure will involve two new gas combined-cycle plants at Nevinnomysskaya and Sredneuralskaya, with a capacity of 410 MW each.

Under the Capacity Contracts, the capacity offered by plants has priority access to the capacity market at a price calculated on the basis of the parameters defined in the ministerial decrees issued in April. They guarantee the remuneration of the investments for ten years, as from 2011, with no price cap. The rates are based on standard parameters established on the basis of an analysis of market benchmarks that ensure the partial coverage (71% for CCGT plants with a capacity of more than 250 MW) of the investment costs, operating expenses, property tax, and the costs of connection to the electricity and gas networks. In addition, for certain new plants ad hoc parameters may be negotiated to cover the actual level of investment. Enel is currently in negotiations for the new unit at Nevinnomysskaya.

Electricity rates

With Decree 1045 of December 21, 2009, in force since January 1, 2010, the government granted poor regions having difficulty in collecting receivables (Chechen Republic, Ingushetia, Dagestan, North Ossetia, Kabardino-Balkaria, Karachaevo-Cherkasskaya) subsidies for the payment of electricity, introducing a number of temporary measures for the wholesale market under which electricity and capacity are to be sold at regulated rates.

Ancillary services market

The rules for the ancillary services market were approved with Decree 117 of March 3, 2010. The operator responsible for system security (System Operator of the Unified Energy System of Russia - SO UES) will choose operators to provide ancillary services by the end of 2010.

Emissions market

Sberbank, the operator responsible for managing the ERU registries (emission credits from joint implementation - JI projects) and holding the tenders for selecting JI projects on behalf of the government, carried out two tenders for the selection and approval of JI projects.

Slovakia

Must-run plants

With Decision 17/2009, the Ministry for the Economy set the volume of ancillary services that the ENO plant (Nováky) is required to provide in 2010, fixing the prices at the same level set by the regulator URSO for 2010. The primary regulation of 11 MW will be compensated at a rate of €73.02/MWh and the secondary regulation of 31 MW at a rate of €63.06 euro/MWh.

Pursuant to Energy Act no. 656/2004, the Slovakian government issued Decision 47/2010 of January 2010, which extended the domestic coal use obligation until 2020, with the possibility of a further extension until 2035. Each year, the Ministry for the Economy will set requirements for Slovenské elektrárne (SE) to generate and sell electricity produced using domestic coal. Thereafter, URSO will set, again on an annual basis, the prices for electricity generated from domestic resources, as well as ancillary services prices. Therefore, ENO will benefit from guaranteed revenues from the sale of electricity and the provision of ancillary services.

In August 2009, URSO established the amount of the adjustment factor for ENO's remuneration rate ($Y=32.6\%$),

leading to a final 2010 system cost rate for ENO of €40.25/MWh. The Y factor is calculated so as to cover fluctuations in the market price of electricity, the cost of coal, remuneration for ancillary services and for the correction of previous periods.

Economic interest law

On July 2, 2008, the Slovakian government published a law to safeguard electricity sales to residential customers and small enterprises. The law provides for a regulated price of energy sold to residential customers and small enterprises (with a ceiling of 6 TWh) starting from 2009 and lasting until the ratio between the average spending on electricity and household income reaches the EU average. Following SE's appeal of the decision to the Lower Court, on March 18, 2010, the Supreme Court affirmed the latter's decision voiding the July 3, 2008 decision by the Ministry for the Economy, which had specified that the government's measure of July 2, 2008 regulating electricity prices only applied to SE.

Emissions trading

In 2010, SE produced about 3 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 5.4 million metric tons.

Act no. 595/2003 on taxation of profits

On December 1, 2010, the Slovakian Parliament approved the amendment of Act no. 595/2003 on the taxation of profits. The amendment introduces taxation of CO₂ allowances for 2011 and 2012 and will enter force on January 1, 2011.

Energy Act no. 656/2004

The amendments approved on April 8, 2010, which entered force on May 1, 2010, establish that:

- > SEPS, the transmission grid operator, shall perform the role of market operator ad interim. In 2013, SEPS will formally act as the Slovakian market operator, controlling 100% of the new electricity exchange;
- > the opinion of URSO is required for the construction of new power plants with an installed capacity of more than 1 MW.

URSO Decree no. 2/2008

The section concerning the regulation of the wholesale market (regulated prices for residential users and SMEs)

has been removed. As from 2011 the price for those two categories will be established on the basis of a negotiation process between SE and end users: the price cap for those negotiations is defined as the average for the previous six months of the European Energy Exchange base load price increased by 15%.

Government Order no. 317/2007

The change, approved on April 26, 2010 and effective since June 1, 2010, establishes that the tax on exports shall remain in force even though its value is equal to €0/MWh.

Atomic Act no. 541/2004

The amendment, approved on April 1, 2010 and effective since May 1, 2010, establishes that the fees due from the company-shareholder to the government institution ÚJD SR shall be changed as follows:

- > annual fee for operation of a nuclear power plant increased by 10%;
- > annual fee for the construction of a nuclear power plant increased by 120%;
- > one-off fee of €5,000 for inspection of nuclear equipment.

Romania

Reform of electricity sector

In May 2010, the Antitrust Authority conducted a consultation with market operators on the restructuring of the Romanian electricity sector proposed by the government. The restructuring provides for the creation of two generation companies, into which the existing companies would be folded, thereby concentrating about 95% of generation in the hands of the State.

Enel welcomed the opening of the process to comments from operators and expressed its concerns about a reform that would lead to such a substantial concentration of generation activity and few incentives for potential foreign operators to invest in the sector. Enel also proposed a number of alternative solutions to create greater transparency in the wholesale market, increase liquidity on the trading platforms, generate adequate returns for investors and ensure stability in energy provisioning.

Distribution rates

On March 5, 2010, the Romanian regulator ANRE published a consultation document that amends Order no. 39/2007 on the methodology used to calculate

distribution rates. The proposed amendment establishes an annual correction mechanism for distribution rates based on the difference between investments carried out during the year and those planned and remunerated ex ante in rates in the investment plan agreed with the regulator at the start of the regulatory period. The existing rules provided for the adjustment to be made at the end of the regulatory period. The new measure was published on September 2, 2010.

Bulgaria

2008-2012 national allocation plan

In December 2009, the Bulgarian government approved a revised version of the national allocation plan for 2008 through 2012. The plan was sent in early January to the European Commission and approved on April 26, 2010. It is expected that the cumulative emissions produced by Enel Maritza East 3 (EME3) during the 2008-2012 period will match the allowances allocated for the same time period.

On February 10, 2010, EME3 signed an agreement with NEK to pass through the cost of purchasing CO₂ allowances in the event such a purchase is needed to comply with the national allocation plan. On September 20, 2010, the Bulgarian regulator SEWRC declined to approve the agreement between EME3 and NEK. EME3 subsequently appealed the regulator's decision to the Supreme Court. The hearing is scheduled for May 9, 2011.

In June 2010 the Ministry for the Economy and Water announced that trading on the CO₂ market might be not be allowed, owing to a preliminary decision taken by the body responsible for implementing the Kyoto Convention. The final decision was taken on June 28, confirming the non-compliance of Bulgaria and the decision to suspend trading in accordance with the Kyoto mechanisms.

Greece

Network Code

The Network Code was amended as provided for by the Ministerial Decision of December 30, 2009 as follows:

- > it grants priority access to the organized market for major cogeneration plants (dispatching at zero cost for total electricity "co-generated" by the cogeneration plant);
- > it gives the Hellenic Transmission System Operator (HTSO) the option of receiving short-term financing to

cover the deficit in the fund for financing renewable energy incentive mechanisms;

- > for traders that have not purchased physical capacity rights, the Code prohibits bids for the sale or purchase relating to electricity imports and exports (which had been previously permitted);
- > it imposes penalties on traders in the event there is a mismatch between the market price and the import and export program submitted to the HTSO.

Wholesale market rules

On April 28, 2010, the regulator, in an effort to respond to accusations that prices on the Pool are not sufficiently transparent, invited all operators to submit proposals for a comprehensive reform of the wholesale market, addressing a number of specific issues:

- > offers regarding hydroelectric plants;
- > incentives/penalties for the accurate transmission of buy and sell offers;
- > a floor for purchase offers.

In the wake of the comments received, on June 12 the regulator published the following proposed amendments:

- > mandatory inclusion of the cost of CO₂ in generators' offers on the wholesale market, taking the EU ETS prices as a reference;
- > elimination of possibility for generators to offer more than 30% of a plant's available capacity below the marginal cost;
- > establishment of a monthly (instead of annual) minimum offer price for large hydroelectric plants;
- > establishment of stricter rules and penalties for generators who do not comply with the generation programs of the day-ahead market and the instructions of the dispatching market.

Following a consultation process with electricity sellers and generators and based on comments received from the Greek Transmission System Operator (TSO), in September 2010 the Greek regulator RAE announced its final position on the changes in the wholesale market rules meant to counter alleged gaming by the dominant operator. The proposal provides starting from January 1, 2011:

- > the mandatory inclusion of opportunity costs for CO₂ in the bids of generators on the electronic market, only as to the portion not freely assigned;
- > the imposition of close monitoring and penalties for false statements of availability;
- > more stringent rules governing offers of mandatory

- electricity from hydroelectric plants for the dominant operator and restrictions on intra-day changes in output;
- > extension of the regulated mechanism for remuneration of capacity for 2011, with an increase in the price of guaranteed capacity from €35,000/MW per year to €45,000/MW.

Renewable Energy

Europe

Implementation of Directive 2009/28/EC

Directive 2009/28/EC requires each Member State to adopt a national renewable energy action plan by June 30, 2010. The plan must contain the country's national targets in terms of the percentage of energy consumed in the transport, electricity and heating sectors accounted for by renewable resources until 2020. The plan must specify forecast energy consumption for the 2010-2020 period and the measures necessary to achieve the targets set out in the Directive.

All the Member States have submitted their plans to the European Commission.

Brazil

Renewable energy resource auctions

On July 22, 2010 the Brazilian regulator, ANEEL, approved the rules for reserve electricity and A-3 capacity auctions for hydroelectric, wind and biomass sources (regulations no. 05/2010 and no. 07/2010 respectively). At the auctions, held on August 25 and 26, 2010, a total of 2,892 MW of installed capacity were awarded for 70 wind plants, 12 biomass plants and 7 small hydro plants. The average allotment price for wind projects was R\$130/MWh (about €58 euro/MWh). The contracts will have a term of 15 years for biomass plants, 20 years for wind plants and 30 years for hydroelectric plants.

Bulgaria

Renewable energy support law

The Ministry for the Economy, Energy and Tourism is preparing amendments to the Bulgarian Renewable and Alternative Energy Act in order to transpose Directive 2009/28/EC and implement the broader rules for encouraging investment in renewable energy. The decree is expected to be published in 2011.

National renewable energy action plan (Directive 2009/28/EC)

The renewable energy action plan, submitted to the European Commission, sets a target of about 20.6% for the contribution of renewable resources to final gross electricity consumption.

Chile

Renewable energy resource legislation

In the final months of 2010, the Senate Committee on Energy and Mineral Resources discussed a proposal to increase the targets set out in the renewable energy act to 20% in 2020 (rather than 10% in 2024). Following the unanimous approval by the parliamentary committee (October 2010), the text will go to the Senate and then to the Chilean Parliament's lower house. The debate currently under way in the country is focusing on a possible increase in final rates as a result of any increase in the targets.

France

New remuneration rules for photovoltaic systems

On January 14, 2010, the new decree on feed-in rates for photovoltaic power systems was approved. The following rates will apply to systems coming into operation in 2010:

- > €580/MWh for systems integrated into residential buildings;
- > €500/MWh for systems integrated into other types of buildings;
- > €420/MWh for simplified-integration systems;
- > for systems installed on the ground, the remuneration depends on the location of the systems, since it is based on the product of €314/MWh and an "R" location coefficient.

These rates will remain in force until 2011, when they will be cut by 10% per year starting from 2012.

The regulation of the sale of electricity generated by photovoltaic systems was further clarified by two decrees published on March 23, 2010. The first decree requires that the system be less than 250 kW for it to be considered integrated into the building. The second decree sets out in detail the conditions photovoltaic systems must meet to qualify for the rates (more favorable on average) found in the July 10, 2006 decree. This clarification was required due to the large number of applications for "*contrat d'achat*" submitted between November 2009 and January 2010.

On September 1, 2010, the French Energy Ministry approved a new decree on remuneration for photovoltaic systems, which replaces that approved on January 14, 2010.

As of September 1, the following rates apply:

- > €580/MWh for systems integrated into residential buildings of less than 3 kWc;
- > €510/MWh for systems integrated into residential buildings of more than 3 kWc and into hospitals and schools;
- > €440/MWh for systems integrated into other types of buildings;
- > €370/MWh for simplified-integration systems;
- > for systems installed on the ground, the remuneration depends on the location of the systems, since it is based on the product of €276/MWh and an "R" location coefficient.

These rates remain unchanged for plants in operation from 2011 and will be cut by 10% per year for plants that enter into operation starting from 2012.

On December 10, 2010, a new decree for the photovoltaic sector was published. It suspends new applications for the feed-in tariff for three months. The only exceptions are as follows: plants of less than 3 kWc; plants whose technical and financial connection plan (PTF) had been accepted nine months before publication of the decree, or before December 2, 2010, with start of generation within 18 months of the acceptance of the PTF. The suspended applications must be resubmitted to obtain the feed-in rates, which in the meantime are to be redefined in a new decree.

Renewal of hydroelectric concessions

On April 22, 2010 the Ministry of Energy issued a notice concerning the renewal of hydroelectric concessions expiring in the coming years. The notice sets out the procedure and the schedule for renewals, as well as the scope of the concessions. The term of the new concessions and the ceiling on royalties have yet to be determined.

The first round of concession renewals was to have begun at the end of 2010 and last until mid-2012. There is currently a 6-month delay compared with the calendar initially established by the Ministry. The concessions involved in this first stage are located in the Alps, the Massif Central and the Pyrenees, with a total capacity of about 5,300 MW.

Article 35 of the "Grenelle 2" Act (now before Parliament for approval) will set out the framework for royalties for the renewal of the hydroelectric concessions.

Grenelle de l'Environnement

On May 11, 2010 the National Assembly approved the "Grenelle 2" Act, which will implement the provisions of the *Grenelle de l'Environnement* Act. The law had been approved by the Senate on October 8, 2009. As the measure had been declared urgent, the text did not go through a second reading in the two houses. Instead, it was submitted to the *Commission Mixte Paritaire* (CMP, composed of 7 deputies and 7 senators) established on June 17, 2010 to draft a definitive compromise text for final approval by Parliament. The CMP held its final vote on "Grenelle 2" on June 28, 2010 and the text was officially published on July 13, 2010.

Some of the changes introduced with "Grenelle 2" have a direct impact on the energy sector. In addition to extending the benefits of the *obligation d'achat* to local authorities, "Grenelle 2" also introduces a regional planning system for the climate and energy that also provides for the preparation of regional plans for the connection of renewable resources to the network (with priority for a period of ten years for the renewables capacity set out in the regional plan). The law also governs the payments to be made at the time hydroelectric concessions are renewed: royalties will be specific to each concession and will depend on the value of plant output (with a specific ceiling for each plant); the revenues from royalties will be divided among the State, the provinces and the municipalities in the proportion of 1/2, 1/3 and 1/6, respectively. Finally, the rules for authorization of wind projects were tightened: a regional plan for wind development will re-define the ZDEs (*Zones de Développement Eolien*) for each territory; plants must have a minimum of 5 turbines (with the exception of plants less than 30 meters tall and a capacity of less than 250 kW) and be located at least 500 meters from inhabited areas. In addition, wind plants with structures more than 50 meters tall are required to comply with the ICPE, a more complex procedure for plants with a larger potential environmental impact.

Renewable energy support law

In December 2010, the Ministry of Energy, using the auction mechanisms envisaged for installations in the electricity sector set out in Law 2000-108 of February 10, 2000, launched two auctions for wind and biomass power. Tenders for the biomass auction must be submitted by the end of February 2011, while for the wind auction the Ministry defined the zones covered (Corsica and the French Antilles) and set May 2011 as the deadline for tenders.

National renewable energy action plan (Directive 2009/28/EC)

The renewable energy action plan, submitted to the European Commission, sets a target of about 27% for the contribution of renewable resources to final gross electricity consumption.

Greece

Renewable energy support law

The ministerial decision of December 28, 2009 approved the proposal made by the regulator, RAE, in August 2009 to raise the feed-in tariff by €7.71/MWh (about 9% over 2008) for wind and hydroelectric plants, retroactive to January 1, 2009.

Renewable energy resources legislation

On May 26, the Greek Parliament approved the expected amendment to the renewable resources law. It provides for:

- > higher size limits for the purposes of license exemptions;
- > an increase of 20% in the subsidized rate for renewables plants (excluding photovoltaic systems) that do not benefit from any financial support;
- > higher subsidized rates (to be specified in a subsequent decree) for new wind projects in zones with the lowest number of hours of use;
- > offshore wind projects to be developed solely by the State using Build-Operate-Own concessions;
- > an increase of 10-25% in subsidized rates (depending on distance and capacity) for renewable energy plants on non-interconnected islands with self-financed submarine connections;
- > greater differentiation of subsidized rates on the basis of the size of the plant and the technology used.

Geothermal power exploration

In August 2010, the Greek Ministry for the Environment and Energy published a consultation document for the tender to award exploration contracts for four areas of the country in order to discover new geothermal fields for subsequent development.

On November 23, the Ministry launched an auction with a deadline for tenders set at March 16, 2011.

Extension of rate regime for roof-top photovoltaic panels to islands

In September 2010, the Ministry for the Environment and Energy announced its decision to extend the rate regime for photovoltaic panels installed on rooftops (less than 10 kW) to the Greek isles, but with a lower threshold (<5kW – except for Crete where the 10 kW restriction applies). The decision extends the program beyond systems installed on top of residential buildings to photovoltaic panels on any type of building.

Financial guarantees required for renewable plants with exemption from generation license

On November 24, the Ministry for the Environment and Energy established that renewable energy generators exempted from the generation license requirement will be required to supply a bank guarantee in the amount of €150/kW under a connection contract with the grid operator. The plants must be connected within 18 months.

National renewable energy action plan (Directive 2009/28/EC)

The renewable energy action plan, submitted to the European Commission, sets a target of about 39.8% for the contribution of renewable resources to final gross electricity consumption.

Mexico

Regulatory measures in support of renewable energy

In March 2010, the regulator CRE approved the “*Contrato de Interconexión para Centrales de generación de energía eléctrica con energías renovables o con generación eficiente y sus anexos*”, setting out the legal and financial conditions for the contract between the electricity company CFE (*Comisión Federal de Electricidad*) and the alternative generators, for the transmission of electricity produced by the alternative generators.

Although approval has been received from COFEMER (*Comisión Federal de Mejora Regulatoria*), the official standard contract has yet to be published.

The three types of services that CFE will provide to generators are ancillary services (including frequency and voltage monitoring), transmission services and the purchase of electricity in emergency situations (beyond that stipulated in the contract).

The “*Metodología para la determinación de los cargos correspondientes a los servicios de transmisión que preste la CFE a los generadores renovables*” was also approved. This document sets the transmission services rates for 2010, to be revised annually. The high and medium-voltage rate was set at \$2.20/MWh and the low-voltage rate at \$4.30/MWh. These rates cover use of the infrastructure, losses, services connected with transmission and a fixed component for contract administration. The new methodology provides an incentive for eligible renewable projects in an amount that varies based on the voltage level.

Peru

Renewable energy support law

On February 12, 2010, the first auction for the sale of energy from renewable resources was held under the law to promote renewable energy resources (Legislative Decree 1002 of May 2008).

The tender, which is run by the regulator OSINERG-MIN (*Organismo Supervisor de la Inversión en Energía y Minería*), ended with the selection of a total capacity of around 410 MW, for which it awarded 20-year contracts to supply electricity to the SEIN (*Sistema Eléctrico Interconectado Nacional*) at a rate equal to the price resulting from the auction for each project (denominated in US dollars/MWh).

The capacity was assigned as follows:

- > 161 MW to 17 hydroelectric projects, with bids of between \$50 and \$70/MWh;
- > 142 MW to three wind projects, with bids of between \$65 and \$87/MWh;
- > 80 MW to four photovoltaic projects, with remuneration of between \$215 and \$225/MWh;
- > 27 MW to two biomass projects, with bids of between \$52 and \$110/MWh.

Since the capacity to be allocated in 2010 was set at 500 MW, the difference between that capacity and the amount awarded on February 12 will be allocated in a new auction scheduled for July 23, 2010. That auction will be dedicated to generation from biomass (419 GWh), photovoltaic (8 GWh) and hydroelectric (no more than 338 MW).

On July 23, 2010, the second auction of renewables generation capacity for 2010 was held (500 MW total, 410 MW of which already awarded on February 12, 2010).

Romania

Renewable energy support law

In December 2009, with Measure 1479/2009, the government issued rules for implementing Law 220/2008 for supporting power generation from renewable energy resources. The government decision establishes that the introduction of the incentive mechanisms (quantitative requirement for electricity suppliers and a system of transferable certificates, which can be traded bilaterally or on a dedicated market) shall be subject to the approval of the European Commission. On July 9, 2010 an amended version of Law 220/2008 was published in the official journal (Law 139/2010). The main changes with respect to the previous legislation include:

- > the mandatory percentage of annual electricity output that must be generated from renewables will rise gradually from 8.3% in 2010 to 20% in 2020;
- > the penalty for suppliers who do not have the required amount of green certificates has been increased from €70 to €110 per certificate not held;
- > the penalty and the minimum and maximum prices of certificates will be indexed to the EU-27 inflation rate;
- > two green certificates per MWh of wind output until 2017 (one certificate thereafter);
- > six green certificates per MWh of photovoltaic output.

A government decision will establish the rules governing the trading of excess green certificates. Following the pre-notification of the European Commission of Law 220/2008, the DG Competition recommended proceeding with a formal notification. The initiation of the formal notification process will be handled by Romania's Ministry of the Economy and will include the amendments presented in the new law (139/2010).

National renewable energy action plan (Directive 2009/28/EC)

The renewable energy action plan, submitted to the European Commission, sets a target of about 42.6% for the contribution of renewable resources to final gross electricity consumption.

Spain

Remuneration for photovoltaic plants

In application of Royal Decree 1578/08, four *convocatorias* for the submission of applications to enter photovoltaic plants in the special register to receive remuneration

were held in 2010. Plants with a total capacity of 481 MW were registered, of which 273 MW for integrated systems and 208 MW for ground-based systems. As regards developments in the remuneration of registered plants (subject to change in relation to the ratio between registered capacity and the capacity ceilings for each *convocatoria*), the feed-in tariffs declined by 5.3% for integrated systems with a capacity of up to 20 kW, by 8% for integrated systems with a capacity of more than 20 kW and 8% for ground systems.

On December 15, 2010, the government published the results of the fourth *convocatoria* of 2010. Based on the capacity registered, the rates that will apply starting from the 1st Quarter of 2011 were recalculated and set as follows: for integrated systems, €313.54/MWh for plants of less than or equal to 20 kW and €278.89/MWh for those of more than 20 kW; for ground installations, €251.71/MWh.

On August 6, 2010 Royal Decree 1003/2010, governing the payment of incentives for the use of photovoltaic systems, was published. Due to the numerous irregularities discovered during inspections of these installations, the government has established a procedure through the measure to improve the qualification process for the incentive scheme.

The *Comisión Nacional de Energía* (CNE) will check whether certain systems identified by the *Dirección General de la Política Energética y Minas* (DGPEM) have installed all the components required for electricity generation, upon threat of suspension of the incentive as a precautionary measure and return of payments received if found to not be in compliance.

In order to be exempt from Royal Decree 1003/2010, applicants have until October 5, 2010 to waive the financial terms of Royal Decree 661/2007 and instead receive the remuneration set in the first *convocatoria* of Royal Decree 1578/2008.

With the Resolution of August 6, 2010, the DGPEM established that inspections will begin with those systems listed in the administrative register prior to September 30, 2008, for a total capacity of 800 MW.

Under Royal Decree 1003/2010, on September 24, 2010 CNE send requests for information to the owners of 9,041 photovoltaic systems with a total capacity of 955 MW. The documentation must be submitted to CNE within two months of the receipt of the request.

On October 28, 2010, the Ministry of Industry announced that it had received a total of 907 applications to

withdraw from the system established under Royal Decree 661/2007 (for a total capacity of 64.56 MW, substantially less than expected). The change of payment system for these plants will reduce annual system costs by €17.2 million.

On November 23, 2010 Royal Decree 1565/2010 was published. The measure governs the new remuneration system for photovoltaic plants and regulates a number of technical features of the special regime. The main provisions include the following:

- > compulsory participation in control centers is extended to groups of plants exceeding 10 MW and remote metering is mandatory for plants over 1 MW;
- > more stringent requirements are established for the control of reactive power;
- > a ceiling of 25 years of useful life on the entitlement of photovoltaic plants to receive the incentive;
- > an extraordinary reduction of the remuneration of photovoltaic plants as from the next *convocatoria* equal to 45% for ground systems, 5% for integrated systems of up to 20 MW and 15% for integrated systems of more than 20 MW.

On December 24, 2010, Royal Decree Law 14/2010 was published. The legislation contains urgent measures to correct the rate deficit. Among the various initiatives, the measure sets a limit on the number of hours of operation eligible to receive the incentive for photovoltaic plants.

Remuneration of wind and thermal solar plants

With Royal Decree 1614/2010, published on December 8, 2010, certain aspects of the regulatory framework for generation by wind and thermal solar plants were amended. For wind plants, the most significant changes include:

- > a temporary 35% reduction (from 2011 to 2012) in the *prima de referencia* (reference bonus);
- > a ceiling on the number of hours (2,589) eligible to receive the subsidized price, with the excess receiving the market price;
- > no future changes in the remuneration of plants in operation and preregistered plants;
- > an additional 300 MW for plants that are not registered but whose "*acta de puesta in marcha*" came prior to May 1, 2010 and 600 MW for plants in the Canary Islands;
- > a specific tariff system for experimental plants with a total capacity up to 160 MW, with remuneration determined on the basis of the system set out in Royal Decree 661/2007.

For thermal solar plants:

- > elimination of the pool option, plus a bonus in the first year of operation;
- > delays in the construction of a number of projects;
- > a ceiling on the number of hours eligible to receive the subsidized price, based on the type of technology involved; the excess hours will receive the market price;
- > no future changes in the remuneration of plants in operation and preregistered plants;
- > a specific tariff system for innovative plants (up to 80 MW).

Rate updates

With Ministerial Order 3519/09 of December 31, 2009, the government updated the rates, bonuses, ceilings and floors for renewable energy plants that fall within the remuneration system set out by Royal Decree 661/2007 (integrated feed-in rate or bonus). The amounts were revised downwards due to the decline in the consumer price index.

National renewable energy action plan (Directive 2009/28/EC)

The renewable energy action plan, submitted to the European Commission, sets a target of about 40% for the contribution of renewable resources to final gross electricity consumption.



USA

Carbon regulation

On May 12, 2010 Senators John Kerry and Joe Lieberman announced the details of the “American Power Act”, which establishes the financial incentives for the construction of nuclear power plants, a cap-and-trade mechanism with floor (\$12) and ceiling (\$25) prices that will rise respectively by 3% and 5% over inflation annually and a federal Renewable Portfolio Standard (RPS) system that establishes mandatory percentages of generation from renewables. Subsequently, bills to establish a federal system for trading CO₂ allowances and the federal RPS system were dropped given the impossibility of reaching a political agreement on the legislation. Meanwhile, the Environmental Protection Agency (EPA), whose power to regulate greenhouse gas emissions under the Clean Air Act had been confirmed by the Supreme Court, developed a new permit scheme to allow industrial sites meeting certain emission performance standards to release greenhouse gases, in effect starting from 2011. The EPA proposal would apply to industrial plants, refineries, petrochemical facilities and power stations and would cover only 13 states. All of the industrial sites covered by the EPA regulation that emit more than 25,000 tons of CO₂ a year will have to report their 2010 emissions by March 31, 2011.

At the sub-federal level, the Regional Greenhouse Gas Initiative (RGGI), which involves the states in the Northeast, is the only operating cap-and-trade system in North America. In 2011, a review is planned to reduce the cap.

In December 2010, California has also introduced a regulation for the introduction of an ETS, which is planned to take force on January 1, 2012. It will apply to industrial sites, including refineries and power stations that emit more than 25,000 tons of CO₂ a year. Plans call for the system to be implemented during the course of 2011.

Renewable energy support law

The Recovery Plan, i.e. the stimulus plan approved by the US Congress on February 12, 2009, among other measures targeted at the energy sector, establishes specific incentive mechanisms for renewables including the Investment Tax Credit (ITC) and confirmation of the extension of the Production Tax Credit (PTC) to 2012 for wind power and 2013 for geothermal, incremental hydroelectric and biomass power.

On December 16, 2010 the Senate approved the extension of Section 1602 (cash grants) of the American Recovery and Reinvestment Act. The measure received final approval by the House of Representatives on December 21, 2010, enabling plants under construction in 2009, 2010 and 2011 or completed during that period to participate in the cash grant program.

Overview of the Group's performance and financial position



Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and presented in the consolidated financial statements. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated financial statements, which management feels are useful in monitoring Group performance and representative of the financial performance of the Group's business. In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria

used to calculate these indicators are described below.

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

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

- > "Deferred tax assets";
- > "Financial receivables due from other entities", "Finan-

cial receivables in respect of the Spanish electrical system deficit", "Other securities designated at fair value through profit or loss" and other items reported under "Non-current financial assets";

- > "Long-term loans";
- > "Post-employment and other employee benefits";
- > "Provisions for risks and charges";
- > "Deferred tax liabilities".

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

- > "Receivables for factoring advances", "Long-term financial receivables (short-term portion)", "Other securities" and other items, reported under "Current financial assets";
- > "Cash and cash equivalents";
- > "Short-term loans" and the "Current portion of long-term loans".

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

Net capital employed: calculated as the algebraic sum of "Net non-current assets" and "Net current assets", provisions not previously considered, "Deferred tax liabilities" and "Deferred tax assets", as well as "Net assets held for sale".

Net financial debt: a financial structure indicator, determined by "Long-term loans", the current portion of such loans and "Short-term loans" less "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets" not previously considered in other balance sheet indicators. More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.



Main changes in the scope of consolidation

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

2009

- > 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, 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 SeverEner-gia, a Russian company 100% owned until that date by Artic Russia, in which Enel and Eni have stakes of 40% and 60%, respectively. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company through Artic Russia, 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 Distribuzi-one of 80% of Enel Rete Gas. Following the transac-tion, Enel's stake in Enel Rete Gas fell from 99.88% to 19.8%, with the consequent loss of control. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company, as from that date Enel Rete Gas has been ac-counted for using the equity method rather than being consolidated on a line-by-line basis.

2010

- > establishment of SE Hydropower, which operates in the generation of electricity in the Province of Bolzano, which since June 1, 2010, the Group, despite holding only 40%, consolidates on a full line-by-line basis owing to specific shareholders' agreements concerning the governance of the company. The fair value of the assets acquired and liabilities and contingent liabilities assumed with the operation have been recognized on a provisional basis pending their definitive determina-tion pursuant to IFRS 3;
- > disposal, on July 1, 2010, by Endesa of 50.01% of Ende-sa Hellas, a Greek company operating in the renewa-bles generation sector;
- > disposal, on December 17, 2010, of 80% of Nubia 2000, a company owning assets (acquired during the year by Endesa Gas) in the gas transport and distribution indus-try in Spain. The sale also includes a 35% stake in Gas Aragon, which had previously been acquired by Nubia 2000.

In the performance figures for 2009, reported here for comparative purposes, the income or loss (net of the re-lated tax effect) attributable to Enel Rete Gas is reported under "discontinued operations" until the date of its de-consolidation, as well as the loss posted on the disposal of 80% of the company on September 30, 2009. Among oth-er factors, these results include €136 million in respect of the adjustment of the value of those assets carried out in the 1st Quarter of 2009 when the parties reached agree-ment on a consensus valuation of the assets and liabilities involved in the sale, as well as the loss of €73 million on the disposal.

The changes in the policies used to account for certain as-sets in respect of services carried out on a concession basis (IFRIC 12) and the transfer of assets from customers (IFRIC 18) gave rise to adjustments of the balances for a number of accounts with respect to those reported in the consoli-dated financial statements at December 31, 2009. More specifically, the retrospective application as from Janu-ary 1, 2010, of the interpretations set out in IFRIC 12 in-volved appropriate reclassifications among balance-sheet accounts at December 31, 2009 and at January 1, 2009, while the prospective application as from July 1, 2009, of the provisions of IFRIC 18 led to the restatement of a num-ber of balance sheet and income statement accounts at December 31, 2009.

In addition, the balance sheet figures reported in the 2009 consolidated financial statements have been restated to take account of the effects of the definitive determination in the 1st Half of 2010 (within the time limit envisaged under IFRS 3) of the fair value of the assets acquired and the liabilities and contingent liabilities assumed with the acquisition of the 25.01% of Endesa on June 25, 2009. The main adjustments of the provisional figures reported at December 31, 2009 of the fair value of the assets acquired and the liabilities and contingent liabilities assumed are attributable to the following factors:

- > the adjustment of the value of certain items of prop-erty, plant and equipment and intangible assets as a result of the completion of the measurement of their fair value;
- > the determination, where applicable, of the tax effects on the above adjustments;
- > the allocation, where applicable, of the above adjust-ments to minority interests.

The performance and balance sheet figures reported and discussed in this Report on operations reflect the effects

of the changes in accounting policies and the completion of the purchase price allocation process described above.

Group performance

Millions of euro

	2010	2009 restated	2010-2009	
Total revenues	73,377	64,362	9,015	14.0%
Total costs	56,177	48,255	7,922	16.4%
Net income/(charges) from commodity risk management	280	264	16	6.1%
GROSS OPERATING MARGIN	17,480	16,371	1,109	6.8%
Depreciation, amortization and impairment losses	6,222	5,339	883	16.5%
OPERATING INCOME	11,258	11,032	226	2.0%
Financial income	2,576	3,593	(1,017)	-28.3%
Financial expense	5,774	5,334	440	8.2%
Total financial income/(expense)	(3,198)	(1,741)	(1,457)	83.7%
Share of gains/(losses) on equity investments accounted for using the equity method	14	54	(40)	-74.1%
INCOME BEFORE TAXES	8,074	9,345	(1,271)	-13.6%
Income taxes	2,401	2,597	(196)	-7.5%
NET INCOME FROM CONTINUING OPERATIONS	5,673	6,748	(1,075)	-15.9%
NET INCOME FROM DISCONTINUED OPERATIONS	-	(158)	158	-
NET INCOME (Group and minority interests)	5,673	6,590	(917)	-13.9%
Attributable to non-controlling interests	(1,283)	(1,004)	(279)	27.8%
GROUP NET INCOME	4,390	5,586	(1,196)	-21.4%

Revenues

Millions of euro

	2010	2009 restated	2010-2009
Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies	64,045	56,285	7,760
Gas sold and transported to end users	3,574	2,996	578
Gains on the disposal of assets	127	363	(236)
Other services, sales and revenues	5,631	4,718	913
Total	73,377	64,362	9,015

Revenues totaling more than €73 million

In 2010 revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** totaled €64,045 million, up €7,760 million or 13.8% compared with 2009. This increase is connected primarily with the following factors:

- > an increase of €8,448 million in revenues abroad, of which €7,741 million attributable to increased revenues at Endesa. In particular, the increase in the

revenues of the Endesa Group includes €3,118 million in respect of the change in the consolidation method used for Endesa (from proportionate to line-by-line) as from the end of June 2009, €2,180 million in respect of the positive effects of regulatory changes following the application in Spain from July 1, 2009 onwards of the *Tarifa de Ultimo Recurso* (TUR), €1,329 million due to increased revenues in Europe and Latin America,

essentially owing to an increase in the volume of electricity sold, and €1,114 million for increased grants for extra-peninsular generation. In addition to the increase associated with Endesa, developments in revenues from the sale of electricity abroad are essentially attributable to the increase of €239 million in revenues posted by the Latin American companies of the Renewable Energy Division, which was associated with the rise in quantities sold against a background of rising prices, to the increase of €602 million in revenues from operations in Russia (Enel OGG-5 and RusEnergoSbyt), as well as the rise of €148 million in revenues in France and south-eastern Europe, essentially due to higher volumes sold;

- > a reduction of €1,581 million in revenues from the sale and transport of electricity in Italy on the free market and the enhanced protection market, essentially due to the decline in quantities sold and in average sales prices. This was partially offset by the increase of €1,430 million in revenues in respect of the sale and transport of electricity to other resellers;
- > a decline of €1,040 million in revenues from sales on the Power Exchange and the Ancillary Services Market as a result of the fall in average sales prices and quantities sold. These factors were only partially offset by increased revenues from sales to the Single Buyer (€662 million) under bilateral contracts entered into by the generating companies in Italy;
- > a €162 million decrease in revenues from wholesale business.

Revenues from **gas sold and transported to end users** were up €578 million or 19.3% compared with the previous year. The increase reflects the change in the method used to consolidate Endesa (€178 million) and increased revenues on the Italian (€105 million) and Spanish (€295 million) markets, essentially due to the increase in average sales prices and quantities sold compared with the previous year, which had been affected by a decline in consumption due to the slowdown in the economy.

Gains on the disposal of assets amounted to €127 million in 2010 and essentially regard the gain on the disposal of the Spanish high-voltage power grids (€55 million), the gain on the sale of 80% of Nubia 2000, which holds the gas distribution assets in Spain (€15 million), and other minor disposals in Italy.

In 2009, the item amounted to €363 million and included the gain on the sale of 100% of Enel Linee Alta Tensione (ELAT) on April 1, 2009 (€295 million) and the gain on the sale of SeverEnergia (€68 million).

Other services, sales and revenues came to €5,631 million in 2010 (€4,718 million for 2009), an increase of €913 million or 19.4% year on year. The increase was essentially the net result of the following factors:

- > a €135 million increase in sales of fuel for trading, essentially due to increased sales on the Iberian and Latin American markets and to the change in the method used to consolidate Endesa;
- > an increase in revenues with regard to connection fees, of which €221 million due to the application of IFRIC 18 as from July 1, 2009;
- > a €620 million increase in revenues from the sale of goods, mainly attributable to increased sales of photovoltaic panels (€148 million) and of CERs and EUAs (€507 million), the effect of which was partially offset by a decrease in sales of green certificates (€120 million);
- > a €191 million increase in other revenues due to the change in the method used to consolidate Endesa;
- > a €250 million decrease in engineering and construction work with non-Group customers and the termination in December 2009 of reimbursements from the Electricity Equalization Fund for stranded costs in respect of Nigerian gas (€145 million).

Costs

Millions of euro

	2010	2009 restated	2010-2009
Electricity purchases	24,714	23,660	1,054
Consumption of fuel for electricity generation	6,892	5,835	1,057
Fuel for trading and gas for sales to end users	2,655	2,003	652
Materials	2,321	1,408	913
Personnel	4,907	4,908	(1)
Services, leases and rentals	13,503	9,757	3,746
Other operating expenses	2,950	2,277	673
Capitalized costs	(1,765)	(1,593)	(172)
Total	56,177	48,255	7,922

Costs for **electricity purchases** increased by €1,054 million in 2010 (up 4.5%). These developments mainly reflected increased costs for Endesa (€743 million) connected with the effects of the application as from July 1, 2009 of the *Tarifa de Ultimo Recurso* (TUR), discussed in the comments on revenues, and the change in the method used to consolidate Endesa from proportionate to full line-by-line as from the end of June 2009 (€523 million). The increase in costs for electricity purchases abroad is also attributable to increased costs for electricity purchases on the Russian and Slovakian markets (a total of €469 million), partially offset by a decline in electricity purchases on Italian markets (€1,135 million) as a result of the fall in demand.

Costs for the **consumption of fuel for electricity generation** in 2010 totaled €6,892 million, up €1,057 million compared with the previous year (an increase of 18.1%). In addition to the change in the method used to consolidate Endesa (€507 million), the increase reflects higher costs for fuel consumption by the foreign companies associated with increased amounts used for thermal generation (€712 million). These effects were only partially offset by the contraction in quantities used for generation in Italy (€162 million).

Costs for the purchase of **fuels for trading and gas for sales to end users** came to €2,655 million, up €652 million or 32.6% over 2009. The rise is attributable to increased purchases of natural gas for the domestic and Spanish markets for sales to end users as a result of the pick-up in demand (€533 million), as well as the effects of the change in the method used to consolidate Endesa (€119 million).

Costs for **materials** came to €2,321 million in 2010, up €913 million compared with 2009. The increase was mainly accounted for by the activities of the companies in the Iberia and Latin America Division, the International Division and the Renewable Energy Division, as well as the greater contribution of Endesa following the change in the consolidation method.

Personnel costs for 2010 totaled €4,907 million, a decrease of €1 million, with a decrease in the average workforce of 4.2%. Excluding the effects of the change in the consolidation method and the increase in costs for the contract renewal, personnel costs in 2010 fell by €298 million or 5.8%, while the average size of the workforce contracted by 3.2%.

Costs for **services, leases and rentals** totaled €13,503 million in 2010, up €3,746 million or 38.4% over 2009. This development essentially reflects increased electricity transport costs on domestic markets (€333 million) and the markets in which Endesa operates (€2,696 million). More specifically, the latter increases include €1,437 million in respect of the effects of the regulatory changes connected with the application of the TUR, €458 million from the different method used to consolidate Endesa and €177 million in greater charges for the disposal of nuclear waste.

Other operating expenses totaled €2,950 million in 2010, up €673 million compared with the previous year (up 29.6%). The increase was largely associated with the change in the method used to consolidate Endesa (€183 million), system costs attributed under Royal Decree 14/2010 to the generation companies in Spain (€233

million) and the increase in costs for emissions (€79 million). These negative factors were only partially offset by the decline in purchases of green certificates.

In 2010, **capitalized costs** rose by €172 million or 10.8%, attributable mainly to the companies of the International Division.

Net income/(charges) from commodity risk management showed net income of €280 million in 2010 (€264 million in the previous year). More specifically, the figure for 2010 comprises €342 million in net realized income on positions closed during the year (net income of €269 million in 2009), partially offset by €62 million in net unrealized charges from the fair value measurement of outstanding contracts at the end of the year (net charges of €5 million in 2009).

Depreciation, amortization and impairment losses rose by €883 million or 16.5%. The increase includes €627 million in increased depreciation, amortization and impairment losses on property, plant and equipment and intangible assets, essentially due to the change in the method used to consolidated Endesa (€443 million) and the effects of the definitive allocation of the cost of the acquisition of 25.01% of share capital of the Spanish company (€60 million). The change also reflects increased provisions for doubtful accounts (€141 million) and includes the adjustment of the goodwill of Endesa Ireland (€115 million), carried out on the basis of management's assessment of the possible recoverability of the value of that

company, which at December 31, 2010 was classified as "held for sale".

Operating income came to €11,258 million in 2010, an increase of €226 million compared with the previous year (up 2.0%).

Net financial expense in 2010 came to €3,198 million, up €1,457 million compared with the previous year. This change is attributable to the decline of €1,017 million in financial income, essentially due to the effect of the recognition in 2009 of €970 million in income in respect of the measurement at fair value of the put option granted to Acciona on its holding of 25.01% of Endesa, and an increase of €440 million in financial expense. The latter increase is mainly attributable to the increased expense associated with the full consolidation of the debt of Endesa, foreign exchange losses and the effects of the debt refinancing strategy undertaken by Enel in the last quarter of 2009 and continued in 2010 with a view to lengthening the average life of the debt.

The **share of gains/(losses) on equity investments accounted for using the equity method** in 2010 showed a net gain of €14 million, down €40 million compared with the previous year.

Income taxes for 2010 came to €2,401 million (€2,597 million in 2009), equal to 29.7% of taxable income, compared with 27.8% in 2009.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Net non-current assets:			
- property, plant and equipment and intangible assets	98,994	96,557	2,437
- goodwill	18,470	19,045	(575)
- equity investments accounted for using the equity method	1,033	1,029	4
- other net non-current assets/(liabilities)	(639)	(2,267)	1,628
Total	117,858	114,364	3,494
Net current assets:			
- trade receivables	12,505	13,010	(505)
- inventories	2,803	2,500	303
- net receivables due from Electricity Equalization Fund and similar bodies	(1,889)	(1,011)	(878)
- other net current assets/(liabilities)	(3,830)	(4,409)	579
- trade payables	(12,373)	(11,174)	(1,199)
Total	(2,784)	(1,084)	(1,700)
Gross capital employed	115,074	113,280	1,794
Sundry provisions:			
- post-employment and other employee benefits	(3,069)	(3,110)	41
- provisions for risks and charges and net deferred taxes	(14,156)	(13,715)	(441)
Total	(17,225)	(16,825)	(400)
Net assets held for sale	620	348	272
Net capital employed	98,469	96,803	1,666
Total shareholders' equity	53,545	45,933	7,612
Net financial debt	44,924	50,870	(5,946)

Property, plant and equipment and intangible assets (including investment property) came to €98,994 million at December 31, 2010, an increase of €2,437 million. The rise is essentially attributable to capital expenditure for the period (€7,090 million), the associated foreign exchange gains (€3,331 million), net of depreciation, amortization and impairment losses (€5,304 million) and classification of €2,729 million to "Net assets held for sale" of the assets of the transmission grid in Spain, the assets of Endesa Gas (now Nubia 2000), Endesa Ireland, Enel Maritza East 3 (and its holding company), Enel Operations Bulgaria (and its holding company), Enel Green Power Bulgaria, and the assets of Enel Unión Fenosa Renovables that form part of those set for disposal under the agreements signed with Gas Natural on July 30, 2010.

Goodwill amounted to €18,470 million, down €575 million on the previous year. The change mainly reflects the classification to "Net assets held for sale" of €878 million in respect of the goodwill of Endesa Gas, Endesa Ireland, the Bulgarian companies indicated above and the assets of Enel Unión Fenosa Renovables to be divested. This factor was partially offset by the increase in goodwill of Enel Distribuție Muntenia and Enel Energie Muntenia as a result of the change (€210 million) in the measurement in the liability associated with the possible exercise of the put option granted to the minority shareholders in the two companies, as well as the positive effect of the exchange rate differences associated with the goodwill denominated in currencies other than the euro (€82 million).

Equity investments accounted for using the equity method amounted to €1,033 million, broadly unchanged compared with the previous year.

Other net non-current assets/(liabilities) at December 31, 2010 showed a net liability of €639 million, an improvement of €1,628 million compared with December 31, 2009. The change can be attributed to the following factors:

- > an increase of €1,154 million in non-current financial assets, essentially due to the increase in assets connected with derivatives (€544 million), the rise in equity investments in other entities, which mainly reflects the increase (€362 million) in the value of the investment in Bayan Resources, as well as the increase (€125 million) in financial assets recognized in respect of activities carried out on a concession basis;
- > a decrease of €46 million in receivables due from the Electricity Equalization Fund and similar bodies, essentially in respect of the reclassification (to short term) of receivables in respect of the supplement for pensioner electricity discounts and grants for white certificates;
- > an increase of €132 million in other non-current receivables, due mainly to the recognition by Enel Distribuzione of the receivable for the incorporation in rates of the early replacement of electromechanical meters, partially offset by the reclassification to long-term financial receivables of Slovenské elektrárne's receivable due from the Slovakian State Decommissioning Fund;
- > a decrease of €373 million in non-current financial liabilities owing to a decrease in liabilities connected with derivatives;
- > a decrease of €15 million in other non-current liabilities.

Net current assets came to a negative €2,784 million at December 31, 2010, a decrease of €1,700 million compared with December 31, 2009. This change is due primarily to the following factors:

- > a reduction of €505 million in *trade receivables*, essentially as a result of the decrease in receivables for electricity sales on the domestic market, due to the decline in amounts generated and intermediated, partially offset by the increase in trade receivables for electricity transport and sales abroad, associated with a rise in sales;

- > an increase of €303 million in *inventories*, largely due to the change in fuel inventories, especially natural gas;
- > a decrease of €878 million in *net receivables due from Electricity Equalization Fund and similar bodies*. The change mainly reflects receipts by Endesa from equalization mechanisms on the Spanish electricity market, as well as the termination of the right to receive reimbursement of certain components by electricity distribution companies in Spain with the entry into force of the *Tarifa de Ultimo Recurso*;
- > an increase of €579 million in *other current assets less related liabilities*. This change is due to the following factors:
 - a decrease of €1,091 million in net income tax liabilities. The decline is essentially related to tax payments in the amount of €3,275 million, the effects of which were partially offset by the recognition of current taxes (net of prior-year adjustments) totaling €2,528 million. In addition to the balance of current income taxes, the tax payments regard 2010 installments of the gains tax due for the realignment – essentially carried out in 2008 by a number of Italian companies – of the statutory and tax values of property, plant and equipment (Law 244/07);
 - a decrease of €585 million in net current assets, essentially due to the reduction in net tax receivables other than current income taxes (€371 million), an increase in net employee payables (€147 million) and an increase in payables in respect of acquisitions of equity investments (€45 million), which regarded the increase in the fair value of the liability in respect of the put option granted to minority shareholders of Enel Distributie Muntenia and Enel Energie Muntenia, partially offset by the payment in 2010 of the debt in respect of the acquisition of Bayan Resources in 2008;
 - an increase of €73 million in net current financial assets, attributable to the increase in net current derivatives with a positive fair value (€159 million), partially offset by the increase in payables and accruals for interest on loans;
- > an increase of €1,199 million in *trade payables*.

Sundry provisions, totaling €17,225 million, rose by €400 million compared with the previous year. This change is connected primarily with the following factors:

- > an increase of €261 million in net deferred tax liabilities, mainly regarding the portion recognized through the income statement and the effect of exchange rate differences for the net liabilities of companies with currencies other than the euro, net of the reclassification to net assets held for sale of the net liability of Endesa Gas and Endesa Ireland;
- > an increase of €180 million in provisions for risks and charges due to accruals (net of related reversals) in the amount of €1,091 million, partially offset by utilization in the amount of €801 million;
- > a decrease of €41 million in provisions for post-employment and other employee benefits.

Net assets held for sale amounted to €620 million at December 31, 2010, and essentially comprise certain assets held by Endesa in Ireland 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 assets of Enel Unión Fenosa Renovables set to be sold under the agreement signed with Gas Natural on July 30, 2010, and the assets of the Bulgarian companies discussed above. In addition to the inclusion of the Bulgarian companies and the assets of Enel Unión Fenosa Renovables to be divested as part of the agreement mentioned above, the change compared with December 31, 2009, reflects Endesa's disposal of certain assets held in Greece and the 1% stake in Red Eléctrica de España carried out in 2010.

Net capital employed at December 31, 2010 amounted to €98,469 million and was funded by shareholders' equity attributable to the Group and minority interests in the amount of €53,545 million and net financial debt of €44,924 million. At December 31, 2010, the debt/equity ratio was 0.84, compared with 1.11 at December 31, 2009.

Analysis of the financial structure

Net financial debt

Net financial debt and changes in the period are detailed in the table below:

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Long-term debt:			
- bank loans	15,584	21,632	(6,048)
- bonds	34,401	31,889	2,512
- preference shares	1,474	1,463	11
- other loans	981	866	115
<i>Long-term debt</i>	<i>52,440</i>	<i>55,850</i>	<i>(3,410)</i>
Long-term financial receivables and securities	(2,567)	(8,044)	5,477
Net long-term debt	49,873	47,806	2,067
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	949	1,438	(489)
- drawings on revolving credit facilities	50	20	30
- other short-term bank debt	231	927	(696)
<i>Short-term bank debt</i>	<i>1,230</i>	<i>2,385</i>	<i>(1,155)</i>
Bonds (short-term portion)	1,854	1,096	758
Other loans (short-term portion)	196	375	(179)
Commercial paper	7,405	6,573	832
Cash collateral and other financing on derivatives	343	2	341
Other short-term financial payables	180	20	160
<i>Other short-term debt</i>	<i>9,978</i>	<i>8,066</i>	<i>1,912</i>
Long-term financial receivables (short-term portion)	(9,290)	(767)	(8,523)
Factoring receivables	(319)	(304)	(15)
Financial receivables and cash collateral	(718)	(893)	175
Other short-term financial receivables	(571)	(1,156)	585
Cash, bank deposits and securities	(5,259)	(4,267)	(992)
<i>Cash and cash equivalents and short-term financial receivables</i>	<i>(16,157)</i>	<i>(7,387)</i>	<i>(8,770)</i>
Net short-term financial debt	(4,949)	3,064	(8,013)
NET FINANCIAL DEBT	44,924	50,870	(5,946)
Net financial debt of "Assets held for sale"	636	63	573

Net financial debt amounted to €44,924 million at December 31, 2010, down €5,946 million compared with December 31, 2009.

The decrease essentially reflects disposals of assets in 2010 and the strong performance of cash flows generated by operations. These positive effects were partially offset by the payment of dividends and the negative effect of exchange rate differences. More specifically, the latter are attributable to the measurement, at current exchange rates, of the

debt instruments issued in currencies other than the euro by companies that adopt the euro as their local functional currency (such transactions are hedged by corresponding cross currency interest rate swaps), as well as the translation into euros of the net debt of Group companies that have a functional currency other than the euro.

Net long-term financial debt increased by €2,067 million, as the net result of the decrease in gross long-term debt in the amount of €3,410 million and the decrease



in long-term financial receivables of €5,477 million. More specifically, bank loans totaled €15,584 million, down €6,048 million, mainly due to:

- > voluntary repayments of the 2007 and 2009 Credit Facilities following the issue of bonds for retail investors by Enel SpA, of which:
 - €1,484 million related to the tranche maturing in 2012;
 - €1,042 million related to the tranche maturing in 2014;
 - €474 million related to the tranche maturing in 2016;
- > repayments of bank loans and committed credit lines by Endesa in the amount of €2,599 million.

Bonds amounted to €34,401 million, an increase of €2,512 million. They include, among others, the issue by Enel SpA on February 26, 2010 of bonds for retail investors totaling €3 billion maturing in 2016, of which €2 billion in fixed-rate notes and €1 billion in floating-rate notes.

Long-term financial receivables totaled €2,567 million, down €5,477 million in reflection of the reclassification

from non-current to current of Endesa's receivables in respect of the Spanish rate deficit system, which are expected to be collected within twelve months.

Net short-term financial debt showed a net creditor position of €4,949 million at December 31, 2010, a change of €8,013 million from the net debtor position posted at the end of 2009. The change reflects a reduction of €1,155 million in short-term bank debt and an increase of €1,912 million in other loans, offset by a rise of €8,770 million in cash and cash equivalents and short-term financial receivables.

Other short-term loans, totaling €9,978 million, include the issues of commercial paper by Enel Finance International, International Endesa, Endesa Capital and Térmica Portuguesa in the amount of €7,405 million, as well as bonds maturing within 12 months in the amount of €1,854 million, of which about €716 million in bonds issued by the Endesa Group, about €805 million in bonds issued by Enel SpA and €195 million in a bond issued by Slovenské elektrárne.

Cash collateral paid to counterparties in over-the-counter

derivatives transactions on interest rates, exchange rates and commodities totaled €718 million, while cash collateral received amounted to €343 million.

Net financial debt of "Assets held for sale" came to €636 million at December 31, 2010 (€63 million at December

31, 2009) and essentially regards Enel Maritza East 3 and the portion of Enel Unión Fenosa Renovables debt involved in the sale of assets to Gas Natural agreed on July 30, 2010. At December 31, 2009, the item regarded a number of Endesa companies in Greece and Brazil.

Cash flows

Millions of euro

	2010	2009 restated	Change
Cash and cash equivalents at the beginning of the period	4,289	5,211	(922)
- of which discontinued operations	-	-	-
Cash flows from operating activities	11,725	8,926	2,799
- of which discontinued operations	-	(210)	210
Cash flows from investing/disinvesting activities	(4,910)	(12,676)	7,766
- of which discontinued operations	-	(60)	60
Cash flows from financing activities	(5,976)	2,669	(8,645)
- of which discontinued operations	-	273	(273)
Effect of exchange rate changes on cash and cash equivalents	214	159	55
Cash and cash equivalents at the end of the period ^{(1) (2)}	5,342	4,289	1,053
- of which discontinued operations	-	-	-

(1) Of which short-term securities equal to €95 million at December 31, 2010 (€97 million at December 31, 2009).

(2) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €83 million at December 31, 2010 (€22 million at December 31, 2009).

Cash flows from operating activities in 2010 were positive at €11,725 million, up €2,799 million or 31.4% over the previous year. The increase reflects the decline in uses of cash in connection with the change in net current assets in the two periods, as well as the rise in the gross operating margin due to the change in the method used to consolidate Endesa and to the improvement in the margin on the sale and transport of electricity abroad.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €4,910 million in 2010, while in 2009 they had absorbed cash totaling €12,676 million.

In particular, investments in property, plant and equipment and in intangible assets totaling €7,187 million did not change significantly compared with the corresponding period of the previous year.

Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €282 million and are largely accounted for by the acquisition by Enel Green Power of a number of companies operating in the generation of electricity from renewable resources in Italy, the acquisition by Enel Trade of Enel Longanesi

Development, which operates in the natural gas extraction sector in Italy, the acquisition by Enel North America of Padoma Wind Power, which is specialized in the development of wind plants in California, and a number of smaller acquisitions by Endesa. In 2009, investments in entities or business units, also stated net of cash and cash equivalents acquired, were largely accounted for by the acquisition of 25.01% of Endesa and Endesa's acquisition of the Irish company KJWB (now Endesa Ireland).

The disposal of entities or business units, net of cash and cash equivalents sold, generated cash flows of €2,610 million, essentially accounted for by the collection of the balance on the sale of 51% of the Russian company SeverEnergia, the receipt of the prices for the sale of 50.01% of Endesa Hellas, the sale of 80% of Nubia 2000, which holds the assets (acquired by Endesa Gas) in the gas transport and distribution industry in Spain, and the sale of the Spanish power transmission grids. In 2009, the item reported cash flows from the sale of the renewable energy assets of Endesa to Acciona, the sale to Terna of Enel Linee Alta Tensione (ELAT), the sale of 80% of the holding in Enel Rete Gas and receipt of the share of the

receivable in respect of the sale to Gazprom of Sever Energia. Cash needs generated by other investing activities in 2010 totaled €51 million, essentially attributable to the payment of the balance on the holding in Bayan Resources acquired in 2008, the effect of which was partially offset by the payment received for the disposal of 39% of the holding in Idrosicilia SpA and disposals made during the year.

Cash flows from financing activities absorbed cash in the amount of €5,976 million, whereas such activities generated cash of €2,669 million in 2009. Cash flows for the period under review essentially reflect the cash requirement generated by the payment of dividends in the amount of €3,147 million and the change in financial debt in the amount of €5,251 million. These effects were partially offset by the sale (without ceding control) of 30.8% of Enel Green Power in the global public offering of shares on

the MTA electronic stock market operated by Borsa Italiana and on regulated Spanish markets (€2,422 million). In 2009, they had benefited from the positive effects of the Enel capital increase and a smaller reduction in net financial debt.

In 2010, *cash flows from operating activities* in the amount of €11,725 million were used to cover the cash requirements of financing activities in the amount of €5,976 million and of investing activities in the amount of €4,910 million. The difference is reflected in the increase in cash and cash equivalents, which at December 31, 2010 came to €5,342 million (including that pertaining to net assets held for sale in the amount of €83 million) compared with €4,289 million at the end of 2009 (including that pertaining to net assets held for sale in the amount of €22 million). This increase also reflects the effect of exchange rate fluctuations (€214 million).

Results by Division

The representation of divisional performance and financial results presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

Results by Division for 2010 and 2009

2010 results ⁽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	18,499	12,173	106	2,991	31,022	6,203	1,934	358	102	(11)	73,377
Revenues from other segments	198	5,367	502	4,436	241	157	245	321	1,031	(12,498)	-
Total revenues	18,697	17,540	608	7,427	31,263	6,360	2,179	679	1,133	(12,509)	73,377
Net income/(charges) from commodity risk management	(587)	788	-	-	28	(29)	89	(9)	-	-	280
Gross operating margin	483	2,392	14	3,813	7,896	1,520	1,310	(68)	136	(16)	17,480
Depreciation, amortization and impairment losses	425	560	4	902	3,253	617	344	7	110	-	6,222
Operating income	58	1,832	10	2,911	4,643	903	966	(75)	26	(16)	11,258
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(3,184)
Income taxes	-	-	-	-	-	-	-	-	-	-	2,401
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	5,673
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	5,673
Operating assets	6,162	14,934	316	17,680	77,764 ⁽²⁾	13,103 ⁽⁵⁾	9,654 ⁽⁸⁾	1,075	2,529	(5,732)	137,485
Operating liabilities	5,673	4,467	374	5,825	13,500 ⁽³⁾	5,184 ⁽⁶⁾	1,235 ⁽⁹⁾	1,166	1,543	(5,734)	33,233
Capital expenditure	62	648	5	1,147	2,866 ⁽⁴⁾	1,210 ⁽⁷⁾	1,065 ⁽¹⁰⁾	7	80	-	7,090

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.

(2) Of which €484 million regarding units classified as "held for sale".

(3) Of which €145 million regarding units classified as "held for sale".

(4) Does not include €76 million regarding units classified as "held for sale".

(5) Of which €592 million regarding units classified as "held for sale".

(6) Of which €26 million regarding units classified as "held for sale".

(7) Does not include €10 million regarding units classified as "held for sale".

(8) Of which €399 million regarding units classified as "held for sale".

(9) Of which €14 million regarding units classified as "held for sale".

(10) Does not include €11 million regarding units classified as "held for sale".

Gross operating margin for
2010

€17,480

million

2009 results restated ^{(1) (2)}

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Renewable Int'l	Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	20,034	12,393	212	2,608	21,797	5,386	1,520	335	116	(39)	64,362
Revenues from other segments	296	5,984	691	4,665	3	182	231	302	976	(13,330)	-
Total revenues	20,330	18,377	903	7,273	21,800	5,568	1,751	637	1,092	(13,369)	64,362
Net income/(charges) from commodity risk management	(871)	811	-	-	173	31	116	4	-	-	264
Gross operating margin	393	3,024	17	4,017	6,196	1,452	1,178	(25)	124	(5)	16,371
Depreciation, amortization and impairment losses	383	542	3	880	2,537	644	240	9	101	-	5,339
Operating income	10	2,482	14	3,137	3,659	808	938	(34)	23	(5)	11,032
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(1,687)
Income taxes	-	-	-	-	-	-	-	-	-	-	2,597
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	6,748
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	(158)
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	6,590
Operating assets	6,598	15,054	342	17,272	80,799 ⁽⁴⁾	12,292	6,423	1,229	2,197	(6,142)	136,064
Operating liabilities	5,471	4,218	363	5,651	13,034 ⁽⁵⁾	4,786	804	1,090	1,612	(4,981)	32,048
Capital expenditure	80	783	5	1,112 ⁽³⁾	2,962 ⁽⁶⁾	1,014	771	6	92	-	6,825

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.

(2) The figures were restated as a result of the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(3) Does not include €63 million regarding units classified as "held for sale".

(4) Of which €485 million regarding units classified as "held for sale".

(5) Of which €102 million regarding units classified as "held for sale".

(6) Does not include €134 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated ⁽¹⁾
Total assets	168,052	162,331
Financial assets, cash and cash equivalents	22,934	18,480
Tax assets	7,633	7,787
Segment assets	137,485	136,064
- of which:		
Sales	6,162	6,598
Generation and Energy Management	14,934	15,054
Engineering and Innovation	316	342
Infrastructure and Networks	17,680	17,272
Iberia and Latin America ⁽²⁾	77,764	80,799
International ⁽³⁾	13,103	12,292
Renewable Energy ⁽⁴⁾	9,654	6,423
Parent Company	1,075	1,229
Services and Other Activities	2,529	2,197
Eliminations and adjustments	(5,732)	(6,142)
Total liabilities	114,507	116,398
Loans and other financial liabilities	68,683	71,141
Tax liabilities	12,591	13,209
Segment liabilities	33,233	32,048
- of which:		
Sales	5,673	5,471
Generation and Energy Management	4,467	4,218
Engineering and Innovation	374	363
Infrastructure and Networks	5,825	5,651
Iberia and Latin America ⁽⁵⁾	13,500	13,034
International ⁽⁶⁾	5,184	4,786
Renewable Energy ⁽⁷⁾	1,235	804
Parent Company	1,166	1,090
Services and Other Activities	1,543	1,612
Eliminations and adjustments	(5,734)	(4,981)

(1) The figures were restated as a result of the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(2) Of which €484 million regarding units classified as "held for sale" at December 31, 2010 (€485 million at December 31, 2009).

(3) Of which €592 million regarding units classified as "held for sale" at December 31, 2010.

(4) Of which €399 million regarding units classified as "held for sale" at December 31, 2010.

(5) Of which €145 million regarding units classified as "held for sale" at December 31, 2010 (€102 million at December 31, 2009).

(6) Of which €26 million regarding units classified as "held for sale" at December 31, 2010.

(7) Of which €14 million regarding units classified as "held for sale" at December 31, 2010.

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

Millions of kWh

		2010	2009	2010-2009	
Free market:					
- mass-market customers		27,494	27,337	157	0.6%
- business customers ⁽¹⁾		13,210	23,196	(9,986)	-43.1%
- safeguard market customers		4,505	5,270	(765)	-14.5%
Total free market		45,209	55,803	(10,594)	-19.0%
Regulated market:					
- enhanced protection market customers		67,763	71,273	(3,510)	-4.9%
Total		112,972	127,076	(14,104)	-11.1%

(1) Supplies to large customers and energy-intensive users (annual consumption greater than 1 GWh).

Average number of customers

Average number of customers	2010	2009	2010-2009	
Free market:				
- mass-market customers	3,054,793	2,395,647	659,146	27.5%
- business customers ⁽¹⁾	58,082	48,621	9,461	19.5%
- safeguard market customers	78,408	92,363	(13,955)	-15.1%
Total free market	3,191,283	2,536,631	654,652	25.8%
Enhanced protection market	26,171,196	27,186,504	(1,015,308)	-3.7%
Total	29,362,479	29,723,135	(360,656)	-1.2%

(1) Supplies to large customers and energy-intensive users.

Electricity sold in 2010 amounted to 112,972 million kWh, down 14,104 million kWh compared with the previous year, attributable both to lower sales on the free market

and to customers on the enhanced protection market as a result of the opening of the market.

Gas sales and customers

	2010	2009	2010-2009	
Gas sales (millions of m ³)				
- mass-market customers ⁽¹⁾	3,718	3,301	417	12.6%
- business customers	1,785	1,868	(83)	-4.4%
Total sales	5,503	5,169	334	6.5%
Average number of customers	2,902,739	2,773,370	129,369	4.7%

(1) Includes residential customers and microbusinesses.

Gas sales for 2010 amounted to 5,503 million cubic meters, an increase of 334 million cubic meters compared with the previous year, essentially due to the increase in the customer base in the mass-market segment.

At December 31, 2010, customers served numbered some 2.9 million, an increase of about 0.1 million over December 31, 2009.

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	18,697	20,330	(1,633)
Net income/(charges) from commodity risk management	(587)	(871)	284
<i>Gross operating margin</i>	<i>483</i>	<i>393</i>	<i>90</i>
Operating income	58	10	48
Operating assets	6,162	6,598	(436)
Operating liabilities	5,673	5,471	202
Employees at year-end (no.)	3,823	3,962	(139)
Capital expenditure	62	80	(18)

Revenues totaled €18,697 million in 2010, down €1,633 million compared with 2009 (a decrease of 8.0%), due to the following main factors:

- > a decrease of €1,090 million in revenues on the regulated electricity market, mainly due to the decrease in quantities sold (down 3.5 TWh) to customers on the enhanced protection market as a result of the opening of the market and to the decline in average sales prices, the latter connected in particular with the component covering generation costs. These factors were partly offset by the recognition of higher prior-year items (€294 million). This was the balance between components recognized in 2010 (a positive €189 million), mainly in respect of equalization of purchases for the previous year, the positive adjustment of revenues in respect of the provisional delivery of safeguard services for the 2007-2008 period and the Authority for Electricity and Gas' granting recognition of safeguard service operators' higher costs incurred in collecting accrued

receivables, and the components recognized in 2009 (a negative €105 million), essentially associated with the closure of the energy accounts for previous years;

- > a decrease of €985 million in revenues essentially attributable to the decrease in quantities sold (down 10.6 TWh), partially offset by increased prior-year items (€72 million);
- > an increase of €128 million in revenues on the natural gas market, largely due to higher volumes sold (an increase of 334 million cubic meters).

The **gross operating margin** for 2010 amounted to €483 million, up €90 million compared with 2009. The increase is essentially ascribable to:

- > an increase of €94 million in the margin on electricity sales on the regulated market, of which €91 million in respect of recognition of receivables on the safeguard market;
- > a rise of €75 million in the margin on electricity sales on

the free market, which benefited from the positive effect of lower provisioning costs (€102 million), partially offset by the decline in quantities sold;

- > a €26 million increase in the margin on the sale of natural gas to end users;
- > €12 million in respect of the fine levied by the Authority for Electricity and Gas with Resolution no. 66/07;
- > an increase of €93 million in overheads, mainly due to the rise in the number of customers on the free market.

Operating income for 2010, after depreciation, amortization and impairment losses in the amount of €425 million (€383 million in 2009), amounted to €58 million, up €48 million compared with 2009. The increase in depreciation, amortization and impairment losses was related mainly to the increase in provisions for doubtful accounts.

Capital expenditure

Capital expenditure totaled €62 million, down €18 million compared with 2009.

2 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:
 - thermal and schedulable hydroelectric power plants in Italy through Enel Produzione, Hydro Dolomiti Enel (in the Province of Trento) and SE Hydro Power (in the Province of Bolzano);
 - 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:
 - nuclear power plants, through Sviluppo Nucleare Italia;
 - natural gas extraction projects, through Enel Longanesi Development;
 - natural gas regasification and storage plants, through Nuove Energie and Enel Stoccaggi.

Operations

Net electricity generation

Millions of kWh

	2010	2009	2010-2009	
Thermal	47,744	50,186	(2,442)	-4.9%
Hydroelectric	21,633	22,099	(466)	-2.1%
Other resources	5	2	3	150.0%
Total net generation	69,382	72,287	(2,905)	-4.0%

Net electricity generation in 2010 amounted to 69,382 million kWh, a decrease of 4.0% on 2009. More specifically, the decrease in hydroelectric generation (466 million kWh) due to lower output from pumping, was

accompanied by a decline in thermal generation totaling 2,442 million kWh, mainly attributable to the reduction in generation from fuel oil.

Contribution to gross thermal generation

Millions of kWh

	2010		2009		2010-2009	
High-sulfur fuel oil (S>0.25%)	754	1.5%	1,772	3.3%	(1,018)	-57.4%
Low-sulfur fuel oil (S<0.25%)	877	1.7%	1,942	3.6%	(1,065)	-54.8%
Total fuel oil	1,631	3.2%	3,714	6.9%	(2,083)	-56.1%
Natural gas	20,172	39.7%	20,313	37.8%	(141)	-0.7%
Coal	28,592	56.2%	29,233	54.3%	(641)	-2.2%
Other fuels	467	0.9%	532	1.0%	(65)	-12.2%
TOTAL	50,862	100.0%	53,792	100.0%	(2,930)	-5.4%

Gross thermal generation in 2010 decreased by 2,930 million kWh or 5.4% compared with 2009. The decline involved all main types of fuel and of plant technologies. The largest fall came in generation from fuel oil (down 56.1%), attributable to unfavorable developments in fuel prices, making this raw material uncompetitive.

The decrease in coal-fired generation (down 2.2%) is attributable to the reduced operations required of small and medium-scale plants, as well as greater plant

unavailability due to maintenance at unit 3 of the Brindisi Sud plant and a number of issues that arose with the start of full operation at the Torrevadalia Nord plant.

Generation from natural gas decreased slightly (down 0.7%) due to the decline registered at the plants in central Italy and Sicily that were taken off line for maintenance. This was partially offset by the increase in output required of combined-cycle plants in the northern part of the country.

Net efficient generation capacity

MW

	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Thermal plants ⁽¹⁾	24,798	24,820	(22)
Hydroelectric plants	12,908	12,922	(14)
Alternative resources	41	41	-
Total	37,747	37,783	(36)

(1) 35 MW of which unavailable due to transformation activities (677 MW at December 31, 2009) and 1,551 MW unavailable due to long-term technical issues (1,055 MW at December 31, 2009).

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	17,540	18,377	(837)
Net income/(charges) from commodity risk management	788	811	(23)
<i>Gross operating margin</i>	<i>2,392</i>	<i>3,024</i>	<i>(632)</i>
Operating income	1,832	2,482	(650)
Operating assets	14,934	15,054	(120)
Operating liabilities	4,467	4,218	249
Employees at year-end (no.)	6,601	6,703	(102)
Capital expenditure	648	783	(135)

Revenues for 2010 totaled €17,540 million, down €837 million or 4.6% over 2009 due primarily to the following factors:

- > a decrease of €1,352 million in revenues from sales on the Power Exchange, which mainly reflects a decline in sales volumes (down 16.2 TWh) and a fall in the average sales price. This effect was only partially offset by higher revenues (€250 million) from fees from transactions on the Power Exchange following an increase in transport capacity fees and the fees paid for plants essential to system security;
- > a €251 million decrease in revenues from trading on international electricity markets, due mainly to lower average sales prices, as volumes sold increased (up 8.4 TWh);
- > a decrease of €145 million in revenues from the Electricity Equalization Fund following the expiry (December 2009) of the right to reimbursement of stranded costs in respect of the use of Nigerian gas;
- > the impact of the recognition in 2009 of €78 million in revenues relating to prior-year items under a settlement reached between Eni and Enel Trade.

These effects were only partially offset by:

- > an increase of €582 million in revenues from electricity sales, mainly due to higher revenues in respect of electricity sales to resellers on the domestic market (up €1,307 million), partially offset by lower volumes sold (down 11.9 TWh) by the Sales Division, mainly on the free market (decreasing revenues by €732 million) as a result of lower demand;
- > an increase of €251 million in revenues from the sale of certified emission reductions (CERs), of which €113 million to the Iberia and Latin America Division, partially offset by a decrease of €184 million in revenues from the sale of green certificates to the Energy Services Operator;

- > a €47 million increase in revenues from the sale of fuels for trading, resulting from the €105 million increase in natural gas sales, partially offset by a €58 million decline in sales of other fuels;
- > increased revenues from the adjustment of the price for the sale of 51% of the investment in Hydro Dolomiti Enel Srl (€35 million), the revenues from the sale of mini-hydro operations by Hydro Dolomiti Enel (€10 million), and higher revenues (€30 million) attributable to the Authority for Electricity and Gas' granting of recognition (under Resolution ARG/elt no. 194/10) of prior-year items in respect of the start-up of unit 3 and commercial operation of unit 4 of the Torrevadalliga Nord power plant, which was classified as a "new entrant".

The **gross operating margin** for 2010 amounted to €2,392 million, down €632 million or 20.9% compared with the €3,024 million posted in 2009. The decrease is essentially attributable to the decline in the margin on natural gas trading, the decline in the fair value of derivatives used for commodity risk management, the termination of the right to receive stranded costs mentioned in the comments on revenues, the decline in the margin on the ancillary services market and the effect of the recognition in 2009 of revenues from positive items related to prior-year periods under a settlement agreement reached with Eni.

Operating income amounted to €1,832 million, down €650 million or 26.2% compared with 2009. The change reflects increased depreciation and amortization in the amount of €44 million, mainly due to the entry into service of a number of plants, partially offset by a decline of €26 million in impairment losses.

Capital expenditure

Millions of euro

	2010	2009	2010-2009
Generation plants:			
- thermal	519	591	(72)
- hydroelectric	89	93	(4)
- alternative energy resources	10	38	(28)
Total generation plants	618	722	(104)
Other investments in property, plant and equipment	30	61	(31)
TOTAL	648	783	(135)

Capital expenditure totaled €648 million, of which €618 million for generation plants. The main investments in 2010 regarded the continuation of work on thermal plants in the amount of €519 million (including the coal

conversion of the Torrevaldaliga Nord plant in the amount of €223 million and the refurbishment of particulate capture systems at the Brindisi plant for €20 million).

3 Engineering and Innovation

The mission of the Engineering and Innovation Division is to serve the Group by managing the engineering processes related to the development and construction of power plants, ensuring achievement of the quality, temporal and financial objectives set for it. The Division also coordinates

and supplements the Group's research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	608	903	(295)
Gross operating margin	14	17	(3)
Operating income	10	14	(4)
Operating assets	316	342	(26)
Operating liabilities	374	363	11
Employees at year-end (no.)	1,339	1,202	137
Capital expenditure	5	5	-

Revenues totaled €608 million in 2010, down €295 million or 32.7% compared with the previous year. This decline was essentially due to the following:

- > a €259 million decline in business with the Generation and Energy Management Division, related mainly to the coal conversion of the Torrevaldaliga Nord plant,

- which was largely completed in the 1st Half of 2010;
- > a €109 million decline in business with E.ON España (formerly Enel Viesgo Generación) as a result of the completion of a number of activities regarding the development of thermal power plants in Spain;
- > a €32 million increase in business with the companies

of the International Division, related mainly to the modernization of thermal plants in Slovakia (€22 million) and the construction of combined-cycle plants in Russia (€19 million) and Belgium (€12 million). These factors were partially offset by a decrease in business in Bulgaria (€15 million) and Greece (€6 million).

The **gross operating margin** for 2010 came to €14 million, decreasing by €3 million due to differences in the profitability of the business conducted during the two periods under review.

Operating income for 2010 totaled €10 million, a decrease of €4 million, in line with the trend in gross operating margin.

4

Infrastructure and Networks

The Infrastructure and Networks Division is responsible for operating the electricity 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;

> Enel Sole for public and artistic lighting.

Operations

Electricity distribution and transport networks

	2010	2009	2010-2009
High-voltage lines at year-end (km)	57	57	-
Medium-voltage lines at year-end (km)	344,029	342,289	1,740
Low-voltage lines at year-end (km)	765,024	757,337	7,687
Total electricity distribution network (km)	1,109,110	1,099,683	9,427
Electricity transported on Enel's distribution network (millions of kWh) ⁽¹⁾	245,886	241,050	4,836

(1) The figure for 2009 reflects a more accurate determination of amounts transported.

The electricity distribution network increased by 9,427 km, due essentially to the development of plants to meet customer demand.

Developments in electricity transported on the Enel network in Italy in 2010 essentially reflect the increase in electricity demand in the country, partly connected with the economic recovery during the year after the crisis experienced in 2009.

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	7,427	7,273	154
Gross operating margin	3,813	4,017	(204)
Operating income	2,911	3,137	(226)
Operating assets	17,680	17,272	408
Operating liabilities	5,825	5,651	174
Employees at year-end (no.)	19,152	19,700	(548)
Capital expenditure ⁽¹⁾	1,147	1,112	35

(1) Does not include €63 million regarding units classified as "held for sale" at December 31, 2009.

Revenues for 2010 came to €7,427 million, up €154 million (2.1%) over 2009. Excluding the capital gain on the sale of Enel Linee Alta Tensione recognized in the 2nd Quarter of 2009 (€295 million, including the price adjustment), revenues for 2010 increased by €449 million. This change is essentially due to:

- > an increase of €852 million in revenues on electricity transport, mainly resulting from the positive impact of the component to remunerate the early replacement of electromechanical meters (€691 million), the increase in average transport prices (including equalization mechanisms) following the rate updates for the 2008-2011 regulatory period, as well as the increase in quantities of electricity distributed to end users;
- > higher revenues from connection fees, almost entirely attributable to the effect of the application of IFRIC 18 as from July 1, 2009 (€36 million);
- > prior-year items with a negative impact of €307 million, essentially attributable to the decrease in revenues from equalization mechanisms (€246 million), the effect of the recognition in 2009 of positive revisions of estimates following a number of Authority for Electricity and Gas resolutions (€56 million), and the effect of positive adjustments recognized in 2009 on purchases of electricity by the Single Buyer (€27 million);
- > the effect of the recognition in 2009 of the price adjustment for the electricity distribution operations in the municipalities of Milan and Rozzano (€88 million);
- > a decrease in revenues in respect of white certificates (€14 million).

The **gross operating margin** totaled €3,813 million, a decline of €204 million (down 5.1%) attributable to:

- > an increase of €293 million in the margin on the transport of electricity;
- > the effects of the recognition in 2009 of the gain on the sale of Enel Linee Alta Tensione, the adjustment on the sale of the Milan-Rozzano operations and other minor items, for a total of €395 million;
- > a €33 million decline in margins resulting from the sale of the high-voltage grid on April 1, 2009;
- > a €36 million increase in connection fees mainly due to the effect of the application of IFRIC 18, mentioned above;
- > a €14 million decrease in connection fees;
- > the net positive effect (€82 million) of a number of negative regulatory prior-year items, the impact of which was more than offset by the remuneration granted for the early replacement of electromechanical meters, as discussed earlier;
- > an increase of €173 million in operating expenses, mainly attributable to the rise in maintenance and repair costs, higher provisions for risks and charges, an increase in the average electricity transport rate applied by Terna and negative adjustment payments to F2i Reti Italia; these factors were partially offset by a decline in charges for early retirement incentives.

Operating income, after depreciation, amortization and impairment losses of €902 million (€880 million in 2009), amounted to €2,911 million, down €226 million or 7.2% compared with 2009. Excluding effects of the gain recognized in 2009 on the sale of Enel Linee Alta Tensione in the amount of €295 million, operating income would have risen by €69 million.

Capital expenditure

Millions of euro

	2010	2009	2010-2009
Electricity distribution networks	1,101	953	148
Gas distribution networks	-	2	(2)
Other investments in property, plant and equipment and intangible assets	46	157	(111)
Total ⁽¹⁾	1,147	1,112	35

(1) Does not include €63 million regarding units classified as "Held for sale" at December 31, 2009.

Capital expenditure increased by €35 million, due mainly to the work done on the low and medium-voltage grids in order to improve service quality.

5 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.

Following the integration of Enel's operations in the renewable energy sector in Spain and Portugal, the activities of Endesa Cogeneración y Renovables (ECyR, now Enel Green Power España) and its subsidiaries were transferred from the Iberia and Latin America Division to the Renewable Energy Division. Accordingly, the performance figures for those activities for the 1st Quarter of 2010 (at the end of which the above transfer took place) are reflected

in the Iberia and Latin America Division, while the balance sheet figures for the same business at December 31, 2010, are reported under the Renewable Energy Division.

In addition, following the acquisition of a further 25.01% of Endesa on June 25, 2009, the latter has been consolidated as from that date on a full, line-by-line basis rather than on a proportionate basis. Consequently, the performance and operational data (unless specified otherwise) for the 1st Half of 2009 were determined on a proportionate basis equal to the Group's holding at that time (67.05%).

Operations

Net electricity generation

Millions of kWh

	2010	2009	2010-2009
Thermal	59,238	53,898	5,340
Nuclear	27,619	18,854	8,765
Hydroelectric	42,920	38,893	4,027
Wind	647	1,966	(1,319)
Other resources	60	246	(186)
Total net generation	130,484	113,857	16,627

Net electricity generation in 2010 amounted to 130,484 million kWh, an increase of 16,627 million kWh compared with the previous year. Net power generation on the Iberian peninsula rose by 6,711 million kWh in 2010: the increase due to the change in the consolidation method (12,369 million kWh) and greater nuclear generation was only partially offset by the decline in thermal generation (down 23.0%) and in wind generation, the latter essentially attributable to the transfer of ECyR (now Enel

Green Power España) to the Renewable Energy Division. In addition, output increased in Latin America by 10,205 million kWh, essentially due to the change in the consolidation method (10,556 million kWh). More specifically, the increase in thermal generation as a result of the full availability of the plants at Fortaleza (Brazil) and San Isidro (Chile) was more than offset by the decline in hydroelectric generation (down 10.6%) in Colombia and Chile due to poorer water availability.

Contribution to gross thermal generation

Millions of kWh

	2010		2009		2010-2009
High-sulfur fuel oil (S>0.25%)	8,492	9.4%	7,357	9.7%	1,135
Low-sulfur fuel oil (S<0.25%)	661	0.7%	284	0.4%	377
Total fuel oil	9,153	10.1%	7,641	10.1%	1,512
Natural gas	27,363	30.2%	20,252	26.6%	7,111
Coal	17,623	19.4%	20,647	27.1%	(3,024)
Nuclear fuel	28,802	31.8%	19,711	25.9%	9,091
Other fuels	7,736	8.5%	7,874	10.3%	(138)
TOTAL	90,677	100.0%	76,125	100.0%	14,552

Gross thermal generation increased compared with 2009 by 14,552 million kWh, essentially owing to the change in the method used to consolidate Endesa (15,504 million

kWh). The rise in nuclear generation was more than offset by the reduction in thermal generation.

Net efficient generation capacity

MW

	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009	
Thermal plants	22,169	20,748	1,421	6.8%
Hydroelectric plants	13,258	13,264	(6)	-
Wind plants	77	810	(733)	-90.5%
Nuclear plants	3,514	3,522	(8)	-0.2%
Alternative energy resources	9	74	(65)	-87.8%
Total net efficient capacity	39,027	38,418	609	1.6%

Net efficient generation capacity at December 31, 2010 increased by 609 MW on the previous year.

The increase is essentially attributable to the increase in thermal generation capacity (up 1,421 MW) as a result of the entry into service of a number of thermal combined-

cycle plants (including Besós 5), partially offset by the decrease in wind capacity (down 733 MW), essentially due to the effect of the change in the scope of consolidation with the transfer of ECyR (now Enel Green Power España) to the Renewable Energy Division.

Electricity distribution and transport networks

	2010	2009	2010-2009
High-voltage lines at year-end (km)	30,242	32,698	(2,456)
Medium-voltage lines at year-end (km)	267,010	258,792	8,218
Low-voltage lines at year-end (km)	315,349	302,783	12,566
Total electricity distribution network (km)	612,601	594,273	18,328
Electricity transported on Enel's distribution network (millions of kWh)	170,794	139,370	31,424

At December 31, 2010, the size of the electricity distribution network of the Iberia and Latin America Division had increased by 18,328 km, going from 594,273 km in 2009 to 612,601 km in 2010.

Electricity transported in 2010 amounted to 170,794

million kWh, an increase of 31,424 million kWh, essentially due to the effect of the change in the consolidation method (27,117 million kWh), and increased demand for electricity in the Iberian peninsula and in the Latin American countries (especially in Brazil).

Electricity sales

Millions of kWh

	2010	2009	2010-2009
Free market:			
- Iberian peninsula	106,894	72,137	34,757
- Latin America	7,107	5,738	1,369
Total free market	114,001	77,875	36,126
Regulated market:			
- Iberian peninsula	-	15,371	(15,371)
- Latin America	43,697	34,522	9,175
Total regulated market	43,697	49,893	(6,196)
TOTAL	157,698	127,768	29,930
- of which Iberian peninsula	106,894	87,508	19,386
- of which Latin America	50,804	40,260	10,544

Electricity sales to end users by the Iberia and Latin America Division for 2010 came to 157,698 million kWh, up 29,930 million kWh compared with 2009. The increase includes 24,844 million kWh in respect of the change in the consolidation method, in addition to the increase in sales, especially in Latin America, as a result of higher electricity demand.

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

Millions of euro

	2010	2009 restated	2010-2009
Revenues	31,263	21,800	9,463
Net income/(charges) from commodity risk management	28	173	(145)
Gross operating margin	7,896	6,196	1,700
Operating income	4,643	3,659	984
Operating assets ⁽¹⁾	77,764	80,799	(3,035)
Operating liabilities ⁽²⁾	13,500	13,034	466
Employees at year-end (no.) ⁽³⁾	24,731	26,305	(1,574)
Capital expenditure ⁽⁴⁾	2,866	2,962	(96)

(1) Of which €484 million regarding units classified as "held for sale" at December 31, 2010 (€485 million at December 31, 2009).

(2) Of which €145 million regarding units classified as "held for sale" at December 31, 2010 (€102 million at December 31, 2009).

(3) Of which 1,809 in units classified as "held for sale" at December 31, 2010 (1,330 at December 31, 2009).

(4) Does not include €76 million regarding units classified as "held for sale" at December 31, 2010 (€134 million at December 31, 2009).

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2010	2009 restated	2010-2009	2010	2009 restated	2010-2009	2010	2009 restated	2010-2009
Europe	21,200	14,934	6,266	4,487	3,516	971	2,486	1,850	636
Latin America	10,063	6,866	3,197	3,409	2,680	729	2,157	1,809	348
Total	31,263	21,800	9,463	7,896	6,196	1,700	4,643	3,659	984

Revenues for 2010 rose by €9,463 million due to:

- > an increase of €6,266 million in revenues in Europe, essentially attributable to:
 - a €2,165 million increase in revenues attributable to the change in the scope of consolidation and €2,180 million to the application of the aforementioned *Tarifa de Ultimo Recurso* as from July 1, 2009, which involved the separate recognition in the income statement of the sales company of the revenues and costs concerning, respectively, the sale and purchase of electricity, including transport costs, which had previously been offset;
 - an increase of €1,114 million in grants for extra-peninsular generation (in 2009 they had been affected by negative prior-year items);

- an increase in revenues from electricity sales;
- the effect of the application as from July 1, 2009 of IFRIC 18 (€171 million);
- the recognition in 2010 of the gains on the sale of the electricity transmission grids and the gas transport and distribution networks in Spain, for a total of €70 million;
- > a €3,197 million increase in revenues for Endesa in Latin America, due to the change in consolidation method (€1,348 million) and to increased quantities sold in all the Latin American countries, especially Brazil.

The **gross operating margin** amounted to €7,896 million, up €1,700 million or 27.4% compared with 2009, as a result of:

- > an increase of €971 million in the gross operating margin in Europe thanks to the change in the method used to consolidate Endesa (€678 million), the effect of the application as from July 1, 2009 of IFRIC 18 (€171 million) and the gains on the disposals in 2010 mentioned earlier;
- > an increase of €729 million in the gross operating margin in Latin America, essentially comprising €510

million in respect of the change in the consolidation method and increased margins, especially on electricity sales.

Operating income for 2010 amounted to €4,643 million, an increase of €984 million on 2009, of which €718 million attributable to the change in the method used to consolidate Endesa.

Capital expenditure

Millions of euro

	2010	2009	2010-2009
Generation plants:			
- thermal	880	902	(22)
- hydroelectric	138	122	16
- nuclear	163	143	20
- alternative energy resources	2	133	(131)
Total generation plants	1,183	1,300	(117)
Electricity distribution networks	1,152	1,129	23
Gas distribution networks	-	80	(80)
Other investments in property, plant and equipment and intangible assets	531	453	78
TOTAL ⁽¹⁾	2,866	2,962	(96)

(1) Does not include €76 million regarding units classified as "held for sale" at December 31, 2010 (€134 million in at December 31, 2009).

Capital expenditure totaled €2,866 million, down €96 million compared with the previous year. It includes €1,183 million in respect of generation plants, including: in Spain and Portugal, the construction of combined-cycle plants (Besós 5, Elecgas, Ca's Tresorer 2 and Granadilla 2), gas-fired plants (Ibiza and Ceuta), and the construction and development of a number of wind facilities; in Latin America, among other projects, the construction of

the Bocamina II coal-fired plant and the Quimbo hydroelectric plant in Colombia. Investments in the electricity network, totaling €1,152 million (of which €861 million in Europe), concerned the expansion of the distribution network, work to enhance the service quality and operating efficiency of the electrical system and the installation of electronic meters.

The mission of the International Division is to support the Group's strategies for international growth, as well as to manage and integrate the foreign businesses outside the Iberian and Latin American markets, which are managed by the Iberia and Latin America Division, monitoring and developing business opportunities that should present themselves on the electricity and fuel markets.

The chief geographical areas of operation for this Division are:

- > central Europe, where the Division is active in electricity sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne), and the development of thermal power plants and support activities in Belgium (Marcinelle Energie and Enel Operations Belgium);
- > south-eastern Europe, with power generation and technical support activities in Bulgaria (Enel Maritza East 3 and Enel Operations Bulgaria), the development of generation capacity in Romania (Enel Productie), electricity distribution, sales and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania, and Enel Servicii Comune) and the development of thermal plants in Greece (Enelco);
- > Russia, with electricity sales and trading (RusEnergosbyt), power generation and sales (Enel OGK-5), and support services (Enel Rus) in the Russian Federation. The figures for 2009 include the results of SeverEnergia, which was sold on September 30, 2009.

Operations

Net electricity generation

Millions of kWh

	2010	2009	2010-2009	
Thermal	49,743	45,244	4,499	9.9%
Nuclear	13,534	13,055	479	3.7%
Hydroelectric	5,179	4,429	750	16.9%
Other resources	20	7	13	185.7%
Total net generation	68,476	62,735	5,741	9.2%

Net generation abroad in 2010 amounted to 68,476 million kWh, an increase of 5,741 million kWh compared with 2009. The rise is attributable to greater output by Enel OGK-5 (up 3,723 million kWh), Slovenské elektrárne (up 1,077 million kWh) and Enel Maritza East 3 (up 941

million kWh). The increase is essentially due to the general increase in demand, as well as the effect (for Enel Maritza East 3) of the start of full operations of the plant following completion of refurbishment work.

Contribution to gross thermal generation

Millions of kWh

	2010		2009	2010-2009	
High-sulfur fuel oil (S>0.25%)	202	0.3%	247	0.4%	(45)
Natural gas	21,920	32.4%	20,107	32.2%	1,813
Coal	30,958	45.8%	28,096	44.9%	2,862
Nuclear fuel	14,574	21.5%	14,081	22.5%	493
Total	67,654	100.0%	62,531	100.0%	5,123

Gross thermal generation in 2010 rose by 5,123 million kWh to 67,654 million kWh. The increase, which involved all types of fuel and plant technology with the exception of fuel oil, reflected the increase in demand for electricity as a result of the partial recovery of the international

economy. The largest growth came in coal-fired generation, with an increase in the contribution of Enel OGK-5 (2,013 million kWh) and Enel Maritza East 3 (1,045 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Thermal plants ⁽¹⁾	10,256	10,223	33
Hydroelectric plants	2,329	2,329	-
Nuclear plants	1,818	1,762	56
Other resources	4	4	-
Total net efficient capacity	14,407	14,318	89

(1) Of which 808 MW regarding units classified as "held for sale".

Net efficient generation capacity increased by 89 MW, mainly attributable to the increase in nuclear capacity in

Slovakia and the increase of 33 MW at the thermal plants of Enel Maritza East 3.

Electricity distribution and transport networks

	2010	2009	2010-2009	
High-voltage lines at year-end (km)	6,583	6,023	560	9.3%
Medium-voltage lines at year-end (km)	34,439	34,042	397	1.2%
Low-voltage lines at year-end (km)	48,218	47,901	317	0.7%
Total electricity distribution network (km)	89,240	87,966	1,274	1.4%
Electricity transported on Enel's distribution network (millions of kWh)	13,827	13,225	602	4.6%

As at December 31, 2010, the size of the electricity distribution network showed an increase of 1,274 km, related essentially to investments in Romania.

Electricity transported increased by 4.6%, going from

13,225 million kWh to 13,827 million kWh in 2010, reflecting the increase in electricity demand on the international market.

Electricity sales

Millions of kWh

	2010	2009	2010-2009	
Free market:				
- Romania	923	1,022	(99)	-9.7%
- France	5,578	3,276	2,302	70.3%
- Russia	14,737	5,243	9,494	181.1%
- Slovakia	2,216	293	1,923	656.3%
Total free market	23,454	9,834	13,620	138.5%
Regulated market:				
- Romania	8,103	8,576	(473)	-5.5%
- Russia	6,316	14,433	(8,117)	-56.2%
Total regulated market	14,419	23,009	(8,590)	-37.3%
TOTAL	37,873	32,843	5,030	15.3%
- of which Romania	9,026	9,598	(572)	-6.0%
- of which France	5,578	3,276	2,302	70.3%
- of which Russia	21,053	19,676	1,377	7.0%
- of which Slovakia	2,216	293	1,923	656.3%

Electricity sold by the International Division in 2010 increased by 5,030 million kWh, mainly attributable to an increase of 2,302 million kWh in sales by Enel France as a result of the greater anticipated capacity available compared with 2009, an increase of 1,923 million kWh in Slovakia and an increase of 1,377 million kWh by the Russian

companies as a result of the increase in electricity demand. The increase was only partially offset by the decline in the sales of the Romanian companies (572 million kWh), attributable mainly to the decline in consumption, especially in the region served by Enel Energie Muntenia.

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	6,360	5,568	792
Net income/(charges) from commodity risk management	(29)	31	(60)
Gross operating margin	1,520	1,452	68
Operating income	903	808	95
Operating assets ⁽¹⁾	13,103	12,292	811
Operating liabilities ⁽²⁾	5,184	4,786	398
Employees at year-end (no.) ⁽³⁾	14,876	15,752	(876)
Capital expenditure ⁽⁴⁾	1,210	1,014	196

(1) Of which €592 million regarding units classified as "held for sale" at December 31, 2010.

(2) Of which €26 million regarding units classified as "held for sale" at December 31, 2010.

(3) Of which 503 in units classified as "held for sale" at December 31, 2010.

(4) Does not include €10 million regarding units classified as "held for sale" at December 31, 2010.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2010	2009 restated	2010-2009	2010	2009 restated	2010-2009	2010	2009 restated	2010-2009
Central Europe	2,732	2,587	145	769	910	(141)	447	552	(105)
South-eastern Europe	1,203	1,159	44	318	290	28	153	116	37
Russia	2,425	1,822	603	433	252	181	303	140	163
Total	6,360	5,568	792	1,520	1,452	68	903	808	95

Revenues increased by €792 million or 14.2% in 2010, going from €5,568 million to €6,360 million. The performance was related to the following factors:

- > a €603 million increase in revenues in Russia, mainly attributable to Enel OGK-5 and RusEnergoSbyt (a total of €687 million), associated with an increase in volumes sold against a background of rising price. These factors were partially offset by the recognition in the 3rd Quarter of 2009 of the gain on the sale of 51% of the stake held in SeverEnergia (€68 million);
- > a €145 million increase in revenues in Central Europe, essentially attributable to an €87 million in revenues in Slovakia and €60 million in increased revenues from electricity sales by Enel France. Both of these developments were due to an increase in volumes sold, the effect of which more than offset declining average sales prices;
- > an increase of €44 million in revenues in south-eastern Europe, essentially due to the increase of €21 million (including the effect of the application of IFRIC 18) in the revenues of the Romanian companies and a rise of €22 million in the revenues of Enel Maritza East 3, the latter thanks to the increase in average sales prices and the full availability of plants.

The **gross operating margin** amounted to €1,520 million, an increase of €68 million compared with 2009. The performance was the result of:

- > a €181 million increase in the gross operating margin in Russia, due to the improvement in the margin of Enel OGK-5 (€151 million) and RusEnergoSbyt (€83 million) as well as the deconsolidation of SeverEnergia (€13 million). These effects were only partially offset by the effect of the recognition in 2009 of the gain on the sale of 51% of the holding in SeverEnergia;
- > a €28 million rise in the margin in south-eastern Europe, essentially attributable to the €18 million improvement in the margin in Romania (of which €14 million as a result of the application of IFRIC 18) as well as the entry into service of a new unit at the Enel Maritza East 3 plant;
- > a reduction in the gross operating margin in central Europe as a result of the lower margin achieved by Slovenské elektrárne (€114 million), essentially attributable to the decrease in the generation margin, and by Enel France (€23 million) as a result of unfavorable price developments.

Operating income in 2010 amounted to €903 million, an increase on 2009 of €95 million or 11.8% after depreciation, amortization and impairment losses of €617 million (€644 million in 2009).

Capital expenditure

Millions of euro

	2010	2009	2010-2009
Generation plants:			
- thermal	419	512	(93)
- hydroelectric	1	3	(2)
- nuclear	498	236	262
- alternative energy resources	5	1	4
Total generation plants	923	752	171
Electricity distribution networks	267	155	112
Other investments in property, plant and equipment and intangible assets	20	107	(87)
TOTAL ⁽¹⁾	1,210	1,014	196

(1) Does not include €10 million regarding units classified as "held for sale" at December 31, 2010.

Capital expenditure totaled €1,210 million, up €196 million compared with the previous year. The rise includes

€171 million in greater investments in generation plants, mainly attributable to Slovenské elektrárne.

7 Renewable Energy

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

> Italy and the rest of Europe, with power generation from non-schedulable hydroelectric plants, as well as geothermal, wind and solar plants in Italy (Enel Green Power), Greece (Enel Green Power Hellas), France (Enel Green Power France), Romania (Enel Green Power Romania) and Bulgaria (Enel Green Power Bulgaria), and plant and franchising activities in Italy (Enel.si);

> Iberia and Latin America, with power generation from renewable sources in Spain and Portugal (Enel Green Power España – formerly Endesa Cogeneración y Renovables (ECyR) – and Enel Unión Fenosa Renovables) and Latin America (Enel Latin America);

> North America, with power generation from renewable sources (Enel North America).

Following the integration of Enel's operations in the renewable energy sector in Spain and Portugal at the end of the 1st Quarter of 2010, ECyR – whose results were reported in those for the Iberia and Latin America Division until the reorganization – became part of the Renewable Energy Division.

Operations

Net electricity generation

Millions of kWh

		2010	2009	2010-2009	
Italy:					
Hydroelectric		6,435	6,231	204	3.3%
Geothermal		5,029	5,001	28	0.6%
Wind		722	499	223	44.7%
Other resources		1	2	(1)	-50.0%
Total net generation in Italy		12,187	11,733	454	3.9%
International:					
Hydroelectric		4,635	4,458	177	4.0%
Geothermal		248	155	93	60.0%
Wind		4,204	2,291	1,913	83.5%
Other resources		560	292	268	91.8%
Total net generation abroad		9,647	7,196	2,451	34.1%
TOTAL		21,834	18,929	2,905	15.3%

Net electricity generation in 2010 increased by 2,905 million kWh (up 15.3%) to reach 21,834 million kWh. The increase is attributable to a rise of 2,451 million kWh in generation abroad, where wind output benefited from the change in the scope of consolidation within the Division attributable to Enel Green Power España, the start-up of the Codesas II, Valdesanmario and Pena del Gato wind farms in Spain, as well as increased generation by the Smoky II and Snyder wind farms, both in the United States. An additional factor was greater hydroelectric generation,

thanks to improved water availability, and the increase in geothermal generation as a result of the full operation of the facilities at Still Water and Salt Wells in the United States.

Net electricity generation in Italy increased by 454 million kWh in 2010, up 3.9% compared with the previous year, mainly due to the increase in wind and hydroelectric generation, with the latter attributable to better water conditions, especially in the final months of 2010.

Net efficient generation capacity

MW

	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009	
Italy:				
Hydroelectric plants	1,509	1,509	-	-
Geothermal plants	728	695	33	4.7%
Wind plants	532	429	103	24.0%
Other resources	6	4	2	50.0%
Total net efficient capacity in Italy	2,775	2,637	138	5.2%
International:				
Hydroelectric plants	1,030	995	35	3.5%
Geothermal plants	47	47	-	-
Wind plants ⁽¹⁾	2,122	1,081	1,041	96.3%
Other resources	128	48	80	166.7%
Total net efficient capacity abroad	3,327	2,171	1,156	53.2%
TOTAL	6,102	4,808	1,294	26.9%

(1) Of which 42 MW regarding units classified as "held for sale" at December 31, 2010.

Total net efficient capacity showed an increase of 1,294 MW, of which 1,156 MW abroad, mainly due to the aforementioned change in the scope of consolidation.

Performance

Millions of euro

	2010	2009 restated	2010-2009
Revenues	2,179	1,751	428
Net income/(charges) from commodity risk management	89	116	(27)
Gross operating margin	1,310	1,178	132
Operating income	966	938	28
Operating assets ⁽¹⁾	9,654	6,423	3,231
Operating liabilities ⁽²⁾	1,235	804	431
Employees at year-end (no.) ⁽³⁾	2,955	2,685	270
Capital expenditure ⁽⁴⁾	1,065	771	294

(1) Of which €399 million regarding units classified as "held for sale" at December 31, 2010.

(2) Of which €14 million regarding units classified as "held for sale" at December 31, 2010.

(3) Of which 12 in units classified as "held for sale" at December 31, 2010.

(4) Does not include €11 million regarding units classified as "held for sale" at December 31, 2010.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2010	2009 restated	Change	2010	2009 restated	Change	2010	2009 restated	Change
Italy and the rest of Europe	1,458	1,283	175	890	905	(15)	724	765	(41)
Iberia and Latin America	576	352	224	336	212	124	206	154	52
North America	145	116	29	84	61	23	36	19	17
Total	2,179	1,751	428	1,310	1,178	132	966	938	28

Revenues rose by €428 million or 24.4%, going from €1,751 million to €2,179 million. This change is due to:

- > an increase of €224 million in revenues in the Iberian peninsula and in Latin America, largely due to the aforementioned change in the scope of consolidation, higher wind power output in Spain and an increase in hydroelectric generation in the Latin American countries;
- > a €175 million increase in revenues in Italy and the rest of Europe, essentially as a result of:
 - a €148 million increase in revenues for Enel.si, mainly connected with sales of photovoltaic panels;
 - a €30 million increase in sales of green certificates in Italy;
 - a €10 million increase in revenues in France due to increased wind power output despite a reduction in average sales prices;
 - a €29 million decrease in electricity sales, mainly

attributable to lower revenues from sales of subsidized CIP 6 electricity (€114 million), only partially offset by increased revenues from bilateral contracts (€65 million) and on the Power Exchange (€20 million);

- > a €29 million increase in revenues in North America, essentially reflecting the impact of certain negative prior-year items recognized in 2009.

The **gross operating margin** amounted to €1,310 million, up €132 million or 11.2% compared with 2009. The increase is attributable to:

- > a €124 million increase in the margin achieved in the Iberian peninsula and in Latin America, due mainly to the change in the scope of consolidation and higher generation margins achieved in Spain and in the Latin American countries as a result of higher volumes sold;
- > a €23 million increase in the margin posted in North America, essentially due to the effect of the negative

prior-year items recognized in 2009, only partially offset by increased operating expenses;

- > a €15 million decline in the margin in Italy and the rest of Europe, essentially due to the effect of the €28 million decrease in the margin achieved in Italy. These factors were partially offset by higher margins achieved in France and Bulgaria (€11 million) as a result of higher

volumes sold, as well as the €5 million increase in the margin of Enel.si.

Operating income totaled €966 million, a rise of €28 million after an increase of €104 million in depreciation, amortization and impairment losses, essentially attributable to the change in the scope of consolidation.

Capital expenditure

Millions of euro

	2010	2009	2010-2009
Generation plants:			
- hydroelectric	153	123	30
- geothermal	174	151	26
- alternative energy resources	712	468	244
Total power plants	1,039	742	297
Other investments in property, plant and equipment and intangible assets	26	29	(3)
TOTAL ⁽¹⁾	1,065	771	294

(1) Does not include €11 million regarding units classified as "held for sale" at December 31, 2010.

Capital expenditure totaled €1,065 million, up €294 million compared with 2009. Of the total investments made during 2010, €514 million were in Italy (€337 million in 2009) and €551 million abroad (€434 million in 2009).

Expenditure mainly regarded work on power plants (€1,039 million), of which €712 million on alternative energy plants (mainly wind power), €174 million on geothermal plants and €153 million on hydroelectric facilities.

Millions of euro

	2010	2009 restated	2010-2009
Parent Company			
Revenues	679	637	42
Gross operating margin	(68)	(25)	(43)
Operating income	(75)	(34)	(41)
Operating assets	1,075	1,229	(154)
Operating liabilities	1,166	1,090	76
Employees at year-end (no.)	803	731	72
Capital expenditure	7	6	1
Services and Other Activities			
Revenues	1,133	1,092	41
Gross operating margin	136	124	12
Operating income	26	23	3
Operating assets	2,529	2,197	332
Operating liabilities	1,543	1,612	(69)
Employees at year-end (no.)	4,033	4,168	(135)
Capital expenditure	80	92	(12)

Parent Company

In its capacity as an industrial holding company, Enel SpA defines strategic targets for the Group and coordinates the activities of subsidiaries.

In addition, Enel SpA manages central treasury operations and insurance risk coverage, providing assistance and guidelines on organization, personnel management and labor relations, accounting, administrative, fiscal, legal, and corporate matters. Enel also currently holds a contract with Atel for the import of electricity on the Swiss border.

Performance

Revenues in 2010 amounted to €679 million, up €42 million compared with the previous year (an increase of 6.6%). This can mainly be attributed to:

- > a €19 million increase in revenues from the sale of electricity to the Single Buyer, essentially ascribable to a rise

in the average sales price while the quantities sold remained virtually unchanged;

- > a €24 million increase in revenues for support and staff activities for the Group companies.

The **gross operating margin** was a negative €68 million in 2010, a deterioration of €43 million. This performance was due to an increase of €15 million in operating expenses, a €12 million decrease in the energy margin and the adjustment of provisions for risks and charges with increased net accruals in the amount of €16 million.

Operating income showed a loss of €75 million, a deterioration of €41 million on 2009, in line with developments in the gross operating margin.

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

Revenues for the Services and Other Activities area came to €1,133 million in 2010, up €41 million compared with 2009. The increase essentially reflects an increase of €39 million in revenues for IT services, mainly in respect of telephony service for Group companies, increased sales of hardware and software, mainly to the Infrastructure and Networks Division, as well as higher revenues for construction contracts relating to IT projects and building renovation works. These increases were partially offset by a decrease in capital gains on the sale of land and buildings and the reduction in revenues from real estate services.

The **gross operating margin** for 2010 amounted to €136 million, up €12 million or 9.7% compared with the previous year. The rise is essentially attributable to the decrease in costs for provisions for early retirement incentives, as well as the positive effects of the revised estimate of liabilities for employee electricity discounts, which resulted in the reversal to income of part of the liability recognized in previous years. These factors were partially offset by the decline in capital gains on the sale of real estate mentioned above.

Operating income amounted to €26 million in 2010, up €3 million compared with 2009 after an increase of €9 million in depreciation, amortization and impairment losses, due essentially to the net effect of the entry into service of intangible assets and new investments in software.

Main risks and uncertainties

Market liberalization and regulatory developments

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.

As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.

The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.

The Group often operates in regulated markets, and changes in the rules governing operations in such mar-

kets, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.

In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

CO₂ emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO₂) are also one of the greatest challenges facing the Group in safeguarding the environment.

EU legislation governing the emissions trading scheme imposes costs for the electricity industry, costs that could rise substantially in the future. In this context, the instability of the emissions allowance market accentuates the difficulties of managing and monitoring the situation. In order to mitigate the risk factors associated with CO₂ regulations, the Group monitors the development and implementation of EU and Italian legislation, diversifies



its generation mix towards the use of low-carbon technologies and resources, with a focus on renewables and nuclear power, develops strategies to acquire allowances

at competitive prices and, above all, enhances the environmental performance of its generation plants, increasing their energy efficiency.

Commodity prices and supply continuity

As part of its ordinary operations, Enel is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.

To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.

The Group has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable

risk and the implementation of a hedging strategy using derivatives.

For a more detailed examination of management of commodity risk and the derivatives portfolio, please see note 5 of the notes to the consolidated financial statements.

In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas and encouraging the construction of transportation and storage infrastructure.

Credit risk

In its commercial and financial activities, the Group is exposed to the risk that its counterparties might not be able to discharge all or part of their obligations, whether these involve payment for goods already delivered and services rendered or payment of the expected cash flows under financial derivatives contracts.

In order to minimize such risks, the Group assesses in advance the creditworthiness of the counterparties to which it plans to maintain its largest exposures on the basis of

information supplied by independent providers and internal rating models.

This process provides for the attribution of an exposure limit for each counterparty, the request for appropriate guarantees for exposures exceeding such limits and periodic monitoring of the exposures.

For certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit insurance companies.

Liquidity risk

Enel SpA (directly and through its subsidiary Enel Finance International SA) is responsible for the centralized Group Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries International Endesa BV and Endesa Capital SA), meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

Underscoring the Enel Group's continued capacity to access the credit market despite the recent financial crisis, bond issues for Italian and European retail investors totaling €3 billion (with demand exceeding €14 billion) were carried out successfully in 2010. Enel SpA and its subsidiary Enel Finance International SA also obtained a 5-year revolving credit facility for €10 billion to be used to manage working capital (it is not part of the Group's debt refinancing program).

Rating risk

The possibility of accessing the capital market and other sources of financing, and the related costs, depend, among other factors, on the rating assigned to the Group. Enel's current rating is equal to: (i) "A-" with a stable outlook (Standard & Poor's); (ii) "A-" with a stable outlook (Fitch); and (iii) "A2" with a negative outlook (Moody's). In December 2010, Moody's placed Enel SpA's long-term

ratings under a credit watch with a view to assessing a possible downgrade. Enel's ratings are reported in detail in the section "Enel and the financial markets".

Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the Group.

Exchange rate and interest rate risk

The Group is exposed to exchange rate risk associated with cash flows in respect of the purchase or sale of fuel or electricity on international markets, cash flows in respect of investments or other items in foreign currency and, to a marginal extent, debt denominated in currencies other than the functional currency of the respective countries. The main exchange rate exposure of the Enel Group is in respect of the US dollar.

During the year, management of exchange rate risk was pursued through compliance with internal risk management policies, which call for hedging of significant exposures, encountering no difficulties in accessing the derivatives market.

The main source of exposure to interest rate risk for Enel is floating-rate debt. In order to obtain a balanced

structure for the debt, Enel manages the risk by reducing the amount of debt exposed to interest rate fluctuations, curbing borrowing costs over time and limiting the volatility of results.

The management policies implemented by Enel SpA also seek to optimize the Group's overall financial position, ensure the optimal allocation of financial resources and control financial risks.

Under these policies, derivatives transactions for the management of interest rate risk and exchange rate risk are conducted, among other things, with careful selection of financial counterparties and close monitoring of the related exposures and ratings.

More detailed information is provided in note 5 to the consolidated financial statements.

Country risk

By now, some 50% of the revenues of the Enel Group are generated outside Italy. The major international expansion of the Group – located, among other countries, in Latin America and Russia – therefore requires Enel to assess its exposure to country risk, namely the macro-economic, financial, regulatory, market, geopolitical and

social risks whose manifestation could have a negative impact on income or jeopardize corporate assets. In order to mitigate this form of risk, Enel has adopted a country risk calculation model (using a shadow rating approach) that specifically monitors the level of country risk in the areas in which the Group operates.

Other risks

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business. In order to mitigate such risks, the Group adopts a range of prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and implement international best practices. Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution, that may occur during the production and distribution of electricity and gas.

As part of its strategy of maintaining and developing its cost leadership in the markets in which it has generation operations, the Group is involved in numerous projects for the development, improvement and reconversion of its plants. These projects are exposed to the risks commonly associated with construction activities, which the Group mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.

Outlook

The major objectives achieved in terms of size, efficiency and diversification of the generation mix and the strengthening of our financial structure will enable Enel seize the opportunities offered by a new cycle of organic growth and development in rapidly developing countries.

Accordingly, Enel, in confirming its strategic direction, will continue to pursue leadership in the markets in which it operates, continuing and intensifying its initiatives to boost operational excellence along the entire value chain. The consolidation and integration of its operations abroad will enable us to disseminate a culture of excellence and efficiency throughout the entire Group and to achieve greater operational synergies.

Enel will continue to implement its development plans in the renewable energy sector with determination, confirming their essential contribution to the strategy for sustainable development in the energy industry. Thanks to our know-how, our technological skills and the geographical

scope of our operations, Enel is a world leader in what is forecast to be a rapidly expanding sector.

At the same time, Enel will continue its commitment to research and technological innovation, with a special focus on the development of environmentally compatible thermoelectric technologies, smart grids and electric mobility, as well as initiatives to strengthen direct access to fossil fuels through selective vertical integration.

Enel also intends to consolidate its leadership role in the field of corporate social responsibility, a sector in which it has already received major recognition at the global level. On this foundation, the ever closer integration of international operations together with our development programs and initiatives to boost operational efficiency will have a positive impact on performance in 2011, helping us achieve the financial targets announced to the market.

Sustainability



Our Mission

“ At Enel our mission is to create and deliver value in the international electricity market, benefiting our customers and our shareholders, fostering competition in the countries in which we operate, and meeting the expectations of all those who work with us.

Enel works to serve the community, while respecting the environment and human safety, with a commitment to leaving future generations a better world. ”

Sustainability in Enel

Providing sustainable, affordable and accessible energy, pursuing responsible growth that respects the environment, communities and countries in which we operate and ensuring a better future for the coming generations – these are Enel's sustainability goals. Enel wants to grow while fully respecting our stakeholders and striking a balance between economic, environmental and social variables.

Sustainability is an integral part of Enel's culture: it is the engine of a process of continual improvement that touches all the Group companies and is an essential component of growth and development.

With the aim of creating and delivering value in the international energy market to the benefit of our customers, shareholders and a competitive marketplace, Enel works to improve the community while respecting the environment and human safety. Enel is closely involved with developing renewable energy and making technological advances for a better world.

Enel's fundamental ethical principles, enshrined in the Code of Ethics, are at the heart of our corporate culture and models of behavior required of all employees.

About ten years ago, Enel started upon the path to achieve the highest sustainability standards and has been rewarded through the continued interest of socially-responsible investment funds. Based on December 2010 data, Enel shares are held by 61 ethical funds, representing 16.9% of our institutional shareholders. In 2010, for the seventh straight year, Enel was included in the Dow Jones Sustainability Index, a market benchmark which includes the world's leading companies that meet strict economic, social and environmental criteria.

Commitments

Each year, Enel defines its corporate social responsibility objectives in line with the Group's strategies and in accordance with the principles of the UN Global Compact. Value generation, climate change, dialogue with the community, safety for employees and suppliers – these are some of the priorities that drive Enel. Specifically, the Group has reaffirmed its commitment to sustainable development according to specific guidelines affecting four areas.

In 2010, for the seventh straight year, Enel was included in the Dow Jones Sustainability Index

- > **Ethics:** Enel is committed to forging a governance system inspired by the highest standards of transparency and fairness in corporate management.
- > **People:** Enel guarantees the safety of all those involved in its activities, respecting the "value" of the person, the sphere of individual and collective interests, from human rights to workplace health and safety, from training to respect for equal opportunity and multiculturalism. In the communities and markets in which it operates, Enel is committed to promoting and respecting human rights, involving various social players and in continually improving the services offered.
- > **Environment and Climate Strategy:** Enel has given the fight against climate change a central place among its responsibilities as a major global energy company and has long undertaken actions to reduce greenhouse gas emissions in all the countries in which it operates – a demonstration of its concern for the environment, biodiversity and future generations.
- > **Research and development:** Enel works to ensure a reliable supply of electricity and to promote sustainable development by focusing on renewable sources, biofuels and CO₂ capture and geological storage.

The three pillars of corporate ethics: the Code of Ethics, the Compliance Model, and the Zero Tolerance of Corruption Plan

In 2002, Enel adopted a Code of Ethics which it keeps constantly up-to-date and which expresses its ethical commitments and responsibilities in conducting its business and corporate activities.

The Code of Ethics is binding on the conduct of all Enel's employees. All of the companies in which Enel has an equity interest and the Group's major suppliers are also required to comply with the general principles contained in the Code. The Code is based on an ideal of cooperation between the parties involved and maximum transparency and fairness for all stakeholders. Any stakeholder can report a violation or suspected violation of the Code of Ethics through dedicated channels.

In 2002, the Board of Directors of the Company also approved a Compliance Model that meets the requirements of Legislative Decree 231 of June 8, 2001, which introduced into Italian law a system of administrative (though

outside world, while providing shareholders with adequate guarantees of efficient and proper management. In 2010, Enel SpA's Board of Directors also approved specific guidelines aimed at extending the principles set out in the Compliance Model to the Group's foreign subsidiaries, in order to make them more aware of the importance of ensuring the same conditions of fairness and transparency in the conduct of their business and corporate activities and to prevent situations that could result in administrative liability pursuant to Legislative Decree 231/2001 for the Parent Company, Enel SpA, and the other Italian companies. In 2006, the Board of Directors approved the adoption of the Zero Tolerance of Corruption Plan (ZTC) as a concrete move marking Enel's participation in the Global Compact (a 2000 UN Program of Action) and the PACI - Partnership Against Corruption Initiative (an initiative promoted by the World Economic Forum in Davos in 2005).



actually criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company. This Model is another step towards acting more rigorously, providing greater transparency and developing a sense of responsibility both in interacting internally and with the

The ZTC Plan does not replace or overlap the Code of Ethics or the Compliance Model, but is rather a more detailed plan for addressing the issue of corruption by following a series of recommendations for implementing principles developed by Transparency International.

Sustainability reporting

Since 2002, Enel has, with its Sustainability Report, maintained a constant commitment to measuring and reporting on corporate responsibility, ensuring maximum transparency for all its stakeholders and continual implementation of its sustainability strategy. The reporting process is performed by collecting and analyzing specific key financial, environmental and social performance indicators.

Internal Audit and an independent auditor review the Sustainability Report for completeness and accuracy. The Report is checked by the Internal Control Committee and submitted to Enel SpA's Board of Directors for its approval before being presented to the Shareholders' Meeting.

Since 2006, Enel has followed the GRI-G3 guidelines of the Global Reporting Initiative (GRI), an international standard, coupled since 2008 with the EUSS (Electric Utility Sector Supplement) for the electricity industry. Ever since it adopted these guidelines, Enel has applied the guidelines at the highest level recognized by the GRI (A+).

Providing an accounting of corporation actions means that, in the future, there will be better integration of the various reports and that the sustainability indicators, along with the financial indicators, will serve to link sustainability with the company's performance and financial situation, giving all stakeholders a comprehensive assessment of the Group's activities and results.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve its mission or who have a stake in its pursuit.

The economic value created and shared by Enel gives a good indication of how the Company has created wealth for its stakeholders.

Millions of euro

	2010	2009 restated
Revenues	73,377	64,362
Net income/(charges) from commodity risk management	280	264
External costs	49,567	42,214
Gross value added from ordinary operations	24,090	22,412
Results of discontinued operations	-	(158)
Net value added from ordinary operations	24,090	22,254
distributed to:		
Shareholders	2,350	2,734
Lenders	3,184	1,687
Employees	4,907	4,908
State	3,711	3,462
Enterprises	9,938	9,463

People

Human resources and organization

Organization

The following main events regarding the organization occurred in 2010.

As regards business operations:

- > under the Performance Improvement project, aimed at creating value through the achievement of synergies, Enel and Endesa have chosen the following organizational initiatives:

- Commodities Trading: centralized management of market execution activity;
- Power Trading: centralized management of activities in European electricity markets (with the exception of those in the Iberian peninsula, where Endesa is responsible);
- CO₂: creation of a central carbon strategy department;



ment responsible for establishing and implementing the compliance strategy, origination activities, portfolio optimization and commercial actions in all carbon credit markets;

- Gas: creation of a Gas Supply Committee responsible for ensuring the achievement of synergies and optimization of the Enel and Endesa gas portfolios through close coordination between these two companies;
 - Upstream Gas: creation of an Upstream Gas Committee responsible for examining upstream activities in order to ensure that they are in line with the demand for gas within the Group;
 - Coal, Liquids and Freight: central coordination through the selection of a Group lead buyer to ensure that procurement needs are met, costs are optimized, and Group synergies are achieved;
- > work has continued towards achieving the functional separation of the distribution activities of the Infrastructure and Networks Division in compliance with unbundling regulations;
- > with regard to the International Division, work continues to integrate and rationalize the various businesses acquired, in part by aligning procedures within the various countries with the operating rules and principles established in the Integration Handbook.

Also of note is the definition of a new organizational structure for the Russian company Enel OGK-5, which included the creation of the Risk Management unit and designation of a head of generation operations;

- > as regards Enel Green Power and its IPO, the system of procedures has been analyzed in order to verify the operating requirements that have been established for companies listed on the markets run by Borsa Italiana. As a result of this analysis, changes were made to the Group's procedures, and specific organizational procedures were issued for Enel Green Power, with a focus on key processes such as industrial planning, budgeting and approval, and investment control.

Finally, with regard to integration:

- > the governance arrangements for the Global In Enel portal were established for the entire Group. The project is aimed at creating a new corporate intranet in order to promote the sharing of projects, culture and best practices within the Group, thereby enhancing the sense of belonging to a team and involvement in company strategies;
- > work continues on implementation of the Enel Business Process Modeling (EBPM) project, the goal of which is to define and implement an integrated Group management model for business process modeling,

which is needed in order to rationalize and coordinate the various process needs (integrating processes, risks, controls and information systems). In particular:

- the organizational setup process was completed, which entailed identifying the organizational units responsible for these activities and related staffing;
 - the process-modeling infrastructure has been completed, and the related information assets (risks, controls and information systems) have been added. During the 1st Half of 2011, the infrastructure for accessing the content and the portal for employees are to be completed;
 - work is under way to map the processes of the Italian companies, with completion scheduled for the end of June 2011;
 - process mapping has begun for Slovakia, and is expected to be completed by the end of December 2011;
 - activities for Romania, Russia and France are to begin in the first four months of 2011;
 - analysis has begun for the implementation of this project within the Endesa Group, and the related business case is to be completed by the end of June 2011;
- > Project Overhead has begun with the goal of increasing the efficiency and effectiveness of staff functions within the Group.

Development and training

Development efforts focused on three main areas: evaluation processes, the talent management system, and the "climate" study.

With regard to evaluation processes, starting this year all employees of the Italian Divisions took part in the performance review in addition to all the Group managers who were involved in past reviews, for a total of about 28,000 persons reviewed.

This is a progression of the performance review system, anticipated in 2008 with the pilot review conducted on office staff in the Sales Division. It is in line with the feedback received from the 2008 climate study, as well as with the recommendations made by analysts representing ethical funds. The new performance review was accompanied by a multi-pronged communications campaign, training programs tailored for target populations, improvements in online tools and a distributed tutoring mechanism.

As in 2009, in early 2010 the Group's first and second-line

managers and the level-one talent pool (TP1) took part in Feedback 360°, which was extended this year to the top management of Endesa and, on an experimental basis, to new management segments (the entire expatriate population of the International Division, the first-line managers of Enel North America, the management of the Energy Management professional family and the first-line HR managers of Endesa) for a total of 250 persons evaluated and 1,815 evaluators.

With regard to the evaluation of technical skills, the 1st Half of the year was dedicated to bringing the knowledge of the Administration, Finance and Control (AFC), Information & Communication Technology and Safety (ICT and Safety) professional families up to date. In particular, the skills refreshment provided to the AFC professional family marked the conclusion of the pilot evaluation begun in 2009 of the all workers in the area for all the countries in which the Group operates (with the sole exception of Endesa at this stage), totaling 1,500 people. In addition, in the fourth quarter, a pilot mapping and assessment project began for ICT and Safety, which involved some 260 ICT people in Italy and Romania, as well as a number of Endesa employees in Spain and Colombia. For Safety, some 150 people from the International Division and Enel Green Power were involved. In 2011, beginning with the analysis of the results from the pilot phase, efforts will begin to review the model and identify actions that focus on these professional families.

As concerns the talent management system, the focus for the 1st Half of the year was on revising the system introduced in 2008 by introducing greater structure and fostering mobility, particularly through developing closer connections with the succession management process, integrated in the annual performance review.

Finally, with regard to the climate study, the first part of the year was dedicated to monitoring actions taken after the second global study conducted at the end of 2008. The third survey was then designed and conducted in December on an even wider international scale, which involved about 80,000 people in 22 countries. The first few months of 2011 will be crucial for the sharing of results and the identification of improvement measures.

With regard to training, the three main areas of focus for Enel University concerned the systematizing and revision of a number of key initiatives to complete the leadership curriculum, the support of integration of the countries in the International Division, and the development of new technical and functional academies.

The leadership curriculum is the set of training initiatives

within the Group designed to disseminate and implement Enel's leadership model. Each training path has a specific target population (office staff, middle management, or senior management). More specifically, the leadership curriculum includes three types of initiative:

- > programs related to changes in role or assignment: the Junior Enel Training International induction program for recent university graduates and the LINK program for new middle managers are already active. At the start of the year, the Welcome in Enel program introduced two training paths for new hires who are not recent graduates, one aimed at university graduates and the other at secondary-school graduates. Also in 2010, the 5-day Enel Business & Leadership training program for all senior management in Italy and within the International Division, conducted in collaboration with LUISS and Alma Mater, was completed;
- > programs related to the results of performance reviews: in addition to the 12 training modules for middle management scheduled in 2009 and carried out in 2010 for various targets (management, resources managers, professionals), several training modules were designed for office staff (PPR Junior Professional and PPR office staff), 13 editions of which were tested in 2010;
- > programs for the talent pools: a special edition of the Leadership for Energy Executives Program (in partnership with Harvard Business School) was developed and held for the Group's senior management. Also in 2010, three editions of another key program targeted at the talent pools, i.e. the Leadership for Energy Management Program (in partnership with IESE and Bocconi) for the level-two talent pool (TP2), were held.

As concerns support for the integration of the countries of the International Division, in addition to the international leadership curriculum programs (i.e. JET International, Enel Business & Leadership, and the talent pool programs), specific technical training initiatives were also launched for each country aimed at disseminating best practices and creating local skills in order to be able to develop and maintain technical skills on their own in the future.

Finally, the technical academies for power generation, engineering and plant construction have been started up, as have the functional academies for Human Resources; Administration, Finance and Control; Legal Affairs; and Purchasing.

Hiring

In 2010, the Hiring & University Relations unit focused on the process of recruiting and hiring young university and secondary-school graduates and on training them in line with the various professional career paths within the organization, while also promoting and strengthening Enel's image as an "employer of choice" in the eyes of the highest value segments of the job market, thereby enabling the organization to obtain, for the second year in a row, CRF Institute certification as a "Top Employer".

The channels and mechanisms used to gather applications included, most importantly, the organization's website, as well as direct contact with the schools with which we have active partnership agreements. The most critical technical skills (such as those that are related to plant design, environmental impact, plant safety, upstream gas, and renewable energy) have been selected by way of specific agreements with specialized recruiting firms, some of which also work abroad.

The selection process included phases focusing on both an assessment of behavior and motivation and on more technical and professional aspects. A variety of methods were used throughout the selection process depending on the target population. For young university graduates in particular, assessment centers were used, which also conducted tests of proficiency in English.

In Italy, after about 5,800 interviews, 1,075 people were hired in 2010, with some 75% being recent university or secondary-school graduates, of which 40% university graduates (with 41% of these being female) and 60% secondary-school graduates.

With regard to recruiting efforts specifically, the focus was mainly on the technical areas of the Engineering and Innovation Division, on the operational areas of the Infrastructure and Networks Division, on the areas of the Generation and Energy Management Division, on the technical and sales areas of the Renewable Energy Division, and on the customer service area of the Sales Division. More specifically, and in line with previous years, significant recruiting efforts concerned the Plant Development & Construction area, to which 70 new hires were added, and the Nuclear area, which reached a total of 181 employees. The Infrastructure and Networks Division, in turn, received new technical and operational personnel throughout Italy in the area of plant management and maintenance. In addition, we have continued strengthening the business areas of the Sales Division through the quality-promoter

project, which resulted in hiring around 30 young university graduates. The Renewable Energy Division was also strengthened with the addition of 60 new hires.

In line with activities during the 1st Half of the year, corporate staff areas – and governance in particular – were further strengthened through the junior-controller project, which involved the Administration, Finance & Control function directly, and new hires to the Audit and Group Risk Management functions.

Within the scope of the Energy Without Frontiers project, which calls for the hiring of 100 young university graduates from abroad by the end of 2011, a further 7 people were hired, mainly for the staff and nuclear areas of the Engineering and Innovation Division, bringing the total number of new hires under this project to 81.

Efforts also continued to strengthen the Enel brand and promoting the company's image as a top employer on key university campuses. This was done through job meetings, special recruiting days designed to present specific business projects, and "alternative" educational initiatives, particularly within engineering and other technical fields. Some of the events that contributed most to promoting the company's brand internationally included our involvement in the 5th *Foro de Empleo* in Madrid, as well as in the Energy 21st and the 2nd edition of Atomicareer events held in Brussels, focusing on energy and nuclear sector respectively.

Finally, around 150 internships began during the year, most of which for young university graduates and focused mainly in central corporate areas and in the Infrastructure and Networks and Sales Divisions. In addition, 426 trainee contracts for young secondary-school graduates in technical fields were signed for the technical areas of the Infrastructure and Networks Division.

In 2010, additional impetus was given to the internal international mobility program. This led to the publication of the Group's first job posting for a management position in line with the new management model and of more than 40 other positions to be filled. The Twin Exchange Program for the technical areas of Enel and Endesa also began, and this will, in this early stage, involve the mobility of an additional 6 people. Started at the end of 2009 in the International Division, the International Mobility program expanded considerable in 2010, with more than 60 French, Romanian, Russian and Slovak employees moving to operational units in Italy, supporting integration and offering the participants a major career development opportunity.

Compensation and incentive systems

The compensation policy for 2010 remained consistent with the rationale and philosophy adopted in previous years.

As is done every year, external benchmarks were chosen and the necessary steps were taken to ensure that compensation levels remained competitive.

Selective changes were made to fixed remuneration, thereby confirming a merit-based policy aimed at rewarding valued skills within each professional family.

With regard to short-term incentives, management by objectives (MBO) was confirmed as the leading tool, involving about 97% of senior management and 17% of middle management.

It should also be noted that in 2010, following an extensive process of benchmarking the Group against other leading companies, the commercial incentive system was revised by making the process of assigning the targets and linking commercial planning activities more timely.

Workplace health and safety

In 2010, work continued on implementing the Integrated Nine Point Safety Improvement Plan throughout the Group. Launched in 2008, the project represents Enel's strategy for reaching its goal of zero accidents. Efforts in 2010 focused on conduct, on improving the processes of provisioning and contractor management, and on the process of ensuring uniform practices among the various countries in which the Group operates.

Following the lines of action pursued in previous years, we implemented safety training for new hires, differentiated by operating Division (10 editions) and staff function (11 editions). In addition, 50 editions of the "leadership for safety" course were held, as well as a management training course aimed at promoting responsibility awareness in the role of "safety leader", which involved some 600 managers. Safe-driving courses were organized for the personnel of the Infrastructure and Networks, Generation and Energy Management, Sales, and Renewable Energy Divisions.

In 2010, work continued throughout the Group to implement projects, such as Safety 24/7 and Behavior-Based Safety (BBS), focused on conduct and aimed at promoting safety even in low-risk activities, and work began on the project "Work Smart Think Safe", which seeks to promote

direct involvement of employees in proposing ideas to improve safety in the workplace.

Many initiatives focused on safety resources in an effort to create “professional safety family”, which included the definition of specific training and development programs: assessment of safety personnel and development of the Safety Academy; revision of the professional safety system;

With regard to improvements to the RFP process, work continued on implementation of the new company-qualification process, which adds specific, more stringent safety requirements. For the selection of suppliers, guidelines have been implemented that call for the use of qualified units where possible and the definition of rotation criteria based on safety indicators. Specific safety clauses have



and projects for safety managers (*Visione Unica della Safety* and the Learning Tour). Finally, the *Safety per Neoassunti* training program for the various areas of operations was launched. This program seeks to increase knowledge and skills concerning workplace safety issues, with the insertion of the operational Divisions' graduate new hires in safety units for a number of months so as to make safety a prominent feature of their careers.

Throughout all of the Group's Divisions and companies, work continued on implementation of the process of monitoring and managing near misses and other leading key performance indicators (KPIs). Within the scope of the Global Reporting project, which is aimed at creating a centralized, automated safety reporting system, efforts focused on implementing a system based on the SAP platform that interfaces with the company's existing information systems.

also been added to contracts. These clauses establish penalties in the event of serious repeated violations, as also backed by applicable health and safety regulations, and even contract termination in the most serious cases. Work has also been done to enhance controls of businesses and work supervision by defining specific Division and company improvement plans. In addition, specific safety training programs have been organized for personnel who manage contracts and are responsible for monitoring businesses. There were a great many campaigns and other initiatives organized during the year to increase contractor awareness of issues regarding safety in the workplace. On November 19 in particular, the first Contractors Safety Day was organized throughout the Group, an event which included many local initiatives led by the Group's various Divisions and companies.

The Nine Points project was one of the main topics of discussion at the first meeting of the Safety Steering Committee, composed of the senior managers who report directly to the CEO, held on May 26, 2010. Introduced at the end of last year, the Safety Steering Committee is responsible for approving the Group's decisions and policies on safety matters, encouraging strategic initiatives designed



to spread and foster the growth of the safety culture within the Group, and periodically reviewing whether the processes for handling health and safety at the Group level are effective.

From November 8-14, 2010, International Safety Week was held for the third year in a row. This Group-wide project has the goal of focusing the attention of all employees on safety issues for one full week. This was done through a great many training and communication initiatives to increase safety awareness not only among the workers, but also among contractors and the community, so as to promote a unified vision and a single approach to safety in all the countries in which Enel operates. The 2010 edition of International Safety Week involved 73,600 employees in 19 countries, with 1,276 events, 23% more

than the previous year. The many initiatives focused on the following topics: contractors; near misses; emergency management; and individual and collective responsibility. The process of integrating with other countries continued into 2010 with the goal of creating synergies and implementing programs of excellence in operations. In that regard, the Visual Safety project was extended to the Generation and Energy Management, Renewable Energy and Engineering and Innovation Divisions in an effort to create a cycle of ongoing improvement based on the sharing of best practices.

Regarding Endesa, in July 2010 the first meeting of the Continuous Safety Improvement Committee was held. This joint Enel-Endesa committee, described in the Coordination Handbook, is responsible for stimulating ongoing improvement in safety standards by spreading best practices and sharing experiences. During the year, the first two meetings of the Examination Committee were also held to analyze workplace accidents and deaths that have occurred within Endesa.

As concerns efforts related specifically to occupational health and safety, work continued towards obtaining BS OHSAS 18001 certification for the worker health and safety management systems of the various Divisions and companies of the Group.

With regard to the adoption of the compliance model required by Legislative Decree 231/01, in response to the issue of Legislative Decree 106/09 in August 2009, special section F, adopted after the extension of administrative liability of legal persons related to the crimes of manslaughter and serious or very serious personal injury committed in violation of workplace health and safety laws, was updated and approved by Enel's Board of Directors in May.

A great deal of safety training was provided for members of the company's prevention system. This included the organization of 30 editions at 12 locations of the annual refresher course for worker safety representatives (RLSs), and training and refresher courses were provided for Coordinators of Safety during the Design and Execution phase (CSP/CSE).

With regard to workplace accidents ⁽¹⁾, the frequency rate fell by 57% between 2006 and 2010, reaching 2.77, while the severity rate fell by 50% over the same period, reaching 0.13. This downward trend was also confirmed by the operational accident frequency rate introduced last year, which focuses on certain types of especially serious accidents,

(1) The figures refer to a total of 77,704 employees. The population does not include employees in companies accounted for using the equity method, Albania and the branches.

mostly related to the company's core business (electrocutions, falling from heights, blows-crushing-cuts, exposure to hazardous agents, and explosions). This frequency rate for 2010 was down 57% from 2007.

Enel's excellent performance in 2009 in the area of occupational health and safety was also very well received by financial analysts, as reflected in the Dow Jones Sustainability Index. This year, Enel received a very high score, placing just a few points short of best-in-class and well above the average for the global electricity utilities industry.

In 2010, there were 3 fatal accidents involving employees of the Enel Group: one by electrocution in Russia at the KGRES plant and two in traffic accidents, one of which in Vercelli (Italy) involving an employee of the Infrastructure and Networks Division and one in Romania. With regard to the employees of contractors hired to carry out work on Enel's behalf, there were 19 fatal accidents during 2010, 15 of which occurred outside Italy. The serious and fatal accidents involving Enel employees or the employees of contractors are undergoing specific investigations, with a view to identifying the causes and developing corrective actions to prevent the occurrence of similar events. Following the inquiries, any necessary disciplinary measures are taken, ranging from formal warnings to termination in the case of Enel employees and from fines to termination of contracts in the case of contractors. In 2010, 8 disciplinary actions were taken against Enel personnel and about 50 actions against contractors.

Labor relations

The most important development in 2010 was the agreement signed on March 5, concerning the renewal of the National Collective Bargaining Agreement, which expired in June 2009, touching on both compensation and rules governing employment conditions.

In terms of compensation, the agreement calls for an average wage increase of €157, to be reparameterized on the basis of the contractual wage scale. The increase will be introduced in four installments, the first of which to be paid starting from March 1, 2010 (with subsequent installments on January 1, 2011, January 1, 2012, and July 1, 2012). A payment of €360 will be made to cover the period between July 1, 2009 and February 28, 2010, reparameterized as appropriate, as well as a €4 contribution to be paid by the companies to the supplementary pension fund (FOPEN) for enrolled employees.

With respect to the rules governing employment con-

ditions, a particularly important development was the reaching of an understanding on the rules governing workers' right to strike, with the signing of a document that ratifies the guidelines that will serve as the basis for the detailed agreement that will replace the one dating back to 1991, from which the unions withdrew in June of last year. An important aspect is the agreement to adopt procedures for guaranteeing service continuity and safety for all users during electricity industry strikes.

Other important aspects involve the issue of "classification", which forms the foundation for crafting a new system to replace the current one, which has not been changed in more than 20 years. The issue is highly complex and will require an effort that is expected to last until the middle of 2011.

There have also been changes regarding safety, with the complete rewriting of the provisions to bring them more in line with the goal of achieving zero accidents. Innovations were also made in relation to bilateral action, specifically in the area of training. In addition, more flexibility was introduced concerning availability and transfers.

In accordance with the framework agreement on the presentation of Enel's training programs to Fondimpresa dated December 23, 2009, the Bilateral Enel Training Committee was formed. This committee is responsible for forming policy, providing support for and evaluating the Group's training activities, in addition to developing and distributing training programs to be submitted to Fondimpresa for approval for funding (Fondimpresa, founded by Law 388/92, is Italy's largest joint interprofessional fund for the management of permanent training for blue collar workers, office workers and middle management). Another development worth reporting is the approval of the first training plans with an agreement signed on July 20, 2010.

In May, with regard to transnational Information and Consultation, the joint training seminar regarding Enel's European Works Council and exercising the right to information and consultation was held. This seminar was designed for the members of the Enel European Works Council and was the first such training initiative carried out in accordance with Article 9 of the council's founding agreement of December 5, 2008. The goal of the seminar, which was the result of an agreement between Enel and the Select Committee from the first year of the council's operation (established in June 2009), was to improve the functioning of this body by studying and discussing the practices adopted by other European works councils, as

well as in light of the recent recasting of the related EU directive (2009/38/EC).

Staffing levels

As at December 31, 2010, the total workforce of the Enel Group numbered 78,313 employees, of which 40,930 employed by Group companies abroad.

In 2010, the workforce declined by 2,895 employees as a result of net new hires and terminations (-2,560) and changes in the scope of consolidation involving a number of Group companies (-335).

Terminations were primarily the result of early retirement incentive schemes.

The most significant changes in consolidated companies for the period were as follows: the reorganization of renewable energy businesses (which called for these activities in Spain and Portugal to be transferred from the Iberia and Latin America Division to the Renewable Energy Division) with the creation of the new company Iberia; the sale of the business unit of Enel Distribuzione in Bolzano; the sales of Endesa Hellas and Endesa Gas; and Enel Green Power's 3sun joint venture.

Changes in the total number of employees with respect to December 31, 2009, are summarized in the table below:

Balance at Dec. 31, 2009	81,208
Changes in the scope of consolidation:	(335)
- Acquisitions	43
- Disposals	(378)
Hirings	3,761
Terminations of employment	(6,321)
Balance at Dec. 31, 2010⁽¹⁾	78,313

(1) Includes 2,324 employees in companies classified as "held for sale".

Customers

Throughout the world, the energy market is affected by dynamic tensions that have attracted the attention of the public and consumers, while expanding liberalization has given both current and potential customers new ideas, demands and choices.

Ensuring that more people have access to electricity and meeting their needs with safety, quality, efficiency and innovation: these are the foundations upon which a customer-centric corporate culture is based.

In Italy, the Sales Division remains committed to all its customers, through a policy that focuses on service quality. Customer satisfaction is the main objective around which the "Passion for Quality" program, encompassing special improvement initiatives, is based. Extending the Contact Center hours to 24-hours a day and making new service available via the Internet were among the most important initiatives undertaken in 2010. In addition, customers can visit any of Enel's 131 retail outlets, where Enel's management and communication tools are being constantly updated.

Enel's focus on its customers includes its commitment and efforts to educate on efficient energy use and respect for the environment, essential elements of Enel Energia's free market offering.

Many proposals were developed in 2010 around these values: with "All Inclusive Green Energy" Enel Energia offered Italian households for the first time the choice of consuming electricity generated solely from zero-emission, renewable resources, a choice that also gives customers the opportunity to receive special bonuses in their utility bill. In addition, the 2.5 million households that take part in the Enelpremia loyalty program can choose from a range of eco-friendly rewards. Through the Key Account Manager program, business customers can take advantage of an exclusive service to analyze their energy consumption, focusing on climate control and lighting.

Customers are informed about products and services in simple language that clearly explains the features of the offers and associated benefits. Enel Energia's objectives include making all of its communication material clear and simple so that customers can make a knowledgeable purchase of the products offered. This information is available to customers through all of the company's physical and virtual contact points.

In Italy, Enel is a member of Italian Advertisers' Association (*Utenti Pubblicità Associati* - UPA), a body of the leading industrial, commercial and service companies that invest in advertising that, in turn, takes part in the Advertising Self-Regulation Institute (*Istituto di Autodisciplina Pubblicitaria* - IAP). Therefore, in its advertising activities, Enel follows IAP's Code of Marketing Communication Self-Regulation, the 51st edition of which was published on January 11, 2011.

Enel's image continued to be positive in 2010, according to the 7th report on Enel Brand Equity prepared by GfK-Eurisko in November 2010. The Enel Brand Equity (BE) indicator is a model for assessing how the brand is perceived by the public, businesses and opinion leaders, based on

an annual statistical study. Overall, the Enel BE index rose slightly from 2009, and is up more than four percentage points since the first survey was conducted in 2003, despite the increased competitive pressure that liberalization has generated.

The Client in Focus (CLIF) program was launched in Romania in April 2010. Its objectives include improving the existing services by redesigning processes and procedures, expanding various Customer Relationship Management services and channels, enhancing virtual contact points and introducing new sales channels. In 2010, under this program, Enel debuted a new website, expanded call center services and launched new payment channels. All these changes were announced to customers through a dedicated advertising campaign.

In 2010, in Spain and Latin America, Endesa developed programs and actions to improve and make access to electricity easier, removing language barriers or other obstacles that may impede clear, effective communication or developing and improving distribution infrastructures in rural areas. Particular attention has also been paid to raising awareness about the dangers related to electricity and in education programs on the safe and rational use of energy. Endesa also adheres to strict self-regulatory codes that go beyond the scope of simple laws and regulations, requiring truthfulness in commercial communications.

Alternative dispute resolution

Enel is now the only electric company in the European Union to offer voluntary conciliation of disputes in Italy to more than 28 million Italian residential customers, involving all the national consumer rights associations. It is a quick, streamlined and completely free procedure conducted online that allows customers to resolve disputes related to their electricity and gas service contracts with the Company without having to go to court.

This project, conceived in 2004, was initiated in 2006 with the signing of a Protocol of Conciliation and Regulations for activating the procedure between Enel and 17 consumers rights associations (members of the National Council of Consumers and Users - CNCU, a body established by the Ministry for Economic Development). The arbitration procedure was tested for a year in the Region of Piedmont in 2009 and was subsequently extended throughout Italy. Since July 2009, over 1,600 conciliation proceedings have been conducted with electricity customers on the

free and regulated markets and with gas customers. On July 7, 2010, Enel signed a Protocol of Understanding and Rules of Conciliation on an experimental basis with three Italian regions (Lombardy, Emilia Romagna and Puglia) and with the six major associations representing small and medium-sized enterprises in Italy (Confartigianato, CNA, Confapi, Confagricoltura, Confcommercio and Confesercenti), thereby extending the conciliation option to business customers.

This move has made it possible for over 2.5 million business customers to take advantage of conciliation through the local branches of the Business Confederations of which they are members.

Society

Think global, act local. In fact, one word – “glocal” – sums how Enel builds its relationship with its stakeholders each day. It is a network of relationships of a multinational energy company that must communicate and interact with a variety of customers representing a range of cultures, languages and socio-economic situations. This is the background to Enel’s commitment to engaging in an open, clear dialogue that focuses on the needs of the communities in which it operates.

The Enel Group’s involvement in the Global Compact

The Global Compact is a United Nations initiative that brings together a network of companies, associations, government organizations and NGOs, launched in 2000 by Kofi Annan, to encourage businesses to adopt socially responsible behavior. Enterprises that join the Global Compact agree to comply with ten principles on respect for human and labor rights, environmental protection and the fight against corruption. Global Compact participants are required to report annually on the results achieved (Communication on Progress) or else risk being excluded from the initiative. Enel has participated since 2004 and Endesa since 2002.

In October 2010, the UN Global Compact invited a select group of companies, including Enel and Endesa, to take part in a new initiative, the Global Compact LEAD, with the aim of bringing together companies to serve as leaders in undertaking to implement a global model of

sustainability by following the Blueprint for Corporate Sustainability Leadership. At the G20 Business Summit in Seoul on November 11-12, 2010, the Enel Group informed UN Secretary-General Ban Ki Moon that it would take part in the Global Compact LEAD. A public announcement of the participation of Enel and Endesa in LEAD was made during the World Economic Forum in Davos on January 28, 2011.

The relationship with local communities

In 2010, Enel undertook a number of initiatives in the areas and countries in which it operates to bring the world of energy closer to the people. Chief among these is the “Open Plants” project initially started in Italy and now carried out in several countries. It has become a traditional event during which Enel’s plants “open their doors” to the public, offering a rich selection of cultural, musical and sporting activities. Once again last year, the goal was to open the great environmental and technological wealth of the power plants to the public in order to better integrate it with the area and to promote environmental awareness. In Italy, 78 power plants have hosted a wide calendar of events, attracting about 105,000 people.

The focus on community is also the theme of “Nature and Territory”, the program created to develop projects to protect and enhance the environment, particularly in areas adjacent to the Enel power plants around the world by promoting sports and recreational activities, cultural excursions and nature trails. For the seventh straight year, Enel, in collaboration with the environmental protection group Legambiente, has sponsored the “Little Big Italy” project to promote favorable attitudes towards efficient energy use and the development of renewable energy in small Italian towns.

Endesa is making efforts to be perceived as an essential partner for economic, social and environmental development in those countries in which it operates, with particular attention to the diverse socio-economic communities in which it is present. Specifically, in Latin America, the most important issues are the security of supply, operational excellence, regulatory stability and cooperation in resolving social problems.

Endesa contributes to the social improvement of the communities in which it operates through direct investment in local initiatives, increasing corporate volunteer projects



and roundtables with groups, institutions, organizations and institutional representatives in areas where it has industrial or commercial facilities and activities.

Major infrastructure projects

There was a nuclear power renaissance in Italy in 2010, with the establishment of the authorization process for the construction and operation of nuclear power plants, fuel production plants and fuel and waste storage systems. Given this, Enel’s External Relations department focused on reviving nuclear power as a national project and contributing to the development of a nuclear power culture in government, industry and academia.

The Major Infrastructure Projects and Authorization Processes unit is directly involved in this process through its relationships with institutions working on defining the licensing process. At this stage, a great deal of the attention has been focused on listening to viewpoints and discussing the process with a variety of stakeholders in order to strengthen public involvement.

The development of major infrastructure projects, such as the reconversion of the Porto Tolle and Torrealvaldiga

Nord coal plants and the construction of the Porto Empedocle regasification terminal received an enormous boost in 2010. Engaging in a dialogue with local stakeholders was one of the key elements that have raised support for various industrial projects, through practical initiatives such as the signing of agreements and the creation of discussion fora on specific topics.

Education, science, information

Enel continues its commitment to the younger generations and schools with the "Play Energy" project. The initiative, reaching its seventh edition in 2010, has become international in scope, with activities in 11 countries: Italy, Slovakia, Romania, Bulgaria, Russia, Guatemala, Chile, Costa Rica, Panama, Brazil and the United States. In the last year, over 8,300 schools and more than 460,000 students were involved, 69,000 children registered with the website and over 33,000 have visited Enel facilities. More than 120,000 students took part in the final stage of the competition. And, in an attempt to develop fuller integration and multiculturalism, 61 schools in 5 different countries were "twinned".

Projects dedicated to the younger generation included the ongoing "We are Energy" contest for children of Enel employees. The sixth edition, entitled "Planet calls to action", involving children from 18 countries, focused on the environment and sustainability and encouraged them to think and present their ideas for saving the planet, including through the international web community.

In 2010, the second edition of "Incredible Enel" was held in Italy. The movable "village" on the world of energy continued its tour throughout Italy, visiting 10 cities for a total of almost 85,000 visitors. The world of electricity was presented in a new way, in a space covering 800 square meters, featuring interactive exhibits, games, workshops, scientific experiments, events, conferences, debates and even a musical about energy.

In Italy, training programs include the Group's collaboration with the *Osservatorio Permanente Giovani Editori* and the universities of IULM, Tor Vergata and LUISS in organizing masters programs, classroom lectures, research programs, special events and recruiting activities. As part of efforts for university students, in 2010 Enel launched the funding of scholarships and awards at five Italian universities for nuclear or energy engineering students to support the training of the future

engineers needed for Italy's return to nuclear power. The Company's continues to focus on promoting dialogue and scientific debate with "Orienta", a series of meetings for reflecting on certain strategic issues in an international context, and with "Oxygen", Enel's popular science journal on environment, energy and innovation topics. Once again in 2010 the publication has lived up to its mission of "science for everyone" by taking a multidisciplinary approach that ranges from the daily aspects of science to cutting-edge research.

Our commitment to modern art as a tool for understanding the world in which we live is seen through "Enel Contemporanea", the public art project that, for its fourth edition, has chosen the innovative award formula. In 2010, a prestigious jury chose the winning design from among those submitted by seven international artists.

Sustainability Day

Sharing and promoting a culture of responsibility, supporting the creation of new ideas and the establishment of best practices in sustainability at the global level – these are the goals of Enel's Sustainability Day, a true international day on the issues of economic, social and environmental sustainability. The first edition was held in Rome on February 8, 2010.

In fact, companies around the world recognize that sustainability plays a central role in long-term strategy and there is increasingly widespread awareness of how attention to the practices of environmental and social sus-



tainability and governance help business performance as much as good financial management does. These considerations led to the need for an annual event and a website dedicated to debate between some of the leading international experts in corporate responsibility, representative

of various categories of stakeholders, from businesses to NGOs, from ethical funds to institutions to stimulate joint reflection on how to integrate sustainability in business – hence the subtitle of the project, “Business as Unusual”.

Climate strategy and the environment

Climate change

Enel recognizes that the fight against climate change is chief among its responsibilities as a major global energy company and has long initiated action to reduce greenhouse gas emissions in all countries in which it operates.

Compliance with the obligations imposed by the European emissions trading scheme (EU ETS) is a major priority. Enel’s commitment is guided by a long-term vision. In this context, the Group’s CEO has endorsed the Eurelectric initiative that requires the 60 participating companies to transform the European electricity sector into a carbon-neutral industry by 2050. The effort is ambitious and requires not just a sharp increase in energy generation from “zero emission” technologies (renewables and nuclear), but also greater efficiency, the development of new technologies and the use of emission trading markets.

Enel is therefore working on a wide range of options regarding its different areas of activity, with a view to both the short and the long term. The strategy is based on five points:

- > **use of the best technologies available:** the entry into operation of new high-efficiency and low-emission power plants reduces the footprint of thermoelectric facilities;
- > **development of zero-emission sources:** renewables and nuclear power make up an increasingly significant share of the generation mix;
- > **energy efficiency: programs** directed at both networks, particularly through the development of smart grids, and final customers to stimulate a change in consumption patterns, also through after-meter services and activities to promote electrical mobility;
- > **research and innovation:** a growing commitment to innovative solar technologies, carbon capture and storage, smart grids, and electrical mobility;
- > **reducing emissions** through projects in Eastern Europe and developing countries, also taking advantage of the

flexible mechanisms introduced by the Kyoto Protocol (Clean Development Mechanism and Joint Implementation), in which the Group is a world leader.

To address the last point, in 2010 Enel created a new organizational unit that integrates the expertise of Enel and Endesa and employs over 40 people in 6 countries. The unit coordinates the ETS compliance strategies for the Group and develops and manages its portfolio of carbon credits in all relevant markets.

Looking ahead, we will continue to reduce our emissions and, in the short term, partially offset them with international credits. In the longer term we expect even more significant emissions reductions when, presumably from 2025, zero-emissions generation capacity will be available on a wider scale.

Such long-term development requires a stable regulatory framework that provides reliable signals for directing important and growing investments toward low-emission technologies. To that end, Enel is committed to making its contribution to forums for developing international and national policy on combating climate change, so that the most appropriate solutions can be found.

Nuclear power

The task of the energy industry is to ensure a safe, economical and sustainable supply of electricity, using all the best available technologies and investing in research and innovation to make existing ones more efficient and to develop new ones. These factors underlie Enel’s renewed interest, both internationally and nationally, in nuclear power. More specifically, this renewed interest is based on the strategic reasons of energy independence

and the fight against pollution and climate change. Moreover, economic reasons relating to the volatility in the cost of traditional fossil fuels linked to oil prices, such as gas, as well as political instability in the main oil and natural-gas producing countries, suggest that Europe needs to find more balanced and sustainable energy mix. Enel's long-term vision for nuclear power was underscored in 2010 with the approval by the Board of Directors of its Nuclear Policy, which was published on the Company's website: through its investments in nuclear technologies, Enel publicly commits itself as shareholder to ensure that its nuclear facilities are operated with overriding priority to nuclear safety, the protection of nuclear workers, the general public and the environment from risk of harm, encouraging excellence in all plant activities and to go beyond compliance with applicable laws and regulations and adopting the principles of continuous improvement and risk management. Enel will ensure that nuclear plants in which it is a minority shareholder also adopt nuclear safety policies and will withdraw from such investments should they fail to do so.

The following is the text of the Enel Group's Nuclear Policy: "Through its investments in nuclear technologies, Enel publicly commits itself as shareholder to ensure that its nuclear facilities adopt a clear nuclear safety policy and are operated with overriding priority to nuclear safety, the protection of nuclear workers, the general public and the environment from risk of harm. The policy in respect of nuclear safety is to encourage excellence in all plant activities and to go beyond compliance with applicable laws and regulations and to adopt management approaches embodying the principles of continuous improvement and risk management. Enel will ensure to the full extent of its powers as a shareholder that even nuclear plants where Enel has a minority interest have adopted and published suitable policies for nuclear safety, radioactive waste management, the physical security of nuclear assets, and the protection of workers, the population and the environment. Enel commits to provide sufficient resources to implement the safety policy. Enel also commits to a cooperation policy on safety in the nuclear industry worldwide".

Enel is involved in activities related to nuclear power generation in Slovakia, Spain and in France with the construction of the third generation facility at Flamanville. In those countries, it continues to operate nuclear plants in line with the best international practices in the industry. The processes set out in the guidelines of the INPO (Institute

of Nuclear Power Operations), WANO (World Association of Nuclear Operators), EPRI (Electric Power Research Institute) and IAEA (International Atomic Energy Agency), are the common foundation used by all the Enel Group companies involved in nuclear power.

The year 2010 was full of important results for the project to complete units 3 and 4 of the Mochovce plant (Slovakia). Earlier in the year, the final major contracts were signed, essentially completing contracting process. As for the construction of the Flamanville 3 plant (France), significant progress was made on the civil works in 2010.

As for the Italian nuclear project, in 2010 significant progress was made, mainly on two fronts, which are essential to give a sound and sustainable basis for new nuclear investment: the regulatory framework and qualification of suppliers.

Italian industry has demonstrated excellence in the design, manufacture and installation of nuclear systems and components. Enel has launched a market survey in Italy with the aim of mapping the know-how and expertise in nuclear matters found in Italy.

Enel believes, in fact, in a country system that is strong and competitive based on the consolidation, recovery and development of skills for the nuclear industry. In order to maximize the opportunity of involving the domestic industry in the Italian nuclear project, Enel, as part of Confindustria, has proposed a process of developing skills that will begin in 2011 with the launch of the qualification of companies for specific segments of the nuclear industry.

As part of the international nuclear community, Enel plays an active role and is a member of both the WANO-Moscow Centre and, as a dual representative, in the WANO-Paris Centre through Endesa-ANAV and Enel SpA. Enel is actively sponsoring seminars and conferences on nuclear energy and radiation protection (for example, International Occupational Health Association, Rome, September 2010) and various national and European educational programs on nuclear energy (particularly in Spain and Slovakia).

Water scarcity

Enel is aware that the efficient management of water resources is of central importance for maintaining biodiversity and for the development and welfare of society. In order to avoid potential water stress due to high consumption compared to the natural flows available locally, Enel has adopted a strategy based on a progressive approach:

- > **mapping** of production sites located in “water scarcity” areas by comparing the per capita local average value of renewable water resources using the reference set by FAO, with the help of special software such as that developed by the World Business Council for Sustainable Development;
- > **identification** of “critical” production sites, i.e. with fresh water supplies;
- > **more efficient** management by making changes to plants or processes that are intended to maximize use of waste water and sea water;
- > **monitoring** of climate data for each site.

Renewable energy

In recent years, due to the increasing demand for energy worldwide and the high volatility of oil prices, there has been growing attention on the environment and the push towards ecologically sustainable forms of energy across the world. Given this, renewables are a key factor that has experienced unprecedented growth thanks to technological advances and strong political support. From this standpoint, Italy is a country rich in resources and industrial history. In particular, hydroelectric power has historically played and still today plays a major role.

Enel Green Power (EGP) is the Enel Group company dedicated to the development and management of power generated from renewable sources worldwide. In 2010, EGP beat the challenge posed by the challenging financial and economic situation, launching a successful IPO on November 4. During the months EGP was preparing for its IPO on the Milan and Spanish stock exchanges, the renewable energy industry continued to grow in leaps and bounds. The green economy has therefore continued to make an important contribution to the economic recovery, but in a dramatically different context than in the past, forcing the renewables industry to deal with rapidly changing political and regulatory frameworks.

By using the full range of available technologies (hydro-electric, wind, solar, geothermal and biomass), Enel is not reliant upon the performance of a single source. Geographical diversification is another one of its strengths. Since it operates in different areas and markets – including Europe, North America and Latin America – that react at different speeds and with different patterns of development, Enel can maneuver between varying economic

performances and political/regulatory policies, thereby reducing the risk that its investments will be tied up in unproductive activities.

The Group has undertaken a strategy to strengthen its entire solar energy value chain. Enel.si, with over 500 franchisees in Italy, supplies and provides services to retail customers for distributed generation from renewable energy and energy efficiency.

Enel’s commitment to the environment and to future generations, combined with awareness of its economic and social responsibility can contribute to a future in which cutting emissions will improve the quality of life of people by providing sustainable, affordable and safe electricity.

Biodiversity

Preserving biodiversity is one of the strategic objectives of Enel’s environmental policy and has become an established practice of the Group. In most cases, actions taken by the Group to protect biodiversity have been voluntary (adoption of ISO 14001 or EMAS management systems), although sometimes the national standards of various countries affect strategies, initiatives and specific plans of action.

The EU made 2010 the year for biodiversity. The EU Green Week – the biggest annual event on European environmental policy – was held in Brussels from June 1-4, sponsored by the Directorate General for the Environment. The Enel Group was the only energy company to participate, bringing with it its experience in protecting biodiversity.

The main activities carried out in this area relate to power plants and their surrounding areas and consist of preventive and remedial projects, socio-environmental studies and applied research projects for sustainable development.

The Group promotes a number of projects in Italy and abroad, with the aim of supporting the preservation of ecosystems and the natural habitats of the different territories in which it operates, not only as industrial operator, but also as active participants in the social, cultural and environmental life by contributing to reducing the rate of biodiversity loss.

In all countries in which it operates, the Group manages sites and facilities located within or near protected areas (national parks, sites of Community importance, etc.). From the standpoint of managing this environmental aspect, Enel first conducts impact studies to systematically

evaluate the effects of its operations on biodiversity so that it can find solutions to compensate for or improve the original environment. In the area of wind power, Enel has always taken into account bird migration patterns in identifying suitable locations for its sites. And in building its electricity grid, Enel carries out studies to identify the best structural solutions, materials, components and geometry for its power lines and poles. By choosing appropriate routes for its lines and raising them above the

tree line, Enel can reduce the number of trees that need to be cut down; using insulated cables eliminates the risk of electrocuting birds; and using visual markers for high-voltage cables reduces the likelihood that birds will collide with and be electrocuted by the lines.

Enel also lives out its commitment to biodiversity by focusing on protecting species found on the “Red List” put out by the International Union for Conservation of Nature and Natural Resources (IUCN).

Research and development

In 2010, the Enel Group spent about €87 million on developing and demonstrating innovative technologies in the fields of fossil-fuel power generation (with a focus on CO₂ capture and storage, hydrogen, emissions reduction, and increasing power plant efficiency), renewable energy (with a focus on photovoltaic and thermal solar, geothermal, wind and biomass), energy efficiency, smart grids, distributed power generation, and electrical mobility.

Research and development fell within the scope of the Technological Innovation Plan (for about €700 million for

the period 2010-2014), which was developed in cooperation with Endesa, with whom Enel has established joint priorities and has integrated its R&D projects in order to avoid duplication and ensure that experience and know-how concerning projects of interest to both groups are exchanged via dedicated work groups.

The following are the main activities that were conducted and the results achieved.



Zero-emission thermal power generation - CO₂ capture and storage (CCS)

In the coming decades, traditional energy sources (such as coal and natural gas) will continue to play a key role in satisfying the growing global demand for electricity. As such, it is necessary for these power generation technologies to become increasingly compatible with environmental needs. The best technologies currently available are already able to reduce the emission of pollutants (sulfur dioxide, nitrogen oxides, particulates) to well within legal limits. However, with regard to the reduction of carbon dioxide emissions, which is not a pollutant per se but contributes to increasing the concentrations of greenhouse gases in the atmosphere, further efforts are still necessary. Carbon capture and storage (CCS) is the key technology for enabling emissions of CO₂ to be reduced during the generation of electricity from fossil fuels such as coal, which is necessary to ensure a balanced diversification of the mix of energy sources. However, CCS technology has not yet reached commercial maturity. Thus, research efforts must be focused on demonstrating the feasibility on an industrial scale of currently available technologies (such as post-combustion, coal gasification or combustion in oxygen) and on improving their performance (such as in terms of their impact on energy yields).

Enel is among those cutting-edge companies studying and demonstrating CCS technologies, focusing on capturing coal plants' CO₂ emissions (post-combustion capture), on innovative oxygenated coal combustion technologies, and technologies for the gasification of fossil fuels (pre-combustion capture) and on CO₂ storage solutions.

Post-combustion CO₂ capture and storage

The Enel Group is engaged in various projects in the field of post-combustion and geological storage, the broadest reaching of which includes a pilot capture system in Brindisi and, subsequently, a demonstration system for carbon capture, transport and storage in Porto Tolle (Rovigo). At the end of 2009, Enel obtained €100 million in funding

for these projects under the European Energy Plan for Recovery, and the company has submitted pre-candidacy documents to the Italian Government in order to receive additional funding under the EU's NER 300 initiative ⁽²⁾. In 2010, construction was completed on the pilot integrated carbon-capture system installed at the Federico II plant in Brindisi. The commissioning process has also been carried out, and capture using amines has begun. This pilot system, one of the first of its scale in either Europe or the rest of the world, will enable the treatment of 10,000 Nm³/h of emissions to separate between 8,000 metric tons per year of CO₂ and will permit optimization of the capture process, thereby augmenting Enel's know-how in preparation for the construction of the industrial-scale demonstration plant (about 250 MWe equivalent) at Porto Tolle. At the Compostilla plant in Spain, a 300 kWt pilot system for post-combustion capture with amines has been started up, and activities are progressing in synergy with the Brindisi plant.

At the La Pereda plant in Mieres, Asturias, work is under way to develop and construct a plant to test 1.5 MWt calcium carbonate looping technology, which is expected to begin operating in the 1st Half of 2011.

As concerns storage, the characterization and preliminary selection of areas suitable for construction of the site for the permanent geological storage of the CO₂ captured at the Porto Tolle demonstration plant was completed.

Enel is also active in the biological capture of CO₂ using algae and the furtherance of the bio-refinery concept. In that regard, a 500 m² pilot photobioreactor has been built at the Litoral de Almería (Andalusia) coal-fueled plant. The company is also testing biological CO₂ capture solutions involving microalgae cultivation on a pilot scale at its Brindisi laboratory.

Oxygenated combustion

CCS with oxygenated combustion at one atmosphere is primarily being developed by Endesa with way of the Compostilla demonstration project, which is being executed in collaboration with Fundación Ciudad de la Energía (CIUDEN) and Foster Wheeler. This project has also received funding, in the amount of €180 million, under the EU's European Energy Plan for Recovery.

Construction of the 30 MWt pilot system, which is

(2) The NER 300 initiative, as established by Directive 2003/87/EC, allocates 300 million CO₂ allowances taken from the New Entrants Reserve for the period of 2013-2020 in order to finance projects in the field of CO₂ capture and storage and innovative technologies in the field of renewable energy. Such projects are to be selected by way of a call for proposals from among the projects identified by the European Union Member States.

currently under way, is expected to be completed by the second Half of 2011. Geological surveys have also begun in two areas (in Castille and Aragon) that are candidates for geological CO₂ storage.

Finally, Enel's efforts in Italy in the area of oxygenated combustion are focused on evaluating innovative systems of high-pressure oxygenated combustion.

Pre-combustion capture

In the area of pre-combustion capture, which uses fossil fuel gasification technologies, Enel has focused on systems for generating power using the hydrogen produced by the separation process. In 2010, testing continued on the hydrogen-fed plant in Fusina (Venezia). This 16 MWE plant was inaugurated in July and is the world's first gas-turbine plant to be fueled by pure hydrogen.

Coal gasification was also pursued at the Group level through the joint participation of Endesa and Enel in the Elcogas plant in Puertollano, Spain.

Improving the efficiency of coal plants

Increasing the efficiency of coal-fired plants is a crucial enabling factor for improving environmental performance and for developing CO₂ capture and storage technologies. In 2010, Enel confirmed its keen commitment to and leadership in a European consortium studying components that have been optimized for high-efficiency coal-fired plants. In just a few years, the development of technologies and materials able to reach operating temperatures of up to 700 °C will make it possible to construct plants with efficiency rates of greater than 50%.

In 2010, Enel finalized the company's candidacy for a research program coordinated by VGB PowerTech in order to construct a pilot system at Enel's Fusina (VE) plant to test innovative materials (nickel alloys) at 700 °C. Europe's leading utility and construction companies are participating in the project.

Reducing emissions

Work continues to develop emission-control technologies, a field in which Enel has a great deal of experience.

> Mercury: oxidation testing has continued on selective catalytic reduction (SCR) systems at the La Spezia pilot

plant, and lab testing has been completed on the low-temperature catalytic oxidation of mercury. In addition, lab testing is under way regarding the adsorption of mercury in a desulfurization system.

> Particulates: work has been completed on the development of an integrated method for assessing the contribution of coal plants to the concentration of atmospheric particulate matter in the surrounding areas.

> Hydrochloric acid: the process of reducing hydrochloric acid in overheated steam in geothermal plants through the dry injection of sodium bicarbonate has been successfully enhanced.

> Ammonia: a process has been analyzed in order to reduce the emission of ammonia by geothermal plants.

Endesa has programs under way to increase the environmental efficiency of conventional plants. These programs concern the optimization of performance (the CFB500 program), the development of new adsorbent substrates based on amines in order to capture CO₂ in flue gases (Novare CO₂SOLSORB) and of hybrid filter systems using plasma (Novare Plasmacol), and the constant monitoring of emissions of heavy metals, and of mercury in particular.

Renewable energy power generation

The growth in renewable power generation is a key element of sustainable development strategies in the energy industry. A number of forms of renewable power generation (such as photovoltaic) have already reached a good level of technological maturity, but their costs are too high and they are still too inefficient for them to be used effectively on a large scale in a context of declining economic incentives. Others are still being developed. Research in this field is focusing both on improving existing technologies in order to reduce costs and increase efficiency and on developing new concepts in power generation.

Enel is working on all of the leading renewable power generation technologies, including: photovoltaic solar (studying and monitoring the performance of commercial and other innovative systems in real applications); thermal solar (developing innovative system designs with a focus on increasing efficiency and reducing costs); wind (forecasting power generation); biomass and other technologies such as innovative geothermal, wave energy, and



developing low-cost distributed power generation systems and remote energy storage.

The following sections describes the primary actions undertaken and the results achieved in 2010.

Thermal solar

Construction has been completed, and the experimental commissioning process has begun on the Archimede plant, which was inaugurated in July. The 5 MW of the innovative thermal solar plant with parabolic trough collectors (based on ENEA technology) have been coupled with the existing combined-cycle plant in Priolo Gargallo (Siracusa). With this state-of-the-art technology, which uses molten salts for heat transfer (it is the first demonstration plant of its kind in the world), it is possible to achieve higher efficiency levels than other plants based on different technology (such as those that use diathermic oil), thereby increasing heat capacity, given that the molten salts can reach temperatures of up to 550 °C. This technology is also able to accumulate heat that can then be used to generate electricity at night or when cloud cover blocks the sunlight. At the same time, a feasibility study has begun regarding the development of a system based on the results of the Archimede project with a focus on reducing production costs. In Spain, Endesa has conducted tests on key system components for direct steam generation (the GDV 500 project in Carboneras). In 2010, testing began on the prototype and on the solids (cement) and phase change materials (PCM) used for energy storage systems.

Innovative photovoltaic

Development of a solar power laboratory in Catania, equipped with cutting-edge technology, was completed, and the certification process has begun. This facility will be used to verify the performance of innovative photovoltaic systems and to develop new solutions with higher conversion efficiencies and lower costs. Testing of the technical specifications and comparison with numerous innovative commercial systems were completed. Work has also begun as part of the joint research and testing venture between Enel Green Power, STMicroelectronics and Sharp.

Innovative geothermal

Enel is engaged in the study of a high-performance supercritical organic cycle that will make it possible to build more efficient geothermal plants where low-temperature sources are available. Construction is under way for a prototype 500 kWe circuit at the Livorno Experimental Site, which is being done in conjunction with Turboden and Politecnico di Milano.

Biomass and refuse-derived fuel

Enel is focusing its activities on the co-combustion of biomass and refuse-derived fuel (RDF) in coal plants. In Italy, biomass is used in co-combustion at the Sulcis fluidized-bed plant and monitoring work has been performed at units 3 and 4 of the Fusina plant, which is fueled with a mixture of RDF (5%) and coal (95%). This activity,

conducted as part of a European project coordinated by Enel, will make it possible to study the behavior of a traditional power station when it is fueled with biomass for the generation of renewable energy.

Wind

Operating data has been collected at Enel Green Power's wind farms in Italy, and the Group has developed a system for forecasting their short-term output in order to understand when and how much electricity will be generated in advance, so that the flow of electricity to the grid can be better managed. Construction has also been completed for the test station in Molinetto (Pisa), where small-scale wind turbines for distributed home power generation are to be studied, and the systems to be studied have been selected.

Marine energy

In 2010, the pre-feasibility analysis and selection of the areas of greatest interest were completed. In Europe, the most promising areas were identified in which to develop this technology, as were five potential sites in Chile.

Energy storage

Some renewable energies, such as wind and photovoltaic solar, are, by their very nature, intermittent. In order to achieve optimal modulation in power generation, it is possible to add energy storage systems to these energy sources. The storage systems currently available need to be optimized in order to increase their performance and reduce costs, and it is also necessary to study new forms of electrochemical storage or other alternative systems, such as storage using compressed air. In addition, we need to define strategies for using these systems in order to maximize the benefits to the power grid.

Enel's efforts in energy storage are mainly focused on the testing of storage systems coupled with renewable energy plants and with the power grid. In Livorno, we have completed construction on a test facility for the study of storage systems in the pilot stage, and testing has begun on three promising technologies (vanadium, lithium ion, ZEBRA) using a power generation and load emulator.

On the Canary Islands (Spain), Endesa is conducting field

testing on various storage technologies (sodium-sulfur - NaS batteries, zinc-bromine batteries) as part of the STORE project.

These projects in Italy and Spain have been integrated, and they should provide important results regarding their technical potential, methods of installation and optimal operation, and the profitability of the various storage systems.

Energy efficiency and after-meter services

Work continued on the Enel Home project to develop value-added services for efficiently managing energy usage in the home targeted at residential users. More specifically, preparation has been completed for the start of a pilot phase of after-meter service provision to customers. Interesting developments in this area could arise from the Malaga Smartcity demonstration project, which is being developed by Endesa in Spain with the participation of Enel. In 2010, work continued which led to the installation of some 2,500 smart meters and the start of LED-based public lighting projects.

The Navicelli project for developing and testing new thermal and power grid management systems for a services/industry energy district was launched as part of the effort to develop solutions for integrating generation systems, storage systems and grid management systems. The project has received funding from the Region of Tuscany.

Smart grids

Work continued on the development of smart grids as part of the European ADDRESS project, of which Enel Distribuzione is the project leader and coordinator, for developing an innovative infrastructure with the inclusion of new power grids and generation, compensation and load systems. Work has begun on smart grids in Spain as part of the Malaga Smartcity project. The power line communications (PLC) network and automation of the MV/LV grid are already functioning.

Electric mobility

The “Electric Mobility” project involves the development of an integrated mobility model that will give a strong boost to the widespread use of electric vehicles by both individuals and the business community and will lead to more efficient energy use, thereby making a real contribution to reducing emissions. In 2010, the e-mobility Italy project went into full swing. This project is the result of a partnership with Daimler-Mercedes that began in 2008 and, in 2009, resulted in the design and creation of smart recharging stations both for the home and in public areas. In 2010, within the scope of this project, which calls for the provision of 100 smart electric-drive vehicles to customers in Rome, Pisa and Milan and the installation of 400 Enel recharging stations in the pilot cities, the first vehicles were delivered, the first recharging stations were made operational, and the electricity and recharging services were activated for the customers involved in this pilot project. Partnership agreements have also been signed for the development of similar projects with other car manufacturers (Renault-Nissan, Piaggio, Citroen), and studies are under way for a dedicated fleet recharging station and related innovative services.



Important framework agreements have also been signed for the development of sustainable mobility for Poste Italiane (with initial testing beginning in Pisa) and the Region of Emilia Romagna (with the involvement of the cities of Bologna, Rimini and Reggio Emilia, where the pilot projects are to be launched). Finally, a research project regarding fast charging has also begun.

Regarding electric mobility in Spain, Endesa is actively involved in the government project Movele and has signed preferred partnership agreements with a number of major automotive manufacturers and distributors (Peugeot, Mitsubishi, Toyota, Piaggio, Bergé). The first electric vehicles under this program have already been tested at the Madrid facility.

A partnership has also initiated with SGTE and Marubeni to develop quick charging systems, with a plan to extend the project towards different types of pilot configurations in Spain.

In the area of sustainable mobility, the “Green Ports” project involves providing an integrated suite of services with

high environmental value to Italy’s major ports in order to reduce polluting, climate-altering emissions caused by maritime traffic.

Arising out of an analysis of the needs of environmental development for the entire harbor energy system, this project proposes a range of technologically innovative and environmentally sustainable solutions for creating a low-emission port. Such solutions include cold ironing (i.e. land-based electric power for ships), electric mobility for the transport of cargo and passengers, high-efficiency artistic lighting, systems for generating electricity from renewable resources and bundled energy plans making port buildings more energy efficient.

Specifically, under the special agreement signed with the Civitavecchia Port Authority, Enel’s Development and Plant Construction Area (Engineering and Innovation Division) developed a cold ironing system to supply power to cruise ships berthed at the Port of Civitavecchia.

In 2010, within the scope of the Green Ports project, two other agreements were also signed with the La Spezia and Venice Port Authorities, as well as an Enel-Endesa agreement with the Barcelona Port Authority.

Transactions with related parties

As an operator in the field of generation, transport, distribution and sale of electricity, Enel provides services to a number of companies controlled by the Italian State, Enel's controlling shareholder. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Energy Services Operator, and the Energy Markets 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 Energy Markets Operator are determined by the Authority for Electricity and Gas.

Transactions relating to purchases and sales of electricity concluded with the Energy Markets Operator on the Power Exchange and with the Single Buyer are settled at market prices.

In particular, companies of the Sales Division acquire electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Energy 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 Energy Markets 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 Energy Markets 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.

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties undertaken by Enel SpA either directly or indirectly through its subsidiaries. The procedure (which can be found at http://www.enel.com/it-IT/group/governance/principles/related_parts/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB. It replaces, with effect from January 1, 2011, the rules governing transactions with related parties approved by the Board of Directors of Enel SpA on December 19, 2006 in implementation of the recommendations of the Corporate Governance Code for listed companies, the provisions of which were in effect until December 31, 2010.

For more details on transactions with related parties, please see the discussion in note 39 to these consolidated financial statements.

Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice no. DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2010		at Dec. 31, 2009 restated	
Financial statements - Enel SpA	3,117	24,516	3,460	23,722
- Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	17	(77,149)	(37)	(74,242)
- Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of minority interests	6,864	74,666	12,606	66,846
- Consolidation differences at the Group consolidation level	(426)	15,593	(484)	16,779
- Intragroup dividends	(4,406)	-	(9,325)	-
- Elimination of unrealized intragroup comprehensive income, net of tax effects and other minor adjustments	(776)	235	(634)	163
TOTAL GROUP	4,390	37,861	5,586	33,268
TOTAL MINORITY INTERESTS	1,283	15,684	1,004	12,665
CONSOLIDATED FINANCIAL STATEMENTS	5,673	53,545	6,590	45,933



Consolidated financial statements



Consolidated Income Statement

Millions of euro	Notes	2010		2009 restated	
			<i>of which with related parties</i>		<i>of which with related parties</i>
Revenues					
Revenues from sales and services	8.a	71,943	7,740	62,498	8,481
Other revenues	8.b	1,434	5	1,864	374
	[Subtotal]	73,377	7,745	64,362	8,855
Costs					
Raw materials and consumables	9.a	36,457	10,985	32,638	13,757
Services	9.b	13,628	1,928	10,004	625
Personnel	9.c	4,907		4,908	
Depreciation, amortization and impairment losses	9.d	6,222	8	5,339	
Other operating expenses	9.e	2,950	3	2,298	263
Capitalized costs	9.f	(1,765)		(1,593)	
	[Subtotal]	62,399	12,924	53,594	14,645
Net income/(charges) from commodity risk management	10	280	8	264	(25)
Operating income		11,258		11,032	
Financial income	11	2,576	21	3,593	17
Financial expense	11	5,774		5,334	
Share of income/(expense) from equity investments accounted for using the equity method	12	14		54	
Income before taxes		8,074		9,345	
Income taxes	13	2,401		2,597	
Net income from continuing operations		5,673		6,748	
Net income from discontinued operations ⁽¹⁾	14	-		(158)	
Net income for the year (shareholders of the Parent Company and minority interests)		5,673		6,590	
Attributable to minority interests		1,283		1,004	
Attributable to shareholders of the Parent Company		4,390		5,586	
Earnings per share (euro)		0.47		0.59	
Diluted earnings per share (euro) ⁽²⁾		0.47		0.59	
Earnings from continuing operations per share		0.47		0.61	
Diluted earnings from continuing operations per share ⁽²⁾		0.47		0.61	
Earnings from discontinued operations per share		-		(0.02)	
Diluted earnings from discontinued operations per share ⁽²⁾		-		(0.02)	

(1) The result for discontinued operations for 2009 is entirely attributable to the Group.

(2) Calculated on the basis of the average number of ordinary shares in the year, taking account of the dividend accrual date for the shares issued following the capital increase completed on July 9, 2009 (9,403,357,795 shares) adjusted for the diluting effect of outstanding stock options (zero in both years).

Statement of Consolidated Comprehensive Income

Millions of euro

Notes

		2010	2009 restated
Net income for the period		5,673	6,590
Other components of comprehensive income:			
- Effective portion of change in the fair value of cash flow hedges ⁽¹⁾		307	(882)
- Income recognized in equity by companies accounted for using the equity method		16	8
- Change in the fair value of financial investments available for sale		384	198
- Exchange rate differences ⁽²⁾		2,323	1,288
- Net income from sale of equity holdings without loss of control		796	-
Income/(Loss) recognized directly in equity	28	3,826	612
Comprehensive income for the period		9,499	7,202
Attributable to:			
- shareholders of the Parent Company		6,941	5,376
- non-controlling interests		2,558	1,826

(1) Of which charges of €6 million regarding units classified as "held for sale" in 2010 (zero in 2009).

(2) Of which exchange rate gains of €2 million regarding units classified as "held for sale" in 2010 (zero in 2009).

Consolidated Balance Sheet

Millions of euro

Notes

ASSETS		at Dec. 31, 2010	at Dec. 31, 2009 restated		at Jan. 1, 2009 restated	
			<i>of which with related parties</i>	<i>of which with related parties</i>	<i>of which with related parties</i>	<i>of which with related parties</i>
Non-current assets						
Property, plant and equipment	15	78,094		76,587		60,005
Investment property		299		295		462
Intangible assets	16	39,071		38,720		27,151
Deferred tax assets	17	6,017		6,238		5,881
Equity investments accounted for using the equity method	18	1,033		1,029		397
Non-current financial assets	19	4,701		9,024		4,355
Other non-current assets	20	1,062		976		1,937
	[Total]	130,277		132,869		100,188
Current assets						
Inventories	21	2,803		2,500		2,182
Trade receivables	22	12,505	1,065	13,010	1,491	12,378
Tax receivables	23	1,587		1,534		1,239
Current financial assets	24	11,922	69	4,186		3,255
Cash and cash equivalents	25	5,164		4,170		5,106
Other current assets	26	2,176	79	3,490	19	3,478
	[Total]	36,157		28,890		27,638
Assets held for sale	27	1,618		572		5,251
TOTAL ASSETS		168,052		162,331		133,077

LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2010	at Dec. 31, 2009 restated		at Jan. 1, 2009 restated		
			of which with related parties	of which with related parties		of which with related parties	
Equity attributable to the shareholders of the Parent Company	28						
Share capital		9,403		9,403		6,186	
Other reserves		10,791		7,810		3,329	
Retained earnings (losses carried forward)		14,217		11,409		6,821	
Net income for the period ⁽¹⁾		3,450		4,646		4,056	
	[Total]	37,861		33,268		20,392	
Equity attributable to minority interests		15,684		12,665		5,897	
Total shareholders' equity		53,545		45,933		26,289	
Non-current liabilities							
Long-term loans	29	52,440		55,850		51,045	
Post-employment and other employee benefits	30	3,069		3,110		2,910	
Provisions for risks and charges	31	9,026		8,846		6,922	
Deferred tax liabilities	17	11,147		11,107		6,880	
Non-current financial liabilities	32	2,591		2,964		3,113	
Other non-current liabilities	33	1,244		1,259		3,307	
	[Total]	79,517		83,136		74,177	
Current liabilities							
Short-term loans	34	8,209		7,542		5,467	
Current portion of long-term loans	29	2,999		2,909		3,110	
Trade payables	35	12,373	2,777	11,174	2,841	10,600	3,765
Income tax payable		687		1,482		1,991	
Current financial liabilities	36	1,672		1,784		2,454	
Other current liabilities	37	8,052	13	8,147	15	7,198	8
	[Total]	33,992		33,038		30,820	
Liabilities held for sale	38	998		224		1,791	
Total liabilities		114,507		116,398		106,788	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		168,052		162,331		133,077	

(1) Net income is reported net of the interim dividend (€940 million in both years).

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	Other retained earnings
at January 1, 2009	6,186	662	1,453	2,255	6,827
Effect of application of new accounting standards	-	-	-	-	(6)
at January 1, 2009 restated	6,186	662	1,453	2,255	6,821
Charge for stock options plans for the period	-	-	-	5	-
Dividends and interim dividends ⁽¹⁾	-	-	-	-	(1,794)
Allocation of net income from the previous year	-	-	-	-	4,056
Capital increases	3,217	4,630	-	-	-
Change in scope of consolidation	-	-	-	-	-
Effect of business combinations achieved in stages	-	-	-	-	2,326
Comprehensive income for the period	-	-	-	-	-
<i>of which:</i>					
- Income/(Loss) recognized directly in equity	-	-	-	-	-
- Net income/(loss) for the period	-	-	-	-	-
at December 31, 2009 restated	9,403	5,292	1,453	2,260	11,409
Charge for stock options plans for the period	-	-	-	2	-
Dividends and interim dividends ⁽²⁾	-	-	-	-	(1,410)
Allocation of net income from the previous year	-	-	428	-	4,218
Change in scope of consolidation	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	-
<i>of which:</i>					
- Income/(Loss) recognized directly in equity ⁽³⁾	-	-	-	-	-
- Net income/(loss) for the period	-	-	-	-	-
at December 31, 2010	9,403	5,292	1,881	2,262	14,217

(1) Authorized by the Board of Directors on October 1, 2009, with ex dividend date of November 23, 2009 and payment as from November 26, 2009.

(2) Authorized by the Board of Directors on September 29, 2010, with the ex dividend date set at November 22, 2010 and payment as from November 25, 2010.

(3) Of which net charges of €4 million regarding units classified as "held for sale" in 2010 (zero in 2009).

Translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Reserve from sale of equity holdings without loss of control	Reserve from equity investments accounted for using equity method	Net income for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to minority interests	Total shareholders' equity
(1,247)	206	-	-	4,056	20,398	5,897	26,295
-	-	-	-	-	(6)	-	(6)
(1,247)	206	-	-	4,056	20,392	5,897	26,289
-	-	-	-	-	5	-	5
-	-	-	-	(940)	(2,734)	(443)	(3,177)
-	-	-	-	(4,056)	-	-	-
-	-	-	-	-	7,847	3	7,850
70	(14)	-	-	-	56	5,382	5,438
-	-	-	-	-	2,326	-	2,326
556	(774)	-	8	5,586	5,376	1,826	7,202
556	(774)	-	8	-	(210)	822	612
-	-	-	-	5,586	5,586	1,004	6,590
(621)	(582)	-	8	4,646	33,268	12,665	45,933
-	-	-	-	-	2	-	2
-	-	-	-	(940)	(2,350)	(798)	(3,148)
-	-	-	-	(4,646)	-	-	-
-	-	-	-	-	-	1,259	1,259
1,077	662	796	16	4,390	6,941	2,558	9,499
1,077	662	796	16	-	2,551	1,275	3,826
-	-	-	-	4,390	4,390	1,283	5,673
456	80	796	24	3,450	37,861	15,684	53,545

Consolidated Statement of Cash Flows

Millions of euro

Notes

		2010	2009 restated
		of which with related parties	of which with related parties
Income for the period		5,673	6,590
Adjustments for:			
Amortization and impairment losses of intangible assets		999	556
Depreciation and impairment losses of property, plant and equipment		4,511	4,295
Exchange rate gains and losses (including cash and cash equivalents)		509	(18)
Accruals to provisions		1,812	1,916
Financial (income)/expense		2,319	2,067
Income taxes		2,401	2,571
(Gains)/Losses and other non-monetary items		476	(529)
Cash flow from operating activities before changes in net current assets		18,700	17,448
Increase/(Decrease) in provisions		(1,705)	(1,382)
(Increase)/Decrease in inventories		(331)	66
(Increase)/Decrease in trade receivables		(286)	80
(Increase)/Decrease in financial and non-financial assets/liabilities		190	441
Increase/(Decrease) in trade payables		1,256	(1,099)
Interest income and other financial income collected		1,282	1,050
Interest expense and other financial expense paid		(4,106)	(3,926)
Income taxes paid		(3,275)	(3,752)
Cash flows from operating activities (a)		11,725	8,926
- of which discontinued operations		-	(210)
Investments in property, plant and equipment		(6,468)	(6,591)
Investments in intangible assets		(719)	(409)
Investments in entities (or business units) less cash and cash equivalents acquired		(282)	(9,548)
Disposals of entities (or business units) less cash and cash equivalents sold		2,610	3,712
(Increase)/Decrease in other investing activities		(51)	160
Cash flows from investing/disinvesting activities (b)		(4,910)	(12,676)
- of which discontinued operations		-	(60)
Financial debt (new long-term borrowing)	29	5,497	21,990
Financial debt (repayments and other changes)		(10,748)	(24,180)
Collection of proceeds from sale of equity holdings without loss of control		2,422	-
Dividends and interim dividends paid		(3,147)	(3,135)
Increase in share capital and reserves due to the exercise of stock options	28	-	7,991
Capital increases paid by non-controlling interests	28	-	3
Cash flows from financing activities (c)		(5,976)	2,669
- of which discontinued operations		-	273
Impact of exchange rate fluctuations on cash and cash equivalents (d)		214	159
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		1,053	(922)
- of which discontinued operations		-	3
Cash and cash equivalents at the beginning of the year		4,289	5,211
- of which discontinued operations		-	-
Cash and cash equivalents at the end of the year ^{(1) (2)}		5,342	4,289
- of which discontinued operations		-	-

(1) Of which short-term securities equal to €95 million at December 31, 2010 (€97 million at December 31, 2009).

(2) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €83 million at December 31, 2010 (€22 million at December 31, 2009).

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA, which operates in the energy utility sector, has its registered office in Rome, Italy. The consolidated financial statements for the period ended December 31, 2010 comprises the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the annex.

These financial statements were approved for publication by the Board on March 14, 2011.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2010 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU". The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

Basis of presentation

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows and the related notes.

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the company or in the twelve months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the company or within the twelve months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the cash flow statement.

The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.

The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items.

Accounting policies and measurement criteria

Use of estimates

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

A number of accounting policies are felt to be especially important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, as well as the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such estimates is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

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

Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity and gas to retail customers are recognized at the time the electricity or gas is supplied and include, in addition to amounts invoiced on the basis of periodic (and pertaining to the year) meter readings, an estimate of the value of electricity and gas distributed during the period but not yet

invoiced, equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenues between the date of the meter reading and the end of the year are based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pensions and other post-employment benefits

Part of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.

Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

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

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

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is reviewed periodically and wherever circumstances or events suggest that more frequent review is necessary.

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

The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the estimation factors on which the calculation of such values is

performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Recovery of deferred tax assets

At December 31, 2010, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

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

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

Litigation

The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Provision for doubtful accounts

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

Although the provision recognized is considered appropriate, the use of different assumptions or changes in economic conditions could lead to changes in the provision and therefore impact net income.

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

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of nuclear power plants and the storage of waste fuel and other radioactive materials, the estimation of future costs is a critical process in view of the fact that such costs will be incurred over a very long period of time, estimated at up to 100 years.

The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Company considers it will have to pay for the decommissioning operation.

The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the nuclear plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework concerning the protection of health and the environment. Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other

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

Related parties

Related parties are mainly parties that have the same parent company with Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the Fopen and Fondenel pension funds, the Board of Auditors of Enel SpA, the management with strategic

responsibilities, and their close relatives, of Enel SpA and the companies over which it exercises direct, indirect or joint control and over which it exercises a significant influence. The management with strategic responsibilities are those persons who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include company directors.

Subsidiaries

Subsidiaries comprise those entities for which the Group has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. In assessing the existence of a situation of control, account is also taken of potential voting rights that are effectively exercisable or convertible. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

The acquisition of an additional stake in subsidiaries and the sale of holdings that do not result in the loss of control are considered transactions between owners. As such, the accounting effects of these transactions are recognized directly in consolidated equity.

Conversely, where a controlling interest is divested, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date shall be recognized through profit or loss.

Special purpose entities

The Group consolidates a special purpose entity (SPE) when it exercises de facto control over such entity. Control is achieved if in substance the Group obtains the majority of the benefits produced by the SPE and supports the majority of the remaining risks or risks of ownership of the SPE, even if it does not own an equity interest in such entity.

Associated companies

Associated companies comprise those entities in which the Group has a significant influence. Potential voting rights that are effectively exercisable or convertible are also taken into consideration in determining the existence of significant influence.

These investments are initially recognized at cost and are subsequently measured using the equity method, allocating any difference between the cost of the equity investment and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities of the associated company in an analogous manner to the treatment of business combinations. The Group's share of profit or loss is recognized in the consolidated financial statements from the date on which it acquires the significant influence over the entity until such influence ceases.

Should the Group's share of the loss for the period exceed the carrying amount of the equity investment, the latter is impaired and any excess recognized in a provision if the Group has a commitment to meet legal or constructive obligations of the associate or in any case to cover its losses. Where an interest is divested and as a result the Group no longer exercises a significant influence, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date shall be recognized through profit or loss.

Joint ventures

Interests in joint ventures – enterprises over whose economic activities the Group exercises joint control with other entities – are consolidated using the proportionate method. The Group recognizes its share of the assets, liabilities, revenues and expenses on a line-by-line basis in proportion to the Group's share in the entity from the date on which joint control is acquired until such control ceases. The following table reports the contribution of the main joint ventures to the aggregates in the consolidated financial statements:

Millions of euro	Enel Unión Fenosa Renovables	RusEnergSbyt	Nuclenor	Atacama	Tejo
at December 31, 2010					
Percentage consolidation	50.0%	49.5%	50.0%	50.0%	38.9%
Non-current assets	437	59	81	298	214
Current assets	57	47	61	120	58
Assets held for sale	355	-	-	-	-
Non-current liabilities	34	3	62	18	179
Current liabilities	323	37	19	162	28
Liabilities held for sale	328	-	-	-	-
Revenues	103	1,098	72	341	63
Costs	70	1,009	81	284	53

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

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2010 in accordance with the accounting policies adopted by the Parent Company.

All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group. In both cases, unrealized losses are eliminated except when representative of impairment.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate.

Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date when that value was determined.

Any exchange rate differences are recognized through the income statement.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the currency of the Parent Company are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized in the income statement on the disposal of the subsidiary.

Business combinations

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

Business combinations initiated before January 1, 2010

and completed before that date are recognized on the basis of IFRS 3 (2004).

Such business combinations are recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company is recognized as goodwill. Any negative difference is recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. The value of the non-controlling interests is determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition of control the net assets acquired previously are remeasured to fair value and any adjustments are recognized in equity. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the acquisition date.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008). More specifically, business combinations are recognized using the acquisition method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser.

Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

In the case of business combinations achieved in stages, at the date of acquisition of control the holdings acquired previously are remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use. It is increased by the present value of the estimate of the costs of decommissioning and removing the asset where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".

Borrowing costs associated with financing obtained for the purchase/construction of assets are recognized through profit or loss in the year in which they accrue, except where they are directly attributable to the purchase or construction of a qualifying asset.

Certain assets that were revalued at transition date or in previous periods are recognized at their fair value, which is considered as their deemed cost at the revaluation date. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be reliably determined.

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

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

Property, plant and equipment is reported net of accumu-

lated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is ready for use.

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

	Useful life
Civil buildings	40-65 years
Hydroelectric power plants ⁽¹⁾	20-50 years
Thermal power plants ⁽¹⁾	10-40 years
Nuclear power plants	40 years
Geothermal power plants	10-40 years
Alternative energy power plants	15-40 years
Transport lines	20-40 years
Transformation plant	32-42 years
Medium- and low-voltage distribution networks	10-60 years
Gas distribution networks and meters	25-50 years
Industrial and commercial equipment	4-25 years

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

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

Leased assets

Property, plant and equipment acquired under finance leases, whereby all risks and rewards incident to ownership are substantially transferred to the Group, are initially recognized as assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.

Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concession. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For plants in Italy, the concessions terminate in 2029 (2020 for plants located in the Autonomous Province of Trento and 2040 in the Autonomous Province of Bolzano) and 2020. If the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands will be relinquished free of charge to the State in good operating condition. The Group believes that the existing ordinary maintenance programs ensure that the assets will be in good operating condition at the termination date. Accordingly, depreciation on assets to be relinquished is calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In accordance with Spanish laws 29/85 and 46/99, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The concessions will expire in the period between 2011 and 2067.

A number of companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.

Enel also operates under administrative concessions for the distribution of electricity in Spain. The concessions give Endesa the right to build and operate distribution networks for an indefinite period of time.

The Group is a concession holder in Italy for the distribution of electricity. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance sheet value of the assets themselves and their profitability. In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over their useful lives.

Investment property

Investment property consists of the Group's real estate held to generate rental income or capital gains rather than for use in operations or the delivery of goods and services. Investment property is initially recognized at cost in the same manner as other property, plant and equipment. Subsequently, it is measured at cost net of depreciation and any impairment losses. Impairment losses are determined on the basis of the following criteria.

The fair value of investment property is determined on the basis of the state of the individual assets, projecting the valuations for the previous year in relation to the performance of the real estate market and estimated developments in the value of the assets. The fair value of investment property recognized at December 31, 2010 is equal to €365 million.

Intangible assets

Intangible assets are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.

The cost includes any directly attributable incidental expenses necessary to make the assets ready for use. The assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below.

Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis.

Amortization commences when the asset is ready for use. Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.

Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash-generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

Impairment losses

Property, plant and equipment, property investment and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any property, plant and equipment and intangible assets is estimated.

The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use, is estimated annually.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the income statement if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount.

Impairment losses of cash generating units are first charged against the carrying amount of any goodwill attributed to it and then against the value of other assets, in proportion to their carrying amount.

Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.

The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value except for those involved in trading activities, which are measured at fair value with recognition through profit or loss. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs or, where applicable, replacement cost.

Inventories also include purchases of nuclear fuel, whose use is determined on the basis of the energy produced.

Construction contracts

Construction contracts are measured on the basis of the contractual amounts accrued with reasonable certainty in respect of the stage of completion of the works as determined using the cost-to-cost method. Advances paid by customers are deducted from the value of the construction contracts up to the extent of the accrued amounts; any excess is recognized under liabilities. Losses on individual contracts are recognized in their entirety in the period in which they become probable, regardless of the stage of completion of the contract.

Financial instruments

Financial assets measured at fair value through profit or loss

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

Financial assets held to maturity

This category comprises non-derivative financial instruments with fixed or determinable payments and that do not represent equity investments that are quoted on an active market for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.

Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.

Loans and receivables

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

Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate. Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category includes debt securities, equity investments in other entities (not classified as "designated as at fair value through profit or loss") and financial assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.

At the time of sale, the cumulative gains and losses previously recognized in equity are reversed to the income statement.

Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.

When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Cash and cash equivalents

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

Cash and cash equivalents are recognized net of bank overdrafts at period-end in the consolidated statement of cash flows.

Trade payables

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

Financial liabilities

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

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.

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

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

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

The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.

Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss.

Derivative financial instruments are recognized at the trade date.

Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which must be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.

Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using

the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-year exchange rates.

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

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

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive the cash flows associated with the instrument expire or the company has transferred substantially all the risks and rewards associated with ownership or control of the instrument.

Financial liabilities are derecognized when they are extinguished or the company transfers all the risks and benefits associated with the instrument.

Fair value hierarchy pursuant to IFRS 7

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

In particular:

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

Post-employment and other employee benefits

Liabilities related to employee benefits paid upon leaving or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period, which are recognized net of any

plan assets, are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date. The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

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

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

Share-based payments

Stock option plans

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date.

The calculation method to determine the fair value considers all characteristics of the option (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date consistent with the expected life of the plan. The pricing model used is the Cox-Rubinstein. This cost is recognized in the income statement, with a specific contra-item in shareholders' equity, over the vesting period considering the best estimate possible of the number of options that will become exercisable.

Restricted share units incentive plans

The cost of services rendered by employees and remunerated through restricted share units (RSU) incentive plans is determined at grant date based on the fair value of the RSU granted to employees, in relation to the vesting of the right to receive the benefit.

The calculation method to determine the fair value considers all characteristics of the RSU (term, exercise conditions, etc.), as well as the price and volatility of Enel

shares over the vesting period. The pricing model used is the Monte Carlo.

This cost is recognized in the income statement, with recognition of a specific liability, over the vesting period, adjusting the fair value periodically, considering the best estimate possible of the number of RSU that will become exercisable.

Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment for the time factor is recognized as a financial expense. Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the provision offsets the related asset. The expense is recognized in profit or loss through the depreciation of the item of property, plant and equipment to which it relates.

Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.

Changes in estimates are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling, removal and remediation resulting from changes in the timetable and costs necessary to extinguish the obligation or a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets may not be fully recoverable. If this is the case, the assets are tested for impairment, estimating the unrecoverable amount and recognizing any loss in respect of the impairment in the income statement.

Where the changes in estimates decrease the value of the assets, the reduction is recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.

For more information on the estimation criteria adopted in determining provisions for dismantling and/or restoration of property, plant and equipment, especially those associated with nuclear power plants, please see the section on the use of estimates.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar local, national or international authorities.

Grants received for specific expenditure or specific assets the value of which is recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement over the period in which the related costs are recognized. Operating grants are recognized fully in profit or loss at the time they satisfy the requirements for recognition.

Revenues

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

- > revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;
- > revenues from the sale and transport of electricity and gas refer to the quantities provided during the period, even if these have not yet been invoiced, and are determined using estimates as well as the fixed meter reading figures. Where applicable, this revenue is based on the rates and related restrictions established by law or the Authority for Electricity and Gas and analogous foreign authorities during the applicable period. In particular, the authorities that regulate the electricity and gas markets can use mechanisms to reduce the impact of the temporal mismatching between the setting of prices for energy for the regulated market as applied to distributors and the setting of prices by the latter for final consumers;
- > revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;

- > revenues accrued in the period in respect of construction contracts are recognized on the basis of the payments agreed in relation to the stage of completion of the work, determined using the cost-to-cost method, under which costs, revenues and the related margins are recognized on the basis of the progress of the project. The stage of completion is determined as a ratio between costs incurred at the measurement date and the overall costs expected for the project. In addition to contractual payments, project revenues include any payments in respect of variations, price revisions and incentives, with the latter recognized where it is probable that they will actually be earned and can be reliably determined. Revenues are also adjusted for any penalties for delays attributable to the entity;
- > revenues for fees for connection to the electricity distribution grid are recognized in full upon completion of connection activities if the service provided can be recognized separately from any electricity distribution services provided on an ongoing basis.

Financial income and expense

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

Income taxes

Current income taxes for the period are determined using an estimate of taxable income and in conformity with the applicable regulations.

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance sheet date.

Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.

The recoverability of deferred tax assets is reviewed at each period-end. Taxes in respect of components recognized directly in equity are also taken directly to equity.

Dividends

Dividends from equity investments are recognized when the shareholder's right to receive them is established.

Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Discontinued operations and non-current assets held for sale

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

A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

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

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

3

Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from January 1, 2010:

- > *"Amendments to IAS 27 - Consolidated and separate financial statements"*. The new version of the standard establishes that disposals of equity interests in a subsidiary that do not result in a loss of control shall be recognized in equity in the consolidated financial statements. Similar treatment is required in the consolidated financial statements in the event of the acquisition of an additional stake in an existing subsidiary. Where a controlling interest is divested, any residual interest must be re-measured to fair value on that date, recognizing the effects through profit or loss. The application of the standard led to the recognition in equity of the gain (net of taxes and transaction costs) on the disposal of 30.83% of Enel Green Power in the amount of €796 million.
- > *"Amendments to IAS 39 - Financial instruments: recognition and measurement: eligible hedged items"*. With this amendment to the current IAS 39 standard, the IASB has clarified the conditions under which certain financial/non-financial instruments may be designated as hedged items. The amendment specifies that an entity may also choose to hedge only one kind of change in the cash flow or in the fair value of the hedged item (i.e. that the price of a hedged commodity increases beyond a specified price), which would constitute a one-sided risk. The IASB also specifies that a purchased option designated as a hedge in a one-sided risk hedge relationship is perfectly effective only if the hedged risk refers exclusively to changes in the intrinsic value of the hedging instrument, not to changes in its time value as well. The retrospective application of the standard did not have an impact in the period under review.
- > *"Amendments to IFRS 2 - Share-based payment"*. The amendments seek to:
 - clarify the scope of application of the standard,

incorporating the guidelines contained in IFRIC 8 "Scope of IFRS 2";

- provide guidelines for classifying share-based payments in the consolidated financial statements and separate financial statements of the companies involved;
- specify the accounting treatment of equity-settled share-based payments involving different Group companies, incorporating and expanding on the guidelines contained in IFRIC 11 "IFRS 2 - Group and treasury share transactions";
- specify the accounting treatment of cash-settled share-based payments involving different Group companies, a situation not addressed by IFRIC 11.

The retrospective application of the amendments – which replaced IFRIC 8 and IFRIC 11 – did not have an impact in the period under review.

> "Revised IFRS 3 - Business combinations": the new version introduces important amendments to the acquisition method for the recognition of business combinations. The changes include:

- the obligation to recognize in profit or loss any changes in contingent consideration, as well as the transaction costs of the business combination;
- the possibility of opting for either the full goodwill or the partial goodwill approach in choosing the methodology for initial recognition of goodwill;
- the obligation to recognize, in the case of the acquisition of additional holdings after acquiring control, the positive difference between the purchase price and the corresponding share of equity as an adjustment of equity;
- the obligation to recognize in profit or loss the effects of the fair value measurement, at the date of acquisition of control, of the holdings acquired previously in business combinations achieved in stages.

The application of the standard on a prospective basis did not have an impact in the period under review.

> "IFRIC 12 - Service concession arrangements". The interpretation, applied retrospectively as from January 1, 2009, requires that, depending on the characteristics of the concession arrangements, the infrastructure used to deliver the public services shall be recognized under intangible assets or under financial assets, depending, respectively, on whether the concession holder has the right to charge users of the services or it has the right to receive a specified amount from the grantor agency. The new interpretation applies to both infrastructure

that the concession holder builds or acquires from a third party for the purposes of the service arrangement and existing infrastructure to which the concession holder is given access by the grantor for the purposes of the service arrangement. More specifically, IFRIC 12 applies to service concession arrangements between public grantors and private operators if:

- the grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price; and
- the grantor also controls, via ownership or other arrangement, any significant residual interest in the assets at the end of the term of the arrangement.

On the basis of the analysis conducted with respect to the concession for the distribution of electricity operated in Italy, the conditions for application of IFRIC 12 do not apply, as the concession holder has full control, as defined in the interpretation, of the infrastructure serving the electricity distribution service. The provisions, however, are applicable to the infrastructure serving the electricity distribution concessions held by the Endesa Group companies operating in Brazil.

The effects of the application of the interpretation are discussed in note 4 to the consolidated financial statements.

> "IFRIC 15 - Agreements for the construction of real estate". This interpretation sets out the guidelines for recognizing revenues and costs arising from the contracts for the construction of real estate and clarifies when a contract falls within the scope of "IAS 11 - Construction contracts" and "IAS 18 - Revenue". The interpretation also specifies the accounting treatment to be used in respect of revenues from the delivery of additional services relating to real estate under construction.

The interpretation was not applicable to the Group.

> "IFRIC 16 - Hedges of a net investment in a foreign operation". The interpretation applies to entities that intend to hedge the exchange rate risk associated with a net investment in a foreign operation.

The main aspects of the interpretation are:

- the hedge may only cover the exchange rate difference between the functional currency (not the presentation currency) of the foreign operation and the functional currency of the parent (a parent being a controlling entity at any level, whether intermediate or final);
- in the consolidated financial statements, the risk may be designated as hedged only once, even if more than one entity in the same group has hedged

its exchange rate exposure to the same foreign operation;

- the hedging instrument may be held by any entity in the group (apart from that being hedged);
- in the event of the disposal of the foreign operation, the value of the translation reserve connected with the hedging instrument reclassified to profit or loss in the consolidated financial statements shall be equal to the value of the gain/loss on the effective portion of the hedging instrument.

The interpretation was not applicable to the Group.

> *"IFRIC 17 - Distributions of non-cash assets to owners"*.

The interpretation clarifies matters relating to the distribution of non-cash dividends to owners. In particular:

- dividends shall be recognized as soon as they are authorized;
- the company shall measure dividends at the fair value of the net assets to be distributed;
- the company shall recognize the difference between the carrying amount of the dividend and its fair value through profit or loss.

The application of the interpretation on a prospective basis did not have an impact in the period under review.

> *"IFRIC 18 - Transfers of assets from customers"*. The interpretation clarifies the recognition and measurement of items of property, plant and equipment, or cash to acquire or construct such assets, received from a customer to connect the customer to a network or to ensure access to an ongoing supply of services. In particular, the interpretation establishes that, where all the conditions provided for under the international accounting standards for the initial recognition of an asset are met, such assets shall be recognized at fair value. As regards the recognition of the corresponding revenues, where the agreement only establishes an obligation to connect the customer to the network, the related revenues shall be recognized at the time of connection; otherwise, where the agreement also provides for the supply of various services, the related revenues shall be recognized in relation to the supply of services, over the shorter of the duration of the service agreement and the useful life of the asset.

The effects of the application of the interpretation are discussed in note 4 to the consolidated financial statements.

Standards not yet adopted and not yet applicable

In 2010, the European Commission endorsed the following new accounting standards and interpretations, which will be applicable to the Group as from January 1, 2011:

> *"Revised IAS 24 - Related party disclosures"*, issued in November 2009: the revised standard allows companies that are controlled by or under the significant influence of a government agency to adopt special related-party disclosure rules allowing summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements. The new version of the standard will take effect retrospectively. The Group does not expect the future application of the new provisions to have a significant impact.

> *"Amendments to IFRIC 14 - Prepayments of a minimum funding requirement"*, issued in November 2009: the changes clarify the circumstances in which a company that prepays a minimum funding requirement for an employee benefit plan can recognize such payments as an asset. The Group does not expect the future application of the new provisions to have an impact.

> *"IFRIC 19 - Extinguishing financial liabilities with equity instruments"*, issued in November 2009: the interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to the creditor. In particular, the equity instruments issued represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized through profit or loss. The interpretation will apply retrospectively. The Group does not expect the future application of the new provisions to have an impact.

The following amendment, while endorsed in 2009, were not yet applicable as of January 1, 2010:

> *"Amendment to IAS 32 - Financial instrument: Presentation"*. The amendment specifies that rights, options or warrants that entitle the holder to purchase a specific number of equity instruments of the entity issuing such rights for a specified amount of any currency shall be

classified as equity if (and only if) the entity offers the rights, options or warrants pro rata to all existing holders of its equity instruments (other than derivatives) in the same class for a fixed amount of currency. The changes shall be applied retrospectively as from periods beginning on or after January 31, 2010. The application of the amendments is not expected to have a significant impact for the Group.

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

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

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

> *“Amendments to IFRS 7 - Financial instruments: Disclosures”*, issued in October 2010; the amendments require additional disclosures to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the company's financial position. The new standard introduces new disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which the company has a continuing involvement as of the balance sheet date. The amendments to IFRS 7 will apply prospectively, subject to endorsement, for periods beginning on or after January 1,

2012. The Group is assessing the potential impact of the future application of the measures.

> *“Improvements to IFRS”*, issued in May 2010: the changes regard improvements to existing standards. The main developments regard:

- *“IFRS 3 - Business combinations”*, as revised in 2008: specifies that non-controlling interests in an acquiree are present ownership interests that entitle their holders, in the event of the liquidation of the company, to a proportionate share of the entity's net assets. These must be measured at fair value or as a proportionate share of the acquiree's net identifiable assets. All other components classifiable as non-controlling interests but which do not have the above characteristics (for example, share options, preference shares, etc.), shall be measured at fair value at the acquisition date unless another measurement basis is required by another IFRS. These amendments will apply, subject to endorsement, for periods beginning on or after July 1, 2010;
- *“IFRS 7 - Financial instruments: Disclosures”*: clarifies the disclosures required in the case of renegotiated financial instruments as well as disclosure requirements for credit risk. These amendments will apply, subject to endorsement, for periods beginning on or after January 1, 2011;
- *IAS 1 - Presentation of financial statements*: specifies that the reconciliation of the carrying amount at the start and end of the period for each component of “other comprehensive income” shall be presented either in the statement of changes in equity or in the notes to the financial statements. In this regard, with the introduction of *“Revised IAS 27 - Consolidated and separate financial statements”*, the standard had been modified, calling for the reconciliation to be presented in the statement of changes in equity. The amendments introduced in May 2010 shall apply, subject to endorsement, for periods beginning on or after January 1, 2011;
- *“IAS 34 - Interim financial reporting”*: the standard has been amended to add disclosure requirements for interim financial reports concerning, in particular, financial assets and liabilities. For example, it now requires information on changes in the business or in economic conditions that have had an impact on the fair value of financial assets/liabilities measured at fair value or using the amortized cost method. The amendments shall apply, subject to endorsement, for periods beginning on or after January 1, 2011.

4

Restatement of balance sheet figures at January 1, 2009 and at December 31, 2009 and income statement figures for 2009

The changes in the policies used to account for certain assets in respect of services carried out on a concession basis (IFRIC 12) and the transfer of assets from customers (IFRIC 18) gave rise to adjustments of the related balance sheet and income statement accounts, included in the consolidated financial statements at December 31, 2009 and presented for comparative purposes only in these consolidated financial statements at December 31, 2010. More specifically, the retrospective application of the interpretations set out in IFRIC 12 involved appropriate

reclassifications in the consolidated balance sheet at December 31, 2009 and at January 1, 2009 (see December 31, 2008), while the prospective application as from July 1, 2009, of the provisions of IFRIC 18 led to the restatement of a number of accounts in the consolidated balance sheet and income statement at December 31, 2009.

In addition, the balance sheet and income statement figures reported in the 2009 consolidated financial statements have been restated to take account of the effects of the definitive determination in 2010 (within the time limit envisaged under the 2003 version of IFRS 3, which was applicable until January 1, 2010) of the fair value of the assets acquired and the liabilities and contingent liabilities assumed with the acquisition of the 25.01% of Endesa on June 25, 2009 (see note 6).

The following table shows the changes in the consolidated balance sheet and income statement, reporting the differences in accordance with the reason for the modification.

Millions of euro	Application of IFRIC 12		Endesa PPA		Application of IFRIC 12		
	at Dec. 31, 2008	at Jan. 1, 2009 restated	at Dec. 31, 2009		at Dec. 31, 2009 restated		at Dec. 31, 2009 restated
ASSETS							
Non-current assets							
Property, plant and equipment	61,524	(1,519)	60,005	79,100	661	(3,174)	76,587
Investment property	462	-	462	295	-	-	295
Intangible assets	25,779	1,372	27,151	34,403	1,468	2,849	38,720
Deferred tax assets	5,881	-	5,881	6,238	-	-	6,238
Equity investments accounted for using the equity method	397	-	397	1,029	-	-	1,029
Non-current financial assets	4,338	17	4,355	8,954	-	70	9,024
Other non-current assets	1,937	-	1,937	976	-	-	976
	100,318	(130)	100,188	130,995	2,129	(255)	132,869
Current assets							
Inventories	2,182	-	2,182	2,500	-	-	2,500
Trade receivables	12,378	-	12,378	13,010	-	-	13,010
Tax receivables	1,239	-	1,239	1,534	-	-	1,534
Current financial assets	3,255	-	3,255	4,186	-	-	4,186
Cash and cash equivalents	5,106	-	5,106	4,170	-	-	4,170
Other current assets	3,478	-	3,478	3,490	-	-	3,490
	27,638	-	27,638	28,890	-	-	28,890
Assets held for sale	5,251	-	5,251	572	-	-	572
TOTAL ASSETS	133,207	(130)	133,077	160,457	2,129	(255)	162,331

Millions of euro		Application of IFRIC 12			Endesa PPA	Application of IFRIC 12	Application of IFRIC 18	
	at Dec. 31, 2008		at Jan. 1, 2009 restated	at Dec. 31, 2009				at Dec. 31, 2009 restated
LIABILITIES AND SHAREHOLDERS' EQUITY								
Equity attributable to the shareholders of the Parent Company								
Share capital	6,186	-	6,186	9,403	-	-	-	9,403
Other reserves	3,329		3,329	7,888	(78)	-	-	7,810
Retained earnings (losses carried forward)	6,827	(6)	6,821	10,759	659	(9)	-	11,409
Net income for the period	4,056	-	4,056	4,455	(25)	-	216	4,646
	20,398	(6)	20,392	32,505	556	(9)	216	33,268
Equity attributable to minority interests	5,897	-	5,897	11,848	805	(8)	20	12,665
TOTAL SHAREHOLDERS' EQUITY	26,295	(6)	26,289	44,353	1,361	(17)	236	45,933
Non-current liabilities								
Long-term loans	51,045	-	51,045	55,850	-	-	-	55,850
Post-employment and other employee benefits	2,910	-	2,910	3,110	-	-	-	3,110
Provisions for risks and charges	6,922	-	6,922	8,846	-	-	-	8,846
Deferred tax liabilities	6,880	-	6,880	10,245	768	3	91	11,107
Non-current financial liabilities	3,113	-	3,113	2,964	-	-	-	2,964
Other non-current liabilities	3,431	(124)	3,307	1,829	-	(243)	(327)	1,259
	74,301	(124)	74,177	82,844	768	(240)	(236)	83,136
Current liabilities								
Short-term loans	5,467	-	5,467	7,542	-	-	-	7,542
Current portion of long-term loans	3,110	-	3,110	2,909	-	-	-	2,909
Trade payables	10,600	-	10,600	11,174	-	-	-	11,174
Income tax payable	1,991	-	1,991	1,482	-	-	-	1,482
Current financial liabilities	2,454	-	2,454	1,784	-	-	-	1,784
Other current liabilities	7,198	-	7,198	8,145	-	2	-	8,147
	30,820	-	30,820	33,036	-	2	-	33,038
Liabilities held for sale	1,791	-	1,791	224	-	-	-	224
TOTAL LIABILITIES	106,912	(124)	106,788	116,104	768	(238)	(236)	116,398
LIABILITIES AND SHAREHOLDERS' EQUITY	133,207	(130)	133,077	160,457	2,129	(255)	-	162,331

	2009	Endesa PPA	Application of IFRIC 18	2009 restated
Revenues				
Revenues from sales and services	62,171	-	327	62,498
Other revenues	1,864	-	-	1,864
	64,035	-	327	64,362
Costs				
Raw materials and consumables	32,638	-	-	32,638
Services	10,004	-	-	10,004
Personnel	4,908	-	-	4,908
Depreciation, amortization and impairment losses	5,289	50	-	5,339
Other operating expenses	2,298	-	-	2,298
Capitalized costs	(1,593)	-	-	(1,593)
	53,544	50	-	53,594
Net income/(charges) from commodity risk management	264	-	-	264
Operating income	10,755	(50)	327	11,032
Financial income	3,593	-	-	3,593
Financial expense	5,334	-	-	5,334
Share of income/(expense) from equity investments accounted for using the equity method	54	-	-	54
Income before taxes	9,068	(50)	327	9,345
Income taxes	2,520	(14)	91	2,597
Net income from continuing operations	6,548	(36)	236	6,748
Net income from discontinued operations	(158)	-	-	(158)
Net income for the period (shareholders of the Parent Company and minority interests)	6,390	(36)	236	6,590
Attributable to minority interests	995	(11)	20	1,004
Attributable to shareholders of the Parent Company	5,395	(25)	216	5,586

The impact on the statement of consolidated comprehensive income and the consolidated statement of cash flows involve solely a number of reclassifications among accounts, in line with changes reported in the balance sheet and income statement.

5

Risk management

Market risk

As part of its operations, the Enel Group is exposed to a variety of market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.

The nature of the financial risks to which the Group is

exposed is such that changes in interest rates cause changes in cash flows associated with interest payments on long-term floating-rate debt instruments, while changes in the exchange rate between the euro and the main foreign currencies have an impact on the value of the cash flows denominated in those currencies and the consolidation value of equity investments denominated in foreign currencies.

In compliance with Group policies for managing financial risks, these exposures are generally hedged using over-the-counter derivatives (OTC).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on exposures in energy commodities (oil products, gas, coal, CO₂ certificates and electricity in the main European countries) using financial derivatives and physical contracts traded on regulated and OTC markets, exploiting profit opportunities through arbitrage transactions carried out on the basis of expected market developments. These operations

are conducted within the framework of formal governance rules that establish strict risk limits. Compliance with the limits is verified daily by units that are independent of those undertaking the transactions. In 2010, the risk limits for Enel's proprietary trading are set in terms of Value-at-Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits is equal to about €22 million.

The following section reports the scale of transactions in derivatives outstanding at December 31, 2010, specifying the fair value and notional amount of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank where denominated in currencies other than the euro.

Fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.

Where possible, contracts relating to commodities are measured using market prices related to the same instruments on both regulated and other markets.

The measurement criteria adopted for open derivatives positions at the end of the year were unchanged with respect to those used at the end of the previous year. The impact of such measurements on profit or loss and shareholders' equity are therefore attributable solely to normal market developments.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance sheet date.

The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

The financial assets and liabilities associated with derivative instruments are classified as:

- > cash flow hedge derivatives, related to hedging the risk of changes in cash flows associated with long-term floating-rate borrowings, hedging the exchange rate risk associated with the provisioning of fuels priced in foreign currencies, hedging revenues from the sale of electricity under a number of contracts entered into by Enel (two-way contracts for differences and other energy derivatives) and hedging the risk of changes in the prices of coal and oil commodities;
- > fair value hedge derivatives, related to hedging the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk;
- > derivatives hedging net investments in foreign operations from the translation risk in respect of the consolidation of equity investments denominated in a foreign currency;
- > trading derivatives associated with proprietary trading in commodities or hedging interest and exchange rate risk or commodity risk which it would be inappropriate to designate as cash flow hedges/fair value hedges or which do not meet the formal requirements of IAS 39.

Interest rate risk

The twin objectives of reducing the amount of debt subject to changes in interest rates and of containing borrowing costs is pursued with the use of a variety of derivatives contracts, notably interest rate swaps, interest rate options and swaptions. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge. Hedging strategies can also make use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).

Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is

considered too high with respect to Enel's expectations for future interest rate developments. In addition, interest rate options are also considered appropriate in periods of uncertainty about future interest rate developments, in order to benefit from any decreases in interest rates.

Swaptions involve the purchase of the right to enter into an interest rate swap at a future date on specified contractual terms and conditions (the fixed rate of the underlying interest rate swap represents the strike price of the option).

These contracts are normally used before bond issues (pre-hedge transactions) where the company wants to fix its borrowing costs ahead of time. They expire or are exercised in conjunction with the actual bond issue. As

with interest rate collars, zero-cost strategies can be implemented with swaptions, making it possible to fix the maximum and minimum interest rate ahead of time and to benefit from possible declines in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2010 and December 31, 2009 broken down by type of contract:

Millions of euro	Notional amount	
	2010	2009
Interest rate swaps	12,628	13,632
Interest rate options	4,308	4,375
Total	16,936	18,007

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2010 and December 31, 2009, broken down by designation (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009
Cash flow hedge derivatives:								
Interest rate swaps	9,432	9,951	(497)	(502)	8	10	(505)	(512)
Interest rate options	3,608	4,337	(64)	(119)	-	1	(64)	(120)
Fair value hedge derivatives:								
Interest rate swaps	98	598	9	-	9	8	-	(8)
Trading derivatives:								
Interest rate swaps	3,098	3,083	(163)	(172)	8	9	(171)	(181)
Interest rate options	700	38	(19)	(1)	-	-	(19)	(1)
Total interest rate swaps	12,628	13,632	(651)	(674)	25	27	(676)	(701)
Total interest rate options	4,308	4,375	(83)	(120)	-	1	(83)	(121)
TOTAL INTEREST RATE DERIVATIVES	16,936	18,007	(734)	(794)	25	28	(759)	(822)

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

Expected cash flows from interest rate derivatives

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2010	2011	2012	2013	2014	2015	Beyond
CFH on interest rates							
Positive fair value	8	(2)	(2)	-	5	1	4
Negative fair value	(569)	(267)	(186)	(99)	(51)	(21)	(50)
FVH on interest rates							
Positive fair value	9	3	2	2	1	1	4
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on interest rates							
Positive fair value	8	3	3	2	1	1	-
Negative fair value	(190)	(102)	(61)	(19)	(9)	(3)	(30)

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2010, 39% of net long-term financial debt was floating rate (51% at December 31, 2009). Taking into account cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 14% of the debt was exposed to interest rate risk at December 31, 2010 (26% at December 31, 2009). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure would be 7% (20% at December 31, 2009).

If interest rates had been 1 basis point higher at December 31, 2010, all other variables being equal, shareholders' equity would have been about €3 million higher (€5 million at December 31, 2009) as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 1 basis point lower at that date, all other variables being equal, shareholders' equity would have been €3 million lower (€5 million at December 31, 2009) as a result of the decrease in the fair value of CFH derivatives on interest rates.

An equivalent increase (decrease) in interest rates, all other variables being equal, would have a negative (positive) impact on the income statement in terms of higher (lower) interest expense on the portion of debt not hedged against interest rate risk of about €301 thousand (€1 million at December 31, 2009).

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

- > debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;
- > cash flows in respect of the purchase or sale of fuel or electricity on international markets;
- > cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign companies or the purchase or sale of equity investments.

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives such as currency forwards, cross currency interest rate swaps and currency options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent fixed- or floating-rate liability in euros. In addition to having notional amounts denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal. Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

Currency options involve the purchase (or sale) of the

right to exchange, at an agreed future date, two principal amounts denominated in different currencies on specified terms (the contractual exchange rate represents the option strike price). Such contracts may call for the actual exchange of the two amounts (deliverable) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable).

In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

The following table reports the notional amount of transactions outstanding at December 31, 2010 and December 31, 2009, broken down by type of hedged item:

Millions of euro	Notional amount	
	2010	2009
Cross currency interest rate swaps (CCIRs) hedging debt denominated in currencies other than the euro	13,934	12,606
Currency forwards hedging exchange rate risk on commodities	7,055	5,072
Currency forwards hedging future cash flows in currencies other than euro	554	594
Currency forwards hedging commercial paper	334	162
Other forward contracts	230	210
Options hedging exchange rate risk on commodities	-	102
Total	22,107	18,746

More specifically, these include:

- > CCIRs with a notional amount of €13,934 million to hedge the exchange rate risk on debt denominated in currencies other than the euro (€12,606 million at December 31, 2009);
- > currency forwards with a notional amount of €7,609 million used to hedge the exchange rate risk associated with purchases of fuel, imported electricity and expected cash flows in currencies other than the euro (€5,666 million at December 31, 2009); and
- > currency forwards with a notional amount of €334 million used to hedge the exchange rate risk associated

with redemptions of commercial paper issued in currencies other than the euro (€162 million at December 31, 2009).

At the end of 2010, other outstanding positions included currency forwards with a notional amount of €230 million (€210 million at December 31, 2009) not directly connected to individual exposures to exchange rate risk.

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2010 and December 31, 2009, divided by accounting treatment (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009
Cash flow hedge derivatives:								
- currency forwards	3,014	3,229	(11)	(1)	34	59	(45)	(60)
- CCIRs	13,419	12,084	(886)	(1,555)	671	207	(1,557)	(1,762)
Fair value hedge derivatives:								
- CCIRs	515	522	(6)	(50)	15	2	(21)	(52)
Derivatives hedging net investment in a foreign operation:								
- currency forwards	-	319	-	(9)	-	-	-	(9)
Trading derivatives:								
- currency forwards	5,159	2,490	(73)	4	55	35	(128)	(31)
- options	-	102	-	(3)	-	-	-	(3)
Total forwards	8,173	6,038	(84)	(6)	89	94	(173)	(100)
Total options	-	102	-	(3)	-	-	-	(3)
Total CCIRs	13,934	12,606	(892)	(1,605)	686	209	(1,578)	(1,814)
TOTAL EXCHANGE RATE DERIVATIVES	22,107	18,746	(976)	(1,614)	775	303	(1,751)	(1,917)

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

Expected cash flows from exchange rate derivatives

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2010	2011	2012	2013	2014	2015	Beyond
CFH on exchange rates							
Positive fair value	705	112	82	89	176	41	583
Negative fair value	(1,602)	(136)	(259)	(70)	(227)	(311)	(710)
FVH on exchange rates							
Positive fair value	15	8	8	6	(3)	11	(13)
Negative fair value	(21)	(2)	(16)	(2)	(1)	-	-
Trading derivatives on exchange rates							
Positive fair value	55	49	4	2	-	-	-
Negative fair value	(128)	(120)	(10)	(1)	-	-	-

An analysis of the Group's financial debt shows that 30% of medium- and long-term debt (27% at December 31, 2009) is denominated in currencies other than the euro. Taking into account exchange rate hedges and the portion of debt denominated in the functional currency of the country in which the Group company holding the debt position operates, the proportion of unhedged debt denominated in currencies other than the euro decreases to about 2% (3% at December 31, 2009), a proportion that is felt would not have a significant impact on the income statement in the event of a change in market exchange rates.

At December 31, 2010, assuming a 10% appreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been €1,449 million lower (€1,348 million at December 31, 2009) as a result of the decrease in the fair value of CFH derivatives on exchange rates. Conversely, assuming a 10% depreciation of the euro against the dollar, all other variables being equal, shareholders' equity would have been about €1,780 million higher (€1,633 million at December 31, 2009) as a result of the increase in the fair value of CFH derivatives on exchange rates.

Commodity risk

The exposure to the risk of changes in commodity prices is associated with the purchase of fuel for power plants and the purchase and sale of gas under indexed contracts as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on Power Exchange).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

Various types of derivatives are used to reduce the exposure to fluctuations in energy commodity prices and as part of proprietary trading activities (mainly forwards, swaps, commodity options, futures and contracts for differences).

Enel manages the risks associated with transactions in commodities used for the Group's core business and the general risks generated by proprietary trading separately. Each company/business unit is assigned specific risk limits for each type of commodity in each industrial or proprietary trading portfolio. Enel assesses and monitors compliance with the assigned risk limits in terms of Profit-at-Risk for the monthly exposures generated by the energy commodity industrial portfolios and in terms of Value-at-Risk with regard to the daily exposures generated by proprietary trading activities.

As regards electricity sold by the Group, Enel uses fixed-price contracts in the form of bilateral physical contracts and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case.

The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is quantified and managed on the basis of an estimation of developments in generation costs. The residual positions thus determined are aggregated on the basis of uniform risk factors that can be hedged in the market.

The following table reports the notional amounts and fair values of derivative contracts relating to commodities at December 31, 2010 and December 31, 2009.

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009
Cash flow hedge derivatives:								
- two-way contracts for differences	442	130	8	2	9	2	(1)	-
- swaps on oil commodities	89	183	11	(5)	11	2	-	(7)
- derivatives on coal	830	858	173	(83)	175	11	(2)	(94)
- other derivatives on energy	1,420	531	35	(5)	56	16	(21)	(21)
- derivatives on other commodities	524	367	48	54	48	54	-	-
Trading derivatives:								
- two-way contracts for differences	1,532	1,562	38	30	38	30	-	-
- swaps on oil commodities	5,489	1,919	98	17	312	104	(214)	(87)
- derivatives on coal	896	1,260	31	(2)	147	85	(116)	(87)
- futures/options on oil commodities	229	233	(5)	3	3	15	(8)	(12)
- swaps on gas transmission fees	-	17	-	(2)	-	-	-	(2)
- other derivatives on energy	11,510	10,964	(93)	36	21	339	(114)	(303)
- embedded derivatives	432	578	(356)	(441)	8	5	(364)	(446)
- derivatives on other commodities	445	637	21	28	38	53	(17)	(25)
TOTAL COMMODITY DERIVATIVES	23,838	19,239	9	(368)	866	716	(857)	(1,084)

Cash flow hedge derivatives refer to the physical positions in the underlying and, therefore, any positive (negative) change in the fair value of the underlying physical commodity corresponds to a negative (positive) change in the fair value of the derivative instrument, so the impact on the income statement is equal to zero. The following

table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2010 (gross of taxes) that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
	at Dec. 31, 2010		
Fair value of two-way contracts for differences in cash flow hedges	52	8	(35)
Fair value of derivatives on oil commodities in cash flow hedges	22	11	1
Fair value of derivatives on coal in cash flow hedges	88	173	258
Fair value of derivatives on energy in cash flow hedges	172	35	(104)
Fair value of derivatives on gas in cash flow hedges	(10)	48	105

The following table shows the fair value of derivatives and the consequent impact on the income statement and shareholders' equity at December 31, 2010 (gross of taxes), that would have resulted, all other conditions being

equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
at Dec. 31, 2010			
Fair value of two-way contracts for differences in trading transactions	123	38	(47)
Fair value of derivatives on energy commodities in trading transactions (dependent on the price of oil commodities)	88	93	97
Fair value of derivatives on coal in trading transactions	46	31	14
Fair value of derivatives on energy in trading transactions	(296)	(93)	97
Fair value of derivatives on other commodities in trading transactions	13	21	28

Embedded derivatives relate to contracts for the purchase and sale of energy entered into by Slovenské elektrárne in Slovakia. The market value at December 31, 2010 came to a negative €356 million, of which:

- a. a positive €8 million in respect of an embedded derivative whose fair value depends on the US inflation rate, the price of aluminum on the London Metal Exchange and the euro/dollar (EUR/USD) exchange rate;

- b. a negative €206 million in respect of an embedded derivative on the EUR/USD exchange rate;
- c. a negative €158 million in respect of a derivative on the price of gas.

The following tables show the fair value at December 31, 2010, as well as the value expected from a 10% increase and a 10% decrease in the underlying risk factors.

Fair value embedded derivative (a)

Millions of euro	US inflation rate	Spot price of aluminum	EUR/USD exchange rate
Decrease of 10%	10	2	7
Scenario at Dec. 31, 2010	8	8	8
Increase of 10%	7	18	9

Fair value embedded derivative (b)

Millions of euro	EUR/USD exchange rate
Decrease of 10%	(221)
Scenario at Dec. 31, 2010	(206)
Increase of 10%	(192)

Fair value embedded derivative (c)

Millions of euro	Gas price
Decrease of 10%	(141)
Scenario at Dec. 31, 2010	(158)
Increase of 10%	(173)

The following table reports the cash flows expected in coming years from these financial derivatives on commodities.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2010	2011	2012	2013	2014	2015	Beyond
Cash flow hedge derivatives:							
- Positive fair value	299	253	36	2	2	2	4
- Negative fair value	(24)	(19)	(5)	-	-	-	-
Trading derivatives:							
- Positive fair value	567	502	53	11	1	-	-
- Negative fair value	(833)	(552)	(151)	(130)			

Credit risk

Enel manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any significant concentration of credit risk.

The credit risk in respect of the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks, diversifying the exposure among different institutions and constantly monitoring their credit ratings.

In addition, during the year Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

As part of activities related to purchasing fuels for thermal generation and the sale and distribution of electricity, the distribution of gas and the sale of gas to eligible customers, Enel grants trade credit to external counterparties. The counterparties selected are carefully monitored through the assessment of the related credit risk and the pledge of suitable guarantees and/or security deposits to ensure adequate protection from default risk.

Liquidity risk

Enel SpA (directly and through its subsidiary Enel Finance International NV) is responsible for the centralized Group Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries International Endesa BV and Endesa Capital SA), meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

The Enel Group's access to the credit market despite the recent financial crisis was confirmed by the successful placement during the period of bonds on the European retail market totaling €3 billion and the 5-year €10 billion revolving credit line obtained by Enel SpA and Enel Finance International NV that can be used to manage working capital (unconnected with the refinancing program for existing debt).

At December 31, 2010, the Enel Group had a total of about €5.2 billion in cash or cash equivalents, of which €1.8

billion held by Endesa, as well as total committed credit lines of €20.2 billion, of which €6.7 billion held by Endesa. The committed credit lines amounted to €29.2 billion (€9 billion drawn), of which €8.6 billion held by Endesa (€1.8 billion drawn). In addition, the Group had uncommitted credit lines totaling €2.7 billion (€0.5 billion drawn), of which €1.6 billion held by Endesa (€0.4 billion drawn). Finally, the Group has outstanding commercial paper programs with a maximum ceiling of €11 billion (€7.4 billion drawn), of which €5 billion held by Endesa through its subsidiaries (€2 billion drawn).

6

Main changes in the scope of consolidation

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

2009

- > 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, 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 SeverEner-gia, a Russian company 100% owned until that date by Artic Russia, in which Enel and Eni have stakes of 40% and 60%, respectively. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company through Artic Russia, 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. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company, as from that date Enel Rete Gas has been accounted for using the equity method rather than being consolidated on a line-by-line basis.

2010

- > establishment of SE Hydropower, which operates in the generation of electricity in the Province of Bolzano, which as from June 1, 2010, the Group, despite holding only 40%, consolidates on a full line-by-line basis owing to specific shareholders' agreements concerning the governance of the company. The fair value of the assets acquired and liabilities and contingent liabilities assumed with the operation have been recognized on a provisional basis pending their definitive determination pursuant to IFRS 3;
- > disposal, on July 1, 2010, by Endesa of 50.01% of Endesa Hellas, a Greek company operating in the renewables generation sector;
- > disposal, on December 17, 2010, of 80% of Nubia 2000, a company owning assets (acquired during the year by Endesa Gas) in the gas transport and distribution industry in Spain. The sale also includes a 35% stake in Gas Aragon, which had previously been acquired by Nubia 2000.

Final allocation of the purchase price of the assets acquired and liabilities assumed in respect of 25.01% of Endesa

Following the acquisition on June 25, 2009 of the 25.01% of Endesa held directly and indirectly by Acciona, as from that date Enel holds 92.06% of that company, exercising full control.

In accordance with IFRS 3, in the consolidated financial statements at December 31, 2009, the fair values of the assets acquired and the liabilities and contingent liabilities assumed at the acquisition date had been determined on a provisional basis, since as at the balance sheet date a number of valuation processes for the last acquisition step had not yet been completed. The balance sheet included in the consolidated financial statements at December 31, 2009 reflected a number of adjustments made to the provisional allocation at the date of the last acquisition step, referring essentially to the adjustment of certain liabilities associated with certain components of Spain's power transmission grid.

The definitive fair value of the assets acquired and the liabilities and contingent liabilities assumed was determined in the 1st Half of 2010 (by the time limit established under IFRS 3 in the 2003 version applicable until January 1, 2010) and the positive difference between the purchase price and the fair value of the net assets acquired, equal to €3,424 million, was recognized under goodwill.

The following table reports the definitive calculation of the goodwill related to the acquisition of 25.01% of Endesa:

Calculation of goodwill

Millions of euro

Net assets acquired before allocation ⁽¹⁾	5,395
Fair value adjustments: ⁽²⁾	
- property, plant and equipment	262
- intangible assets	587
- other assets	31
- other non-current liabilities	1,109
- net deferred tax liabilities	(593)
- minority interests	(526)
Net assets acquired after allocation ⁽¹⁾	6,265
Value of the transaction ⁽³⁾	9,689
Goodwill	3,424

(1) Net assets stated in proportion to Enel's 25.01% holding.

(2) The adjustments have been determined with respect to a stake of 32.95%, which includes the portion attributable to minority interests.

(3) Including incidental expenses.

The goodwill of €3,424 million, in compliance with IFRS 3, reflects the positive difference between the purchase price and the fair value of the net assets acquired and regards the future economic benefits that cannot be separately recognized under the accounting principle.

The following table reports the provisional and definitive fair values of the assets acquired and the liabilities and contingent liabilities assumed at the acquisition date of June 25, 2009, indicating the amount recognized

following the provisional allocation at December 31, 2009 and the amount recognized in 2010 following the definitive allocation.

Endesa balance sheet at the acquisition date (25.01%)

Millions of euro	Carrying amount prior to June 25, 2009	Adjustments for provisional fair value measurement at Dec. 31, 2009	Adjustments for definitive fair value measurement in 2010	Restated carrying amount at June 25, 2009
Property, plant and equipment	13,171	37	225	13,433
Intangible assets	4,455	-	587	5,042
Inventories, trade receivables and other receivables	1,702	-	-	1,702
Cash and cash equivalents	560	-	-	560
Other current and non-current assets	4,693	31	-	4,724
Total assets	24,581	68	812	25,461
Shareholders' equity attributable to shareholders of the Parent Company	5,395	624	246	6,265
Minority interests	4,122	210	316	4,648
Financial debt	6,686	-	-	6,686
Trade payables	1,575	-	-	1,575
Financial liabilities and other current and non-current liabilities	5,382	(766)	250	4,866
Employee benefits and risk provisions	1,421	-	-	1,421
Total liabilities and shareholders' equity	24,581	68	812	25,461

The main adjustments, summarized above, to the fair values of the assets acquired and the liabilities and contingent liabilities assumed are attributable to the following factors:

- > the adjustment of the value of certain items of property, plant and equipment and intangible assets as a result of the completion of the measurement of their fair value;
- > the adjustment of the value of some liabilities connected with certain components of Spain's power transmission grid;
- > the determination, where applicable, of the tax effects of the above adjustments;
- > the allocation, where applicable, of the above adjustments to minority interests.

Compared with the provisional determination at December 31, 2009, the identification of the additional adjustments increased the value of the net assets acquired (excluding the share attributable to minority interests) by €984 million and, in compliance with IFRS 3 for business combinations completed in stages, 67.05% of the adjustment was recognized in equity attributable to the shareholders of the Parent Company (€656 million).

Taking account of the effect of the provisional allocation already made at December 31, 2009 in the amount of €1,670 million, the overall increase in Group equity attributable to the 67.05% of the identified adjustments amounted to €2,326 million.

7 Segment information

The representation of divisional performance and financial position presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

Segment information for 2010 and 2009

Results for 2010 ⁽¹⁾

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Elimination and adjustments	Total
Revenues from third parties	18,499	12,173	106	2,991	31,022	6,203	1,934	358	102	(11)	73,377
Revenues from other segments	198	5,367	502	4,436	241	157	245	321	1,031	(12,498)	-
Total revenues	18,697	17,540	608	7,427	31,263	6,360	2,179	679	1,133	(12,509)	73,377
Net income/(charges) from commodity risk management	(587)	788	-	-	28	(29)	89	(9)	-	-	280
Operating income	58	1,832	10	2,911	4,643	903	966	(75)	26	(16)	11,258
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(3,184)
Income taxes	-	-	-	-	-	-	-	-	-	-	2,401
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	5,673
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	5,673
Operating assets	6,162	14,934	316	17,680	77,764 ⁽²⁾	13,103 ⁽⁵⁾	9,654 ⁽⁸⁾	1,075	2,529	(5,732)	137,485
Operating liabilities	5,673	4,467	374	5,825	13,500 ⁽³⁾	5,184 ⁽⁶⁾	1,235 ⁽⁹⁾	1,166	1,543	(5,734)	33,233
Capital expenditure	62	648	5	1,147	2,866 ⁽⁴⁾	1,210 ⁽⁷⁾	1,065 ⁽¹⁰⁾	7	80	-	7,090

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.

(2) Of which €484 million regarding units classified as "held for sale".

(3) Of which €145 million regarding units classified as "held for sale".

(4) Does not include €76 million regarding units classified as "held for sale".

(5) Of which €592 million regarding units classified as "held for sale".

(6) Of which €26 million regarding units classified as "held for sale".

(7) Does not include €10 million regarding units classified as "held for sale".

(8) Of which €399 million regarding units classified as "held for sale".

(9) Of which €14 million regarding units classified as "held for sale".

(10) Does not include €11 million regarding units classified as "held for sale".

Results for 2009 restated ^{(1) (2)}

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Renewable Int'l	Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	20,034	12,393	212	2,608	21,797	5,386	1,520	335	116	(39)	64,362
Revenues from other segments	296	5,984	691	4,665	3	182	231	302	976	(13,330)	-
Total revenues	20,330	18,377	903	7,273	21,800	5,568	1,751	637	1,092	(13,369)	64,362
Net income/(charges) from commodity risk management	(871)	811	-	-	173	31	116	4	-	-	264
Operating income	10	2,482	14	3,137	3,659	808	938	(34)	23	(5)	11,032
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(1,687)
Income taxes	-	-	-	-	-	-	-	-	-	-	2,597
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	6,748
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	(158)
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	6,590
Operating assets	6,598	15,054	342	17,272	80,799 ⁽⁴⁾	12,292	6,423	1,229	2,197	(6,142)	136,064
Operating liabilities	5,471	4,218	363	5,651	13,034 ⁽⁵⁾	4,786	804	1,090	1,612	(4,981)	32,048
Capital expenditure	80	783	5	1,112 ⁽³⁾	2,962 ⁽⁶⁾	1,014	771	6	92	-	6,825

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.

(2) The figures were restated as a result of the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(3) Does not include €63 million regarding units classified as "held for sale".

(4) Of which €485 million regarding units classified as "held for sale".

(5) Of which €102 million regarding units classified as "held for sale".

(6) Does not include €134 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated ⁽¹⁾
Total assets	168,052	162,331
Financial assets, cash and cash equivalents	22,934	18,480
Tax assets	7,633	7,787
Segment assets	137,485	136,064
- of which:		
Sales	6,162	6,598
Generation and Energy Management	14,934	15,054
Engineering and Innovation	316	342
Infrastructure and Networks	17,680	17,272
Iberia and Latin America ⁽²⁾	77,764	80,799
International ⁽³⁾	13,103	12,292
Renewable Energy ⁽⁴⁾	9,654	6,423
Parent Company	1,075	1,229
Services and Other Activities	2,529	2,197
Eliminations and adjustments	(5,732)	(6,142)
Total liabilities	114,507	116,398
Loans and other financial liabilities	68,683	71,141
Tax liabilities	12,591	13,209
Segment liabilities	33,233	32,048
- of which:		
Sales	5,673	5,471
Generation and Energy Management	4,467	4,218
Engineering and Innovation	374	363
Infrastructure and Networks	5,825	5,651
Iberia and Latin America ⁽⁵⁾	13,500	13,034
International ⁽⁶⁾	5,184	4,786
Renewable Energy ⁽⁷⁾	1,235	804
Parent Company	1,166	1,090
Services and Other Activities	1,543	1,612
Eliminations and adjustments	(5,734)	(4,981)

(1) The figures were restated as a result of the retrospective application of a number of accounting standards, as well as the completion of the process of allocating the cost of the purchase of 25.01% of Endesa to the assets acquired and liabilities assumed.

(2) Of which €484 million regarding units classified as "held for sale" at December 31, 2010 (€485 million at December 31, 2009).

(3) Of which €592 million regarding units classified as "held for sale" at December 31, 2010.

(4) Of which €399 million regarding units classified as "held for sale" at December 31, 2010.

(5) Of which €145 million regarding units classified as "held for sale" at December 31, 2010 (€102 million at December 31, 2009).

(6) Of which €26 million regarding units classified as "held for sale" at December 31, 2010.

(7) Of which €14 million regarding units classified as "held for sale" at December 31, 2010.

Information on the Consolidated Income Statement

Revenues

8.a Revenues from sales and services - €71,943 million

Millions of euro

	2010	2009 restated	2010-2009
Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies	64,045	56,285	7,760
Revenues from the sale and transport of natural gas to end users	3,574	2,996	578
Revenues from fuel sales	449	301	148
Connection fees for the electricity and gas networks	1,429	1,012	417
Revenues for contract work in progress	170	420	(250)
Other sales and services	2,276	1,484	792
Total	71,943	62,498	9,445

"Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies" primarily include €9,588 million in revenues from the transport and sale of electricity on the domestic enhanced protection market (€10,458 million in 2009) and €757 million on the safeguard market (€743 million in 2009), €8,491 million in revenues from the sale of electricity on the Power Exchange and to other domestic resellers (€8,743 million in 2009), €7,521 million in revenues from the transport and sale of electricity on the domestic free market (€7,380 million in 2009), and €36,210 million in revenues from the sale and transport of electricity abroad (€28,869 million in 2009).

In addition to the change in the method used to consolidate Endesa as from June 2009, revenues from the sale and transport of electricity abroad were affected by the effects (€2,180 million) of the application as from July 1, 2009 of the new rate rules for the Spanish electricity sales and distribution market with the introduction of the *Tarifa de Ultimo Recurso* (TUR). The changes involved the

separate recognition in the income statement of the revenues and costs concerning, respectively, the sale and purchase of electricity, including transport costs, which had previously been offset.

"Revenues from the sale and transport of natural gas to end users" came to €3,574 million in 2010 and include €2,244 million in revenues from the sale and transport of natural gas in Italy (€2,139 million in 2009) and sales of natural gas abroad amounting to €1,330 million (€857 million in 2009).

"Revenues from fuel sales" came to €449 million in 2010 and include €179 million in sales of natural gas (€73 million in 2009), while the sale of other fuels amounted to €270 million (€228 million in 2009).

"Connection fees for the electricity and gas networks" reflect the impact of the application of IFRIC 18 in 2010 in the amount of €548 million (€327 million in 2009).

"Revenues for contract work in progress" refer to engineering and construction work for third parties.

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2010	2009 restated
Italy	30,767	30,770
Europe	27,586	21,548
Americas	9,907	8,374
Russia	3,492	1,746
Other	191	60
Total	71,943	62,498

8.b Other revenues - €1,434 million

Millions of euro

	2010	2009 restated	2010-2009
Reimbursement of stranded costs for Nigerian gas	-	145	(145)
Cost contributions and other fees	21	198	(177)
Sundry reimbursements	107	176	(69)
Gains on disposal of assets	127	363	(236)
Gains on sale of property, plant and equipment and intangible assets	33	49	(16)
Service continuity bonuses	100	106	(6)
Other revenues	1,046	827	219
Total	1,434	1,864	(430)

"Reimbursement of stranded costs for Nigerian gas" in 2009 regards amounts received in respect of reimbursement of irrecoverable costs in respect of Nigerian gas for generation plants. As from January 1, 2010, the right to reimbursement expired and so no revenues for this item have been recognized for 2010.

"Cost contributions and other fees" regard revenues on certain connections to the electricity and gas networks.

"Sundry reimbursements" include €42 million paid by customers (€152 million in 2009).

"Gains on disposal of assets" amounted to €127 million in 2010 and largely comprise the gain on the sale of the Spanish high-voltage grid (€55 million) and the gain on the sale of 80% of the gas distribution assets in Spain (€15 million). In 2009 gains on the disposal of assets came to €363 million, accounted for by the gain on the sale of Enel Linee Alta Tensione (ELAT) on April 1, 2009 (€295 million) and the gain on the sale of 51% of SeverEnergia on September 23, 2009 (€68 million).

Costs

9.a Raw materials and consumables - €36,457 million

Millions of euro

	2010	2009 restated	2010-2009
Electricity	24,714	23,660	1,054
Fuel and gas	9,422	7,570	1,852
Materials	2,321	1,408	913
Total	36,457	32,638	3,819
- of which capitalized costs for materials	(1,057)	(926)	(131)

Purchases of "electricity" comprise those from the Single Buyer in the amount of €6,066 million (€6,770 million in 2009), purchases from the Energy Markets Operator in the amount of €3,347 million (€4,456 million in 2009) and the effect (€743 million) of the application as from July 1,

2009 of the *Tarifa de Ultimo Recurso* (TUR), as discussed in the comments on revenues from electricity sales.

Purchases of "fuel and gas" include €4,844 million in natural gas purchases (€3,907 million in 2009) and €4,578 million in purchases of other fuels (€3,663 million in 2009).

9.b Services - €13,628 million

Millions of euro

	2010	2009 restated	2010-2009
Electricity and gas wheeling	8,436	5,407	3,029
Maintenance and repairs	1,236	1,154	82
Telephone and postal costs	314	281	33
Communication services	139	143	(4)
IT services	177	171	6
Leases and rentals	599	519	80
Other	2,727	2,329	398
Total	13,628	10,004	3,624

Service costs for 2010 came to €13,628 million and include the Endesa contribution of €8,255 million (€5,175 million in 2009). The item was affected by the regulatory changes associated with the application as from July 1, 2009 of the

Tarifa de Ultimo Recurso (TUR), in the amount of €1,437 million, and the change in the method of consolidation used for Endesa.

9.c Personnel - €4,907 million

Millions of euro

	2010	2009 restated	2010-2009
Wages and salaries	3,370	3,099	271
Social security contributions	839	794	45
Post-employment benefits	116	111	5
Other costs	582	904	(322)
Total	4,907	4,908	(1)
- of which capitalized	(708)	(667)	(41)

Personnel costs were essentially unchanged in 2010 as the increase in compensation taking effect as from January 1, 2009 consequent upon the renewal of the collective bargaining agreement for the Italian electricity industry was offset by the decline in "other costs", which included charges connected with early retirement incentives in the amount of €388 million (€713 million in 2009). In addition,

costs in respect of termination benefits recognized in 2010 amounted to €206 million (€232 million in 2009).

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2010.

	Average number ⁽¹⁾			Headcount ⁽¹⁾ at Dec. 31, 2010 ⁽²⁾
	2010	2009	2010-2009	
Senior managers	1,336	1,309	27	1,256
Middle managers	14,110	8,171	5,939	14,255
Office staff	42,669	45,884	(3,215)	42,166
Workers	21,798	22,739	(941)	20,636
Total	79,913	78,103	1,810	78,313

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.

(2) Of which 2,324 in units classified as "Assets held for sale".

9.d Depreciation, amortization and impairment losses - €6,222 million

Millions of euro

	2010	2009 restated	2010-2009
Depreciation	4,407	4,054	353
Amortization	865	520	345
Impairment losses	950	765	185
Total	6,222	5,339	883

"Depreciation" totaled €4,407 million in 2010 and include the contribution of €2,216 million from Endesa (€1,886 million in 2009).

"Impairment losses" in 2010 include €717 million in writ-

edowns of trade receivables (€547 million in 2009), as well as adjustment of the goodwill of Endesa Ireland in the amount of €115 million on the basis of the status of negotiations as of the balance sheet date.

9.e Other operating expenses - €2,950 million

Millions of euro

	2010	2009 restated	2010-2009
Provisions for risks and charges	393	268	125
Purchase of green certificates	223	426	(203)
Taxes and duties	1,057	657	400
Losses on disposal of assets	3	2	1
Other	1,274	945	329
Total	2,950	2,298	652

"Taxes and duties" in 2010 include system charges (€233 million) allocated under Royal Decree 14/2010 on Spanish renewable resource generation companies.

9.f Capitalized costs - €(1,765) million

Capitalized costs consist of €708 million in personnel costs and €1,057 million in materials costs (compared with €667 million and €926 million, respectively, in 2009).

Net income/(charges) from commodity risk management

10. Net income/(charges) from commodity risk management - €280 million

Net income from commodity risk management reflects charges on open positions in commodity derivatives at €342 million in income realized on positions closed during December 31, 2010. the year, partially offset by €62 million in net unrealized

Millions of euro

	2010	2009 restated	2010-2009
Income			
Unrealized on contracts for differences	3	-	3
Unrealized on other contracts	588	67	521
Total unrealized income	591	67	524
Realized on two-way contracts for differences	15	-	15
Realized on other contracts	1,038	651	387
Total realized income	1,053	651	402
Total income	1,644	718	926
Charges			
Unrealized on other contracts	(653)	(72)	(581)
Total unrealized income	(653)	(72)	(581)
Realized on contracts for differences	-	(41)	41
Realized on other contracts	(711)	(341)	(370)
Total realized income	(711)	(382)	(329)
Total charges	(1,364)	(454)	(910)
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	280	264	16
- of which trading/non-IFRS-IAS hedge derivatives	265	260	5
- of which ineffective portion of CFH	-	-	-

11. Financial income/(expense) - €(3,198) million

Financial income

Millions of euro

	2010	2009 restated	2010-2009
Total interest and other income from financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	35	253	(218)
- financial income on non-current securities at fair value through profit or loss	2	3	(1)
- interest income at effective rate on short-term financial investments	223	88	135
Total interest and other income from financial assets	260	344	(84)
Foreign exchange gains	735	971	(236)
Income from derivative instruments:			
- income from cash flow hedge derivatives	726	374	352
- income from derivatives at fair value through profit or loss	332	1,169	(837)
- income from fair value hedge derivatives	76	103	(27)
Total income from derivative instruments	1,134	1,646	(512)
Income from equity investments	97	199	(102)
Other income	350	433	(83)
TOTAL FINANCIAL INCOME	2,576	3,593	(1,017)

Financial income amounted to €2,576 million, down €1,017 million on the previous year.

Financial income from derivatives came to €1,134 million, of which €247 million realized (€240 million in 2009) and €887 million unrealized (€1,406 million in 2009). More specifically, unrealized income in 2009 included the

positive effect of €970 million generated by the early exercise of the put option granted to Acciona in the contract of March 26, 2007. The option was exercised with the acquisition by Enel of the 25.01% of Endesa held, directly and indirectly, by Acciona.

Financial expense

Millions of euro

	2010	2009 restated	2010-2009
Interest expense and other charges on financial debt (current and non-current):			
- interest expense on bank loans	590	895	(305)
- interest on bonds	1,860	1,314	546
- interest expense on other loans	217	207	10
- financial expense on securities at fair value through profit or loss	-	-	-
- commissions on unused lines of credit	15	2	13
Total interest expense and other charges on financial debt	2,682	2,418	264
Foreign exchange losses	1,244	954	290
Expense on derivative instruments:			
- expense on cash flow hedge derivatives	514	704	(190)
- expense on derivatives at fair value through profit or loss	482	280	202
- expense on fair value hedge derivatives	13	55	(42)
Total expense on derivative instruments	1,009	1,039	(30)
Accretion of post-employment and other employee benefits	278	228	50
Accretion of other provisions	252	370	(118)
Charges on equity investments	1	52	(51)
Other charges	308	273	35
TOTAL FINANCIAL EXPENSE	5,774	5,334	440

Financial expense totaled €5,774 million, an increase of €440 million on 2009.

In particular, "interest expense and other charges on financial debt" essentially reflect the full consolidation of Endesa's debt, as well as the refinancing strategy undertaken in the last quarter of 2009 and continued in 2010 to lengthen the average residual maturity of the debt and replace the Credit Agreement.

"Foreign exchange losses" amounted to €1,244 million

(€954 million in 2009) and are mainly attributable to the debt denominated in currencies other than the euro, which was hedged with corresponding cross currency interest rate swaps.

"Expense on derivative instruments" came to €1,009 million, of which €599 million in realized charges (€540 million in 2009) and €410 million in unrealized charges (€499 million in 2009).

12. Share of income/(expense) from equity investments accounted for using the equity method - €14 million

Millions of euro

	2010	2009 restated	2010-2009
Income from associates	62	60	2
Expense on associates	(48)	(6)	(42)
Total	14	54	(40)

13. Income taxes - €2,401 million

Millions of euro

	2010	2009 restated	2010-2009
Current taxes	2,634	3,079	(445)
Specific tax on gains from realignment	-	15	(15)
Adjustments for income taxes related to prior years	(106)	(293)	187
Deferred tax liabilities	(194)	(391)	197
Deferred tax assets	67	187	(120)
Total	2,401	2,597	(196)

Income taxes for 2010 came to €2,401 million, equal to 29.7% of taxable income, compared with 27.8% in 2009. The estimated tax liability of foreign companies is €804

million (€830 million in 2009). The following table reconciles the theoretical tax rate with the effective rate.

Millions of euro

	2010		2009 restated	
Income before taxes	8,074		9,345	
Theoretical tax	2,220	27.5%	2,571	27.5%
Permanent differences; effect of different foreign tax rates and minor items	(302)	-3.7%	(378)	-4.0%
Discharge of liability under Law 244/07	-	-	(21)	-0.2%
IRES surtax (Decree Law 112/08)	158	2.0%	204	2.2%
Difference on estimated income taxes from prior years for Italian companies	(48)	-0.6%	(155)	-1.7%
Irap	373	4.5%	376	4.0%
Total	2,401	29.7%	2,597	27.8%

14. Net income from discontinued operations - €0 million

In 2009 the item reports the results, net of the related tax effect, attributable to Enel Rete Gas until the date of its deconsolidation, as have the effects of the disposal of the company on September 30, 2009. More specifically, in addition to the adjustment of the value of the assets (€136

million) carried out in the 1st Quarter of 2009 when the parties reached agreement on the value of the assets and liabilities involved in the sale, these results include the loss (€73 million) on the sale itself.

Millions of euro

	2010	2009	2010-2009
Enel Rete Gas:			
Revenues	-	233	(233)
Costs	-	(186)	186
Operating income	-	47	(47)
Net financial expense	-	(20)	20
Income taxes	-	24	(24)
Net income of Enel Rete Gas	-	51	(51)
Adjustment of the value of the equity investment and gain/(loss) on the disposal of Enel Rete Gas	-	(209)	209
Net income from assets acquired for resale	-	-	-
NET INCOME FROM DISCONTINUED OPERATIONS	-	(158)	158

Information on the Consolidated Balance Sheet

Assets

Non-current assets

15. Property, plant and equipment - €78,094 million

Changes in property, plant and equipment for 2009 and 2010 are shown below:

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	Total
Cost	310	8,972	91,803	383	1,027	444	141	6,772	109,852
Accumulated depreciation	-	4,097	44,702	284	537	147	80	-	49,847
Balance at December 31, 2008	310	4,875	47,101	99	490	297	61	6,772	60,005
Capital expenditure	3	56	1,390	12	82	29	6	4,649	6,227
Assets entering service	62	187	4,041	1	43	56	32	(4,422)	-
Exchange rate differences	14	(49)	446	(1)	16	7	-	118	551
Change in scope of consolidation	79	106	10,782	(2)	65	59	3	1,382	12,474
Depreciation	-	(241)	(3,453)	(18)	(101)	(15)	(20)	-	(3,848)
Impairment losses	-	3	(77)	1	(2)	-	-	-	(75)
Other changes	74	460	809	-	76	(62)	2	(16)	1,343
Reclassification from/to "Assets held for sale"	(3)	(9)	205	(5)	(117)	-	-	(161)	(90)
Total changes	229	513	14,143	(12)	62	74	23	1,550	16,582
Cost	539	9,726	109,399	389	1,189	533	184	8,322	130,281
Accumulated depreciation	-	4,338	48,155	302	637	162	100	-	53,694
Balance at December 31, 2009 restated	539	5,388	61,244	87	552	371	84	8,322	76,587
Capital expenditure	16	72	1,619	17	75	284	2	4,290	6,375
Assets entering service	-	102	3,587	1	36	-	12	(3,738)	-
Exchange rate differences	21	57	1,385	-	63	23	-	188	1,737
Change in scope of consolidation	3	18	115	1	1	-	-	40	178
Depreciation	-	(245)	(3,888)	(16)	(144)	(23)	(24)	-	(4,340)
Impairment losses	(7)	-	(52)	-	-	-	-	(45)	(104)
Other changes	12	(258)	179	1	(87)	(7)	(3)	91	(72)
Reclassification from/to "Assets held for sale"	(19)	(63)	(1,868)	-	6	-	-	(323)	(2,267)
Total changes	26	(317)	1,077	4	(50)	277	(13)	503	1,507
Cost	565	10,115	138,809	409	1,738	756	202	8,825	161,419
Accumulated depreciation	-	5,044	76,488	318	1,236	108	131	-	83,325
Balance at December 31, 2010	565	5,071	62,321	91	502	648	71	8,825	78,094

"Plant and machinery" includes assets to be relinquished with a net carrying amount of €11,148 million (€10,212 million at December 31, 2009), €7,925 million of which related to power generation plants (€7,097 million at December 31, 2009) and €2,615 million to Endesa's electricity distribution network (€2,558 million at December 31, 2009).

The change for the period is attributable to the sale of certain high-voltage electricity distribution assets to Red Eléctrica de España (REE) under the transitional provisions of Spanish Law 17/07. That effect was more than offset by exchange rate differences and capital expenditure for the year.

"Leased assets" include certain assets which the Group is using in Spain, France, Greece, Latin America and Slovakia. More specifically, in Spain the assets regard a 25-year tolling contract under which Endesa has access to the generation capacity of a combined cycle plant for which Elecgas has undertaken to transform gas into electricity in exchange for a "toll" at a rate of 9.62%. In France and Greece, they regard wind plants under 15/20-year leases. In Latin America, the assets regard leased power transmission lines and plant (Ralco-Charrúa), under a 20-year lease at a 6.5% rate, as well as a number of combined cycle plants (8-year lease bearing a floating rate).

The leased assets in Slovakia essentially regard the sale and lease back agreements for the V1 nuclear power plant at Jaslovské Bohunice and the hydroelectric plant at Gabčíkovo. The leasing arrangements were a necessary condition for the start of the privatization of the Slovakian electricity system. The lease for the V1 plant covers the entire remaining useful life of the asset and the period between the end of generation and the start of the decommissioning process, while the lease for the Gabčíkovo plant has a 30-year term as from April 2006.

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

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2009	
2010	31	22
2011-2014	120	93
After 2014	243	159
Total	394	274

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2010	
2011	70	31
2012-2015	254	102
After 2015	813	432
Total	1,137	565

The table below summarizes capital expenditure in 2010 by category. These expenditures, totaling €6,375 million, rose by €148 million compared with 2009.

Millions of euro	2010	2009
Power plants:		
- thermal	1,818	2,005
- hydroelectric	391	341
- geothermal	148	151
- nuclear	661	379
- alternative energy resources	745	640
Total power plants	3,763	3,516
Electricity distribution network	2,520	2,237
Gas distribution network	-	82
Land, buildings and other assets and equipment	92	392
TOTAL	6,375	6,227

Capital expenditure on power plants totaled €3,763 million, an increase of €247 million on the previous year. This mainly reflects increased investment in nuclear power plants by the International Division.

Capital expenditure for the electricity distribution network totaled €2,520 million, an increase of €283 million year on year.

Investment in the gas distribution network fell by €82 million following the sale of the distribution network in Spain.

The "change in scope of consolidation" for 2010 mainly concerned acquisitions involving the Renewable Energy Division.

The "reclassification from/to 'Assets held for sale'" in 2010 essentially includes:

- > the assets in respect of the Spanish power transmission grid (€961 million), subsequently sold in December 2010;
- > the Enel Maritza East 3 plant (€567 million);
- > the natural gas transport assets in Spain (€341 million),

- subsequently sold in December 2010;
- > the share of the property, plant and equipment of Enel Unión Fenosa Renovables (€245 million) that will be sold under the agreement with Gas Natural;
 - > the plants of Endesa Ireland (€127 million).

In 2009, "other changes" included the effect of the allocation of the purchase price of 25.01% of Endesa, as discussed in note 6 of these consolidated financial statements.

16. Intangible assets - €39,071 million

Changes in intangible assets for 2009 and 2010 are shown below:

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	Goodwill	Total
Cost	45	850	8,314	1,372	1,606	298	16,039	28,524
Accumulated amortization	13	521	201		638	-	-	1,373
Balance at January 1, 2009 restated	32	329	8,113	1,372	968	298	16,039	27,151
Capital expenditure	2	54	11	195	45	291	-	598
Assets entering service	1	94	1		52	(148)	-	-
Exchange rate differences	(1)	10	843	582	(58)	1	218	1,595
Change in scope of consolidation	3	69	4,381	806	69	43	3,476	8,847
Amortization	(2)	(183)	(231)	(151)	(104)	-	-	(671)
Impairment losses	-	-	(10)		(90)	(1)	(3)	(104)
Other changes	-	62	2,301	45	285	(63)	(685)	1,945
Reclassification to "Assets held for sale"	-	(1)	(70)		(570)	-	-	(641)
Total changes	3	105	7,226	1,477	(371)	123	3,006	11,569
Cost	50	1,138	15,771	2,849	1,339	421	19,045	40,613
Accumulated amortization	15	704	432	-	742	-	-	1,893
Balance at December 31, 2009 restated	35	434	15,339	2,849	597	421	19,045	38,720
Capital expenditure	2	119	10	350	49	178	-	708
Assets entering service	-	167	1	-	58	(226)	-	-
Exchange rate differences	-	9	1,244	333	6	2	82	1,676
Change in scope of consolidation	4	-	-	-	1	-	41	46
Amortization	-	(239)	(267)	(241)	(106)	-	-	(853)
Impairment losses	-	-	1	-	(7)	(1)	(13)	(20)
Other changes	-	24	(53)	(51)	44	(23)	193	134
Reclassification to "Assets held for sale"	(28)	(10)	(425)	-	1	-	(878)	(1,340)
Total changes	(22)	70	511	391	46	(70)	(575)	351
Cost	13	2,087	16,783	4,611	1,442	351	18,470	43,757
Accumulated amortization	-	1,583	933	1,371	799	-	-	4,686
Balance at December 31, 2010	13	504	15,850	3,240	643	351	18,470	39,071

In 2009, “other changes” included the effect of the allocation of the purchase price of 25.01% of Endesa, as discussed in note 6 of these consolidated financial statements. In 2010, the item “reclassification to ‘Assets held for sale’” essentially regards the value attributed to the concession for the distribution of high-voltage electricity in Spain, which was sold to Red Eléctrica de España.

“Industrial patents and intellectual property rights” relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the item’s residual useful life (on average between three and five years).

“Concessions, licenses, trademarks and similar rights” include costs incurred by the gas companies and the foreign electricity distribution companies to build up their customer base. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

The item includes assets with an indefinite useful life in the amount of €10,348 million. The forecast cash flows for each of the electricity distribution concessions in Spain and various Latin American countries are sufficient to recover the value of the intangible asset.

“Goodwill” amounted to €18,470 million, a decrease of €575 million over the previous year.

Millions of euro		Change in scope of consolidation	Exchange rate differences	Reclassification to “Assets held for sale”	Other changes	
	at Dec. 31, 2009 restated					at Dec. 31, 2010
Endesa	15,313	-	-	(817)	5	14,501
Enel OGK-5	1,178	-	67	-	(3)	1,242
Enel Green Power Group ⁽¹⁾	869	41	22	(46)	(20)	866
Slovenské elektrárne	697	-	-	-	-	697
Enel Energia	579	-	-	-	-	579
Enel Distributie Muntenia	228	-	(1)	-	179	406
Enel Energie Muntenia	58	-	-	-	31	89
RusEnergosbyt	42	-	2	-	-	44
Nuove Energie	26	-	-	-	-	26
Marcinelle Energie	20	-	-	-	-	20
SeverEnergia/Eni Russia	18	-	(8)	-	(10)	-
Enel Maritza East 3	13	-	-	(13)	-	-
Wisco	2	-	-	-	(2)	-
Enel Operations Bulgaria	2	-	-	(2)	-	-
Total	19,045	41	82	(878)	180	18,470

(1) Includes Enel Green Power España, Enel Latin America, Enel Panama, Inelec, Enel North America, Enel Unión Fenosa Renovables, Enel Green Power Hellas, Enel Green Power France, Enel Green Power Italia, Enel Green Power Romania and Enel Green Power Bulgaria.

The “change in scope of consolidation” is essentially attributable to the recognition of provisional goodwill in respect of the acquisition of Padoma Wind Power.

The “reclassification to ‘Assets held for sale’” essentially regards the goodwill recognized in respect of natural gas distribution operations in Spain (€426 million, related to the disposal of Endesa Gas in December 2010), the assets held by Endesa in Ireland (€312 million) and the assets of Enel Unión Fenosa Renovables due to be divested under the agreements signed with Gas Natural (€46 million).

“Other changes” essentially comprises the change in the valuation at period-end of the debt associated with the acquisition of minority stakes (including Enel Distributie Muntenia and Enel Energie Muntenia) under a number of put options granted to minority shareholders as part of the acquisitions of those companies.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the asset using discounted cash flow models, which involve estimating

expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. More specifically, the cash flows were determined on the basis of the most recent forecasts and the assumptions underlying those forecasts, in line with the Group business plan. To discount certain flows, an explicit period consistent with the time horizon of the business plan was used and the overall length of the period is consistent with the average useful life of the assets or the duration of the concessions. The terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity (depending on the country involved) or in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet. In order to verify the robustness of the value in use of the

assets, sensitivity analyses were conducted, which fully supported that value. With specific reference to the main goodwill amounts recognized, sensitivity analyses were conducted for changes in the discount rate (+100 basis points) and the growth rate (-100 basis points) used in determining terminal values. The criteria used to identify the cash generating units were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as the level of reporting monitored by management

The table below reports the balance of main goodwill according to the company to which the cash generating unit belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Tax rate	Growth rate ⁽¹⁾	Discount rate WACC ⁽²⁾	Explicit period of cash flows	Terminal value ⁽³⁾
at Dec. 31, 2010						
Endesa - Iberian peninsula ⁽⁴⁾	11,241	29.9%	2.1%	5.8%	10 years	Perpetuity
Endesa - Latina America	3,260	29.3%	4.5%	7.6%	10 years	Perpetuity
Enel OGK-5	1,242	20%	1.4%	9.8%	10 years	Perpetuity
Slovenské elektrárne	697	19%	2.0%	5.9%	10 years	20
Enel Energia	579	36.9%	1.6%	5.1%	10 years	10
Enel Romania ⁽⁵⁾	495	16%	3.0%	8.3%	10 years	Perpetuity
Enel Green Power España ⁽⁶⁾	385	30%	2.0%	5.7%	5 years	17
Enel North America	120	35%	2.0%	5.8%	5 years	22
Enel Panama	100	30%	2.5%	7.6%	5 years	Perpetuity
Inelec	92	28%	2.5%	7.8%	5 years	Perpetuity
Enel Green Power Hellas	70	25%	2.0%	6.0%	10 years	Repowering ⁽⁷⁾
Enel Latin America	64	26.5%	2.5%	7.7%	5 years	34
RusEnergosbyt	44	20%	no terminal value		13 years	-
Nuove Energie	26	31.4%	1.6%	5.6%	10 years	22
Enel Green Power France	25	33.3%	2.0%	6.0%	5 years	Repowering ⁽⁷⁾
Marcinelle Energie	20	34%	1.4%	5.3%	10 years	16

(1) Perpetual growth rate of cash flows after explicit period.

(2) WACC represents the weighted average capital cost.

(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.

(4) Goodwill includes the portion referring to Enel Green Power España.

(5) Includes all companies operating in Romania.

(6) Includes the goodwill of Enel Unión Fenosa Renovables.

(7) Terminal value calculated as the perpetual yield of a cash flow that includes the annual investment in repowering of the plants at the end of the explicit period.

17. Deferred tax assets and liabilities - €6,017 million and €11,147 million

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

regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro		Increase/ (Decrease) taken to income statement	Change in scope of consolidation	Other changes	Exchange rate differences	Reclassification to "Assets held for sale"	
	at Dec. 31, 2009 restated						at Dec. 31, 2010
Deferred tax assets:							
- differences in the value of intangible assets, property, plant and equipment	1,218	(97)	4	17	12	-	1,154
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,697	(48)	(3)	68	4	-	2,718
- tax losses carried forward	93	20	(1)	20	1	-	133
- measurement of financial instruments	808	(174)	(2)	(226)	9	-	415
- other items	1,422	232	1	(124)	69	(3)	1,597
Total	6,238	(67)	(1)	(245)	95	(3)	6,017
Deferred tax liabilities:							
- differences on non-current and financial assets	1,269	(77)	-	(266)	129	-	1,055
- income subject to deferred taxation	104	(75)	-	-	-	-	29
- allocation of excess costs to assets	8,288	(83)	-	(16)	16	(202)	8,003
- measurement of financial instruments	561	(187)	-	(158)	-	-	216
- other items	885	228	2	488	264	(23)	1,844
Total	11,107	(194)	2	48	409	(225)	11,147
Non-offsettable deferred tax assets							824
Non-offsettable deferred tax liabilities							4,786
Offsettable net deferred tax assets							1,168

As of December 31, 2010, deferred tax assets totaled €6,017 million, a decrease of €221 million compared with December 31, 2009.

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,133 million because, on the basis of current estimates of future taxable income, it is not certain that such assets could be recovered. More specifically, the losses are essentially attributable to the holding companies located in the Netherlands (€608 million).

Deferred tax liabilities, which totaled €11,147 million at December 31, 2010 (€11,107 million at December 31, 2009), essentially include the determination of the tax effects of the value adjustments to net assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets.

18. Equity investments accounted for using the equity method - €1,033 million

Equity investments in associated companies accounted for using the equity method are as follows:

Millions of euro	% holding		Change in scope of consolidation	Capital increases	Income effect	Reclassification to "Assets held for sale"	Other changes	% holding	
	at Dec. 31, 2009 restated							at Dec. 31, 2010	
SeverEnergia	287	19.6%	-	-	(5)	-	18	300	19.6%
Enel Rete Gas	144	19.9%	-	-	23	-	(18)	149	19.9%
Elica 2	133	30.0%	-	41	-	-	(8)	166	30.0%
LaGeo	85	36.2%	-	-	13	-	(11)	87	36.2%
Nubia 2000	-	-	30	-	-	-	-	30	20.0%
Elcogas	24	40.9%	-	-	(28)	-	4	-	45.2%
Tecnatom	17	45.0%	-	-	2	-	3	22	45.0%
CESI	13	25.9%	-	-	2	-	-	15	25.9%
Idrosicilia	9	40.0%	(9)	-	-	-	-	-	1.0%
Other	317		-	-	7	(20)	(40)	264	
Total	1,029		21	41	14	(20)	(52)	1,033	

The "change in scope of consolidation" regards the recognition of the holding of 20% in Nubia 2000 following the disposal of 80% of that company (which operates in the natural gas transport sector in the Iberian peninsula), as well as the disposal of 39% of Idrosicilia.

The "reclassification to 'Assets held for sale'" regards the holding in Trade Wind, which was reclassified to that account as a result of management decisions concerning the possible sale of the investment.

The holdings in SeverEnergia and Enel Rete Gas are accounted for using the equity method in view of the governance mechanisms of those companies, which give Enel a significant influence over company operations.

The main income statement and balance sheet data for the principal equity investments in associates are reported in the following table.

Millions of euro	Assets	Liabilities	Revenues	Net income/ (loss)	Assets	Liabilities	Revenues	Net income/ (loss)
	at Dec. 31, 2010				at Dec. 31, 2009 restated			
SeverEnergia	2,445	947	-	25	2,229	788	-	42
Enel Rete Gas	2,086	1,350	397	19	2,090	1,265	317	52
Elica 2	13	2	-	-	10	1	-	-
LaGeo	314	26	96	34	295	24	95	39
Nubia 2000	1,041	831	5	4	-	-	-	-
Elcogas	311	306	73	(47)	370	312	142	9
Tecnatom	100	52	82	5	96	54	86	16
CESI	119	60	82	10	113	65	81	8

19. Non-current financial assets - €4,701 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Equity investments in other companies	1,036	608	428
Other securities designated at fair value through profit or loss	104	108	(4)
Derivative contracts	821	277	544
Advances for acquisition of equity investments	-	11	(11)
Service concession arrangements	195	70	125
Prepaid non-current financial expense	82	14	68
Other receivables:			
- financial receivables for the Spanish electrical system deficit	-	6,288	(6,288)
- other financial receivables	2,463	1,648	815
Total other receivables	2,463	7,936	(5,473)
TOTAL	4,701	9,024	(4,323)

“Equity investments in other companies” include investments measured at fair value in the amount of €859 million, while the remainder of €177 million regarded investments whose fair value could not be readily determined and were therefore recognized at cost less impairment losses. In particular, the fair value of listed companies was determined with reference to the market value of their shares at the end of the period, whereas the fair value of unlisted companies was determined on the basis of what is felt to be a reliable valuation of their significant balance sheet items.

At December 31, 2010, “other securities designated at fair value through profit or loss” are essentially accounted for by investments in investment funds; at December 31, 2009, it included bonds, government securities and investment funds.

The following table breaks down the two items discussed above on the basis of the hierarchy of inputs used in determining fair value, as specified in the amendments to IFRS 7:

Millions of euro	Fair value	Level 1	Level 2	Level 3
at Dec. 31, 2010				
Equity investments in other companies	859	849	2	8
Other securities designated at fair value through profit or loss	104	104	-	-

The following table shows changes in equity investments measured using level 3 inputs:

Millions of euro	
Balance at January 1, 2010	7
Net income/loss in income statement	1
Balance at December 31, 2010	8

Equity investments in other companies break down as follows:

Millions of euro	% holding		% holding		Change
	at Dec. 31, 2010		at Dec. 31, 2009 restated		
Bayan Resources	500	10.00%	138	10.00%	362
Terna	325	5.12%	306	5.12%	19
Echelon	23	7.36%	24	7.36%	(1)
Tri Alpha Energy	8	4.96%	8	4.96%	-
Other	180	-	132	-	48
Total	1,036		608		428

The following table shows the notional amounts and the fair value of derivative contracts classified under non-current financial assets.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Cash flow hedge derivatives:					
- interest rates	1,716	2,123	7	10	(3)
- exchange rates	6,698	2,566	671	219	452
- commodities	397	230	46	19	27
Total	8,811	4,919	724	248	476
Fair value hedge derivatives:					
- interest rates	83	98	9	8	1
- exchange rates	264	22	15	2	13
Total	347	120	24	10	14
Trading derivatives					
- interest rates	75	75	8	9	(1)
- exchange rates	109	103	5	4	1
- commodities	259	71	60	6	54
Total	443	249	73	19	54
TOTAL	9,601	5,288	821	277	544

At December 31, 2010, the notional amount of the cash flow hedge derivative contracts classified as non-current financial assets came to €8,811 million, with the corresponding fair value of €724 million.

The exchange rate cash flow hedge derivatives are essentially related to transactions hedging the £1.1 billion tranche of the bond issued as part of the Global Medium-Term Notes program on June 13, 2007, as well as the yen-denominated private placement issued by Enel Finance International (¥20 billion). The rise in the fair value was mainly due to the depreciation of the euro against the other main currencies.

Commodity derivatives include:

- > derivatives on energy with a fair value of €12 million classified as cash flow hedges;
- > derivatives on fuels with a fair value of €34 million classified as cash flow hedges;
- > derivatives held by Endesa with a fair value of €50 million;
- > "two-way contracts for differences", classified as trading derivatives, with a fair value of €5 million;
- > embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €5 million.

The following table reports the fair value balances of derivatives broken down by type of measurement inputs used.

Millions of euro		Level 1	Level 2	Level 3
at Dec. 31, 2010				
Cash flow hedge derivatives				
- interest rates	7	-	7	-
- exchange rates	671	-	671	-
- commodities	46		46	
Total	724	-	724	-
Fair value hedge derivatives				
- interest rates	9	-	9	-
- exchange rates	15	-	15	-
Total	24	-	24	-
Trading derivatives				
- interest rates	8	-	8	-
- exchange rates	5	-	5	-
- commodities	60	15	45	
Total	73	15	58	-
TOTAL	821	15	806	-

"Service concession arrangements" regard fees due from the grantor for the construction and/or improvement of infrastructure used to provide public services on a concession basis and recognized in application of IFRIC 12.

"Financial receivables for the Spanish electrical system deficit" at December 31, 2009, refer to the long-term portion of the deficit financed by Endesa. The deficit is created in Spain's regulated market when rate revenues are not sufficient to cover the costs of the system itself. The change in the period is due to the classification of the receivable under current financial assets as a result of the mechanism established by the Spanish government to allow companies to assign such receivables to a specially created securitization fund ("*Fondo de Titulización*").

At December 31, 2010, "other financial receivables" include Slovenské elektrárne's receivables (in the amount of €507 million) in respect of the State Decommissioning Fund following reclassification from "other non-current assets" after a number of clarifications were issued concerning the use of the funds, the amount available and the financing of the existing deficit, and the possibilities and eligibility for using them.

The table below reports the carrying amount and the fair value of long-term financial receivables and securities (€11,857 million), including the portion due within twelve months (€9,290 million included under other short-term financial receivables).

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2010		at Dec. 31, 2009	
Long-term financial receivables and securities	11,857	11,857	8,811	8,811
Total	11,857	11,857	8,811	8,811

20. Other non-current assets - €1,062 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Receivables due from Electricity Equalization Fund and similar bodies	142	188	(46)
Receivables due from State Decommissioning Fund	-	483	(483)
Other long-term receivables:			
- net assets of employee benefit programs	112	138	(26)
- other receivables	808	167	641
Total other long-term receivables	920	305	615
TOTAL	1,062	976	86

"Receivables due from Electricity Equalization Fund and similar bodies" at December 31, 2010 include only the receivable in respect of the Electricity Equalization Fund claimed by the Italian distribution companies.

"Receivables due from State Decommissioning Fund", attributable entirely to the payments by Slovenské elektrárne as a nuclear generation operator to the Slovakian national nuclear decommissioning fund and equal to €483 million at December 31, 2009, were reclassified at

December 31, 2010, under non-current financial assets, as discussed in note 19.

"Other receivables" for 2010 include the receivable recognized by Enel Distribuzione concerning the recognition of remuneration in rates for the early replacement of electro-mechanical meters.

"Net assets of employee benefit programs" report assets backing a number of employee benefit plans for Endesa employees, net of actuarial liabilities.

Current assets

21. Inventories - €2,803 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Raw materials, consumables and supplies:			
- fuel	1,847	1,705	142
- materials, equipment and other inventories	844	702	142
Total	2,691	2,407	284
Buildings available for sale	87	88	(1)
Advances	25	5	20
TOTAL	2,803	2,500	303

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for plant operation, maintenance and construction.

The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings. The decrease is essentially related to sales made during the period.

22. Trade receivables - €12,505 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Customers:			
- sale and transport of electricity	10,343	11,020	(677)
- distribution and sale of natural gas	1,788	1,284	504
- other activities	264	630	(366)
Total	12,395	12,934	(539)
Trade receivables due from associates	45	44	1
Receivables for contract work in progress	65	32	33
TOTAL	12,505	13,010	(505)

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €1,349 million at the end of the year, as compared with an opening balance of €934 million. The following table shows the changes in these allowances.

Millions of euro

Total at January 1, 2009	726
Accruals	547
Utilization	(298)
Other changes	(41)
Total at December 31, 2009 restated	934
Accruals	717
Utilization	(214)
Other changes	(88)
Total at December 31, 2010	1,349

23. Tax receivables - €1,587 million

Tax receivables at December 31, 2010, totaled €1,587 million and are essentially related to income tax credits in the amount of €819 million (€523 million at December 31, 2009), credits for indirect taxes in the amount of €446

million (€450 million at December 31, 2009), and receivables for other taxes and tax surcharges in the amount of €211 million (€240 million at December 31, 2009).

24. Current financial assets - €11,922 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Short-term portion of long-term financial receivables	9,290	767	8,523
Receivables for factoring advances	319	304	15
Derivative contracts	845	770	75
Other securities	95	97	(2)
Financial receivables and cash collateral	718	893	(175)
Other	655	1,355	(700)
Total	11,922	4,186	7,736

“Short-term portion of long-term financial receivables” essentially consists of the financial receivable in respect of the Spanish electricity system deficit in the amount

of €9,186 million (€739 million at December 31, 2009) and reclassified to this item following the establishment of a mechanism to allow receivables to be collected (in

addition to direct reimbursement) by assigning them to a special securitization fund (in the amount of €8,467 million) established by the Spanish government.

The following table reports the notional amounts and the fair values of the derivative contracts, grouped by type and designation.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Cash flow hedge derivatives:					
- interest rates	375	508	1	1	-
- exchange rates	957	1,385	33	47	(14)
- commodities	2,127	649	253	66	187
Total	3,459	2,542	287	114	173
Fair value hedge derivatives:					
- interest rates	15	140	-	-	-
Total	15	140	-	-	-
Trading derivatives:					
- exchange rates	2,157	1,284	50	31	19
- commodities	17,185	13,713	508	625	(117)
Total	19,342	14,997	558	656	(98)
TOTAL	22,816	17,679	845	770	75

The amount of exchange rate derivatives classified as cash flow hedges is attributable mainly to exchange rate hedges connected with commodities prices. The rise in the notional amount and fair value of trading derivatives on exchange rates is mainly associated with normal operations.

Commodity derivatives regard:

- > derivatives held by Endesa with a fair value of €60 million classified as cash flow hedges;
- > "two-way contracts for differences", classified as cash flow hedges, with a fair value of €9 million;
- > other derivatives on energy, classified as cash flow hedges, with a fair value of €11 million;
- > derivatives on fuels (gas and coal), classified as cash

flow hedges, with a fair value of €173 million;

- > commodity derivatives related to fuels classified as trading derivatives, with a fair value of €455 million;
- > "two-way contracts for differences", with a fair value of €33 million;
- > trading transactions on energy and other commodities, with a fair value of €17 million;
- > embedded derivatives related to energy purchase and sale contracts in Slovakia, with a fair value of €3 million.

The following table reports the fair value balances of derivatives broken down by measurement inputs used, as provided for under the amendments of IFRS 7.

Millions of euro				
	Level 1	Level 2	Level 3	
at Dec. 31, 2010				
Cash flow hedge derivatives				
- interest rates	1	1	-	-
- exchange rates	33	33	-	-
- commodities	253	238	-	-
Total	287	272	-	-
Trading derivatives				
- exchange rates	50	50	-	-
- commodities	508	407	-	-
Total	558	457	-	-
TOTAL	845	729	-	-

"Other securities" consist entirely of securities measured at fair value and classified as Level 1.

At December 31, 2009, the item "other" included a number of financial receivables associated with the sale of SeverEnergia (€327 million) that were collected in 2010.

25. Cash and cash equivalents - €5,164 million

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €171

million (€217 million at December 31, 2009) primarily in respect of deposits pledged to secure transactions.

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Bank and post office deposits	5,158	4,164	994
Cash and cash equivalents on hand	6	6	-
Total	5,164	4,170	994

26. Other current assets - €2,176 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Receivables due from Electricity Equalization Fund and similar bodies	630	2,047	(1,417)
Receivable due from employees	41	44	(3)
Receivables due from others	1,289	1,281	8
Accrued operating income and prepaid expenses	216	118	98
Total	2,176	3,490	(1,314)

"Receivables due from Electricity Equalization Fund and similar bodies" include receivables in respect of the Italian system in the amount of €479 million, essentially from the application of equalization mechanisms to electricity purchases (€764 million at December 31, 2009), and the Spanish system in the amount of €151 million (€1,283 million at December 31, 2009). Including the portion of

receivables classified as long-term (€142 million), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2010 amounted to €772 million (€2,235 million at December 31, 2009), offset by payables of €2,519 million (€3,058 million at December 31, 2009).

Assets held for sale

27. Assets held for sale - €1,618 million

Changes in the item during the year are reported in the following table.

Millions of euro

	at Dec. 31, 2009 restated	Reclassification from current and non- current assets	Disposals and change in scope of consolidation	Other changes	at Dec. 31, 2010
Property, plant and equipment	283	2,267	(1,674)	141	1,017
Intangible assets	105	462	(515)	(7)	45
Goodwill	-	878	(600)	(20)	258
Deferred tax assets	11	7	(9)	6	15
Other non-current assets	53	24	-	(51)	26
Inventories	22	26	(2)	2	48
Trade receivables	52	82	(18)	(2)	114
Cash and cash equivalents	22	137	(9)	(67)	83
Other current assets	24	32	(48)	4	12
Total	572	3,915	(2,875)	(6)	1,618

Assets held for sale at December 31, 2010 amounted to €1,618 million and essentially regard the assets of the Bulgarian companies (€722 million), certain assets held by Endesa in Ireland and Latin America (€521 million), as well as the assets of Enel Unión Fenosa Renovables (€355 million), which will be divested under the agreement signed with Gas Natural on July 30, 2010.

At December 31, 2009 the item reported assets owned by Endesa in Greece and Brazil and a holding of 1% in Red Eléctrica de España, as well as Endesa renewable energy assets in the residual amount of €3 million that had yet to be transferred to Acciona pending the conclusion of the authorization process.

Liabilities and shareholders' equity

Equity attributable to the shareholders of the Parent Company

28. Equity attributable to the shareholders of the Parent Company - €37,861 million

Share capital - €9,403 million

At December 31, 2010 (as at December 31, 2009), the share capital of Enel SpA – considering no options were exercised as part of stock option plans in 2010 – amounted to €9,403,357,795, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.

At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree

58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 31.24%, Blackrock Inc, which holds a 2.74% stake wholly owned by its subsidiaries, and Natixis SA (with 2.07%).

Compared with the previous year, the Ministry for the

Economy and Finance received 17.36% of Enel SpA share capital from its subsidiary Cassa Depositi e Prestiti (thereby increasing its direct holding from 13.88% to 31.24%) as a result of the share exchange provided for under the Decree of the Minister for the Economy and Finance of November 30, 2010, published in the *Gazzetta Ufficiale* on December 16, 2010.

Other reserves - €10,791 million

Share premium reserve - €5,292 million

Legal reserve - €1,881 million

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Civil Code, cannot be distributed as dividends.

Other reserves - €2,262 million

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company. Pursuant to Article 47 of the Uniform Tax Code (*Testo Unico Imposte sul Reddito*), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - €456 million

The increase in this aggregate for the year is attributable

to the net depreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of financial instruments - €80 million

This item includes net gains recognized directly in equity resulting from the measurement of cash flow hedging derivatives, as well as unrealized gains arising in respect of the fair value measurement of financial assets.

Reserve from disposal of holdings without loss of control - €796 million

This item reports the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal (€95 million) and the related taxation (€43 million). The reserve will only be released to income if control of Enel Green Power is lost.

Reserve from equity investments accounted for using the equity method - €24 million

The reserve reports the share of comprehensive income to be recognized directly in income for companies accounted for using the equity method.

The table below shows the changes in gains and losses recognized directly in equity, including minority interests, with specific reporting of the related tax effects.

Millions of euro		Gains/(Losses) recognized in equity for the year	Released to income statement	Taxes	
	at Dec. 31, 2009 restated				at Dec. 31, 2010
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on energy commodity prices and exchange rates (IAS 39)	495	175	105	(115)	660
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	(1,459)	(85)	210	17	(1,317)
OCI of companies accounted for using equity method	8	16	-	-	24
Reserve for fair value of financial investments available for sale	321	380	6	(2)	705
Exchange rate differences	(983)	2,323	-	-	1,340
Net income on disposal of holdings without loss of control	-	839	-	(43)	796
Total gains/(losses) recognized in equity	(1,618)	3,648	321	(143)	2,208

Non-current liabilities

29. Long-term loans (including the portion falling due within 12 months) - €55,439 million

The aggregate includes long-term payables in respect of bonds, bank loans and other loans in euro and other currencies, including the portion falling due within twelve months.

The following table shows long-term debt and repayment schedules at December 31, 2010, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
				at Dec. 31, 2009			2012	2013	2014	2015	Beyond
at Dec. 31, 2010											
Bonds:											
- listed, fixed rate	2011-2097	21,224	21,420	19,308	1,156	20,068	1,151	1,929	354	1,224	15,410
- listed, floating rate	2011-2029	6,690	6,740	5,645	607	6,083	1,034	134	1,184	1,425	2,306
- unlisted, fixed rate	2011-2039	6,426	6,437	5,965	35	6,391	181	747	1,017	-	4,446
- unlisted, floating rate	2011-2032	1,915	1,915	2,067	56	1,859	58	59	61	63	1,618
Total		36,255	36,512	32,985	1,854	34,401	2,424	2,869	2,616	2,712	23,780
Bank loans:											
- fixed rate	2011-2046	735	744	441	33	702	93	58	12	12	527
- floating rate	2011-2035	13,962	14,070	19,841	871	13,091	4,736	751	3,111	619	3,874
- use of revolving credit lines	2011-2016	1,836	1,836	2,788	45	1,791	1,451	-	-	-	340
Total		16,533	16,650	23,070	949	15,584	6,280	809	3,123	631	4,741
Preference shares:											
- fixed rate		-	-	-	-	-	-	-	-	-	-
- floating rate	2013 ⁽¹⁾	1,474	1,500	1,463	-	1,474	-	1,474	-	-	-
Total		1,474	1,500	1,463	-	1,474	-	1,474	-	-	-
Non-bank loans:											
- fixed rate	2011-2029	773	773	627	74	699	83	51	49	40	476
- floating rate	2011-2028	404	404	614	122	282	68	79	42	45	48
Total		1,177	1,177	1,241	196	981	151	130	91	85	524
TOTAL		55,439	55,839	58,759	2,999	52,440	8,855	5,282	5,830	3,428	29,045

(1) The preference shares issued by Endesa Capital Finance LLC are perpetual, with an option for early redemption at par as from 2013.

The balance for bonds is stated net of €425 million relating to the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio, while Enel.Re holds bonds issued by Enel SpA totaling €30 million.

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

Long-term financial debt by currency and interest rate

Millions of euro	Balance	Nominal value	Balance	Current average interest rate	Current effective interest rate
	at Dec. 31, 2010		at Dec. 31, 2009	at Dec. 31, 2010	
Euro	38,699	38,996	42,512	3.20%	3.38%
US dollar	8,444	8,485	8,266	5.93%	6.30%
Pound sterling	4,350	4,403	4,210	5.83%	5.87%
Japanese yen	184	184	150	3.25%	3.28%
Russian ruble	220	220	116	8.50%	9.88%
Chilean peso/UF	765	771	649	7.35%	7.91%
Brazilian real	1,073	1,078	1,233	10.65%	10.96%
Colombian peso	1,156	1,156	1,099	7.80%	7.80%
Peruvian sol	366	366	338	6.20%	6.20%
Other currencies	182	180	186		
Total non-euro currencies	16,740	16,843	16,247		
TOTAL	55,439	55,839	58,759		

Long-term financial debt denominated in currencies other than the euro increased by €493 million. The change is largely attributable to the general weakening of the euro against the other main currencies. However, that change is essentially figurative as it was generated by debt de-

nominated in currencies other than the euro (hedged by corresponding cross currency interest rate swaps) and the debt of Group companies whose functional currency is not the euro.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	New financing	Exchange rate differences	Reclassification to liabilities held for sale	Nominal value
	at Dec. 31, 2009							at Dec. 31, 2010
Bonds	33,192	(942)	(73)	-	3,246	1,089	-	36,512
Bank loans	23,279	(8,247)	-	(236)	2,150	119	(415)	16,650
Preference shares	1,500	-	-	-	-	-	-	1,500
Other loans	1,241	(348)	-	121	101	62	-	1,177
Total financial debt	59,212	(9,537)	(73)	(115)	5,497	1,270	(415)	55,839

Compared with December 31, 2009, the nominal value of long-term debt at December 31, 2010, decreased by €3,373 million, which is the net effect of €9,537 million in repayments and redemptions, €5,497 million in new financing, €115 million arising from changes in the scope of consolidation, €73 million due to changes in own bond holdings, €1,270 million in exchange rate losses and €415 million from the reclassification to liabilities held for sale.

million, as well as non-bank loans in the amount of €348 million.

More specifically, the main bonds maturing in 2010 included:

- > €648 million related to bonds issued by the Endesa Group, which were repaid in 2010;
- > €225 million related to bonds issued by Enel Investment Holding BV.

The main repayments and redemptions for the period concerned bonds in the amount of €942 million, the repayment of maturing bank loans in the amount of €8,247

Repayments of bank loans made during the year were the following:

- > €3,000 million in voluntary repayments following the

issue of bonds for retail investors by Enel SpA, of which:

- €1,484 million related to the tranche maturing in 2012;
- €1,042 million related to the tranche maturing in 2014;
- €474 million related to the tranche maturing in 2016;
- > €2,000 million in respect of a syndicated credit line negotiated by Endesa in 2009 and maturing in 2011, which was repaid early;
- > €500 million in respect of the 5-year €5 billion revolving credit facility obtained in November 2005 and extinguished early in April;
- > €1,913 million in respect of the early repayment of the Endesa revolving credit line;
- > €834 million related to other bank loans of Group companies maturing in 2010.

The main financing contracts finalized in 2010 included:

- > on March 26, 2010, OGK-5 signed a loan contract with the European Investment Bank for €250 million, falling due in 15 years;
- > on April 19, 2010, Enel agreed a 5-year revolving credit facility for €10 billion to replace in part a €5 billion revolving credit facility that would have expired in November 2010. The new credit line can be used by Enel and by Enel Finance International SA (with Enel SpA guarantee) and gives the Group a highly flexible instrument for its treasury operations, to be used in managing working capital;
- > on June 3, 2010, Enel Finance International renewed its commercial paper program, which is guaranteed by Enel SpA, increasing its amount from €4 billion to €6 billion;
- > on December 9, 2010, Enel Green Power SpA signed a loan contract with the European Investment Bank for €440 million, falling due in 2030;
- > in December 2010, Endesa obtained bilateral revolving credit lines totaling €1,075 million, falling due in 2016.

In addition, the reclassification to liabilities held for sale mainly includes the long-term debt of Enel Maritza East 3 and Enel Unión Fenosa Renovables, for a total of €415 million.

The main financing transactions in 2010 include:

- > the issue on February 26, 2010, by Enel SpA of a pan-European multi-tranche bond for retail investors totaling €3,000 million, with the following characteristics:
 - €2,000 million fixed-rate 3.5% bond maturing on February 26, 2016;
 - €1,000 million floating-rate bond maturing on February 26, 2016;
- > bonds issued locally by the Enersis Group totaling €125 million;
- > an increase in drawings by Endesa on committed revolving credit facilities in the amount of €1,551 million;
- > the use by Enel Green Power of a subsidized loan by Simest to finance the Palo Viejo project in Guatemala in the amount of €44 million;
- > the use by OGK-5 of bank loans issued by Community bodies in the amount of €64 million;
- > the use by Enel Green Power of a loan from the European Investment Bank in the amount of €300 million.

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within twelve months, broken down by category. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year, including Enel SpA's credit spreads.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2010		at Dec. 31, 2009	
Bonds:				
- fixed rate	27,650	29,291	25,273	26,712
- floating rate	8,605	8,789	7,712	8,012
Total	36,255	38,080	32,985	34,724
Bank loans:				
- fixed rate	735	728	441	480
- floating rate	15,798	15,968	22,629	23,395
Total	16,533	16,696	23,070	23,875
Preference shares:				
- floating rate	1,474	1,500	1,463	1,388
Total	1,474	1,500	1,463	1,388
Non-bank loans:				
- fixed rate	773	792	627	609
- floating rate	404	405	614	640
Total	1,177	1,197	1,241	1,249
TOTAL	55,439	57,473	58,759	61,236

The following tables show the changes in long-term loans for the period, distinguishing current amounts from amounts falling due at more than twelve months.

Long-term loans (excluding current portion)

Millions of euro	Carrying amount		
	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Bonds:			
- fixed rate	26,459	24,689	1,770
- floating rate	7,942	7,200	742
Total	34,401	31,889	2,512
Bank loans:			
- fixed rate	702	375	327
- floating rate	14,882	21,257	(6,375)
Total	15,584	21,632	(6,048)
Preference shares:			
- fixed rate	-	-	-
- floating rate	1,474	1,463	11
Total	1,474	1,463	11
Non-bank loans:			
- fixed rate	699	401	298
- floating rate	282	465	(183)
Total	981	866	115
TOTAL	52,440	55,850	(3,410)

Current portion of long-term loans

Millions of euro	Carrying amount		
	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Bonds:			
- fixed rate	1,191	584	607
- floating rate	663	512	151
Total	1,854	1,096	758
Bank loans:			
- fixed rate	33	66	(33)
- floating rate	916	1,372	(456)
Total	949	1,438	(489)
Non-bank loans:			
- fixed rate	74	226	(152)
- floating rate	122	149	(27)
Total	196	375	(179)
TOTAL	2,999	2,909	90

At December 31, 2010, 39% (51% at December 31, 2009) of net financial debt paid floating interest rates. Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 14% of the debt was exposed to interest rate risk at December 31, 2010 (26% at December 31, 2009). If account is also taken of interest rate derivatives used as hedges but which do not qualify for hedge accounting, the residual exposure of net financial debt to interest rate risk falls even lower, to 7% (20% at December 31, 2009).

The Group's main long-term financial debts are governed by covenants containing undertakings by the borrowers (Enel SpA, Endesa and the other Group companies) and in some cases Enel SpA as guarantor that are commonly adopted in international business practice. The main covenants governing Enel's debt regard the bond issues carried out within the framework of the Global Medium-Term Notes program, loans granted by the European Investment Bank (EIB) and Cassa Depositi e Prestiti, the Credit Agreement 2007, the Credit Agreement 2009 and the €10 billion revolving line of credit agreed in April 2010. At the same time, the €5 billion revolving line of credit was extinguished. To date none of the covenants have been triggered.

The commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

- > negative pledge clauses under which the issuer may not establish or maintain (except under statutory

requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;

- > pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer;
- > specification of default events, whose occurrence (e.g. insolvency, failure to pay principle or interest, initiation of liquidation proceedings, etc.) constitutes a default; under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
- > early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants governing the loans granted to a number of Enel Group companies by the EIB can be summarized as follows:

- > negative pledge clauses, under which Enel undertakes not to establish or grant to third parties additional

guarantees or privileges with respect to those already established in the individual contracts by the company or subsidiaries of the Enel Group, unless an equivalent guarantee is extended equally or pro rata to the loans in question;

- > clauses that require the guarantor (whether Enel SpA or banks acceptable to the EIB) to maintain its rating above a specified grade; in the case of guarantees provided by Enel SpA, the Group's equity may not fall below a specified level;
- > material changes clauses, under which the occurrence of a specified event (mergers, spin-offs, disposal or transfer of business units, changes in company control structure, etc.) gives rise to the consequent adjustment of the contract, without which the loan shall become repayable immediately without payment of any commission;
- > requirements to report periodically to the EIB;
- > requirement for insurance coverage and maintenance of property, possession and use of the works, plant and machinery financed by the loan over the entire term of the agreement;
- > contract termination clauses, under which the occurrence of a specified event (serious inaccuracies in documentation presented in support of the contract, failure to repay at maturity, suspension of payments, insolvency, special administration, disposal of assets to creditors, dissolution, liquidation, total or partial disposal of assets, declaration of bankruptcy or composition with creditors or receivership, substantial decrease in equity, etc.) triggers immediate repayment.

In 2009 Cassa Depositi e Prestiti SpA granted a loan to Enel Distribuzione SpA. The main covenants governing the loan and the guarantee issued by Enel SpA can be summarized as follows:

- > a termination and acceleration clause, under which the occurrence of a specified event (such as failure to pay principal or interest installments, breach of contract obligations or occurrence of a substantive prejudicial event) entitles Cassa Depositi e Prestiti to terminate the loan;
- > a clause forbidding Enel or its significant subsidiaries (defined in the contract and the guarantee as subsidiaries pursuant to Article 2359 of the Civil Code or consolidated companies whose turnover or total gross assets are at least 10% of consolidated turnover or consolidated gross assets) from establishing additional liens,

guarantees or other encumbrances except for those expressly permitted unless Cassa Depositi e Prestiti gives it prior consent;

- > clauses requiring Enel to report to Cassa Depositi e Prestiti both periodically and upon the occurrence of specified events (such as a change in Enel's credit rating, or breach in an amount above a specified threshold in respect of any financial debt contracted by Enel, Enel Distribuzione or any of their significant subsidiaries, etc.). Violation of such obligation entitles Cassa Depositi e Prestiti to exercise an acceleration clause.
- > a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 6 times annual consolidated EBITDA. The contract establishes that as from January 1, 2013, Enel's consolidated net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

During 2010, Enel SpA and Enel Finance International NV (formerly Enel Finance International SA) (the borrowers) and a pool of banks (the lenders) agreed a €10 billion revolving credit facility.

The main covenants for the Credit Agreement 2007, the Credit Agreement 2009 and the €10 billion revolving line of credit are substantially similar and can be summarized as follows:

- > negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
- > pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
- > change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- > specification of default events, whose occurrence (e.g.

failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;

- > under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets)) constitutes a default in respect of the liability in question, which becomes immediately repayable;
- > periodic reporting requirements.

The Credit Agreement 2007 and the Credit Agreement 2009 also provide for the following covenants:

- > mandatory early repayment clauses, under which the occurrence of a specified event (e.g. the issue of instruments on the capital market, new bank loans, stock issues or asset disposals) obliges the borrower to repay the related funds in advance at specific declining percentages based on the extent to which the line of credit has been drawn;
- > a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 6 times annual consolidated EBITDA;
- > a "subsidiary financial indebtedness" clause, under which the net aggregate amount of the financial debt of Enel's subsidiaries (with the exception of the debt of "permitted subsidiaries") must not exceed 20% of total gross consolidated assets.

For the Credit Agreement 2009 only, as from 2012, at the end of each measurement period (half yearly): (i) the gearing clause requires that Enel's net financial debt shall not exceed 4.5 times annual consolidated EBITDA; and (ii) the ratio of annual consolidated EBITDA to net consolidated interest expense shall not be less than 4.

The undertakings in respect of the bond issues carried out by Endesa Capital SA under the Global Medium-Term

Notes can be summarized as follows:

- > cross-default clauses under which debt repayment would be accelerated in the case of failure to make payment (above a specified amount) on any financial liability of Endesa SA or Endesa Capital SA that is listed or could be listed on a regulated market;
- > negative pledge clauses under which the issuer may not establish mortgages, liens or other encumbrances on all or part of its assets to secure any financial liability that is listed or could be listed on a regulated market, unless an equivalent guarantee is extended equally or pro rata to the bonds in question;
- > pari passu clauses, under which the securities and guarantees have at least the same seniority as all other present and future unsecured and unsubordinated securities issued by Endesa Capital or Endesa SA.

Finally, the loans granted to Endesa, International Endesa BV and Endesa Capital do not contain cross-default clauses regarding the debt of subsidiaries in Latin America.

Undertakings in respect of project financing granted to subsidiaries regarding renewables and other subsidiaries in Latin America contain covenants commonly adopted in international business practice. The main commitments regard clauses pledging all the assets assigned to the projects in favor of the creditors.

A residual portion of the debt of Enersis and Endesa Chile (both controlled indirectly by Endesa) is subject to cross-default clauses under which the occurrence of a default event (failure to make payment or breach of other obligations) in respect of any financial liability of a subsidiary of Enersis or Endesa Chile constitutes a default in respect of the liability in question, which becomes immediately repayable.

In addition, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets. In addition to the foregoing, the May 4, 2009 loan provides for a change of control clause that will be activated if Enel's stake in Endesa should fall below 51% of Endesa's share capital.

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2010, and December 31, 2009, reconciled with net financial debt.

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Cash and cash equivalents on hand	6	6	-
Bank and post office deposits	5,158	4,164	994
Securities	95	97	(2)
Liquidity	5,259	4,267	992
Short-term financial receivables	1,289	2,049	(760)
Factoring receivables	319	304	15
Short-term portion of long-term financial receivables	9,290	767	8,523
Current financial receivables	10,898	3,120	7,778
Short-term bank debt	(231)	(927)	696
Commercial paper	(7,405)	(6,573)	(832)
Short-term portion of long-term bank debt	(949)	(1,438)	489
Drawings on revolving credit lines	(50)	(20)	(30)
Bonds (short-term portion)	(1,854)	(1,096)	(758)
Other loans (short-term portion)	(196)	(375)	179
Other short-term financial payables	(523)	(22)	(501)
Total short-term financial debt	(11,208)	(10,451)	(757)
Net short-term financial position	4,949	(3,064)	8,013
Debt to banks and financing entities	(15,584)	(21,632)	6,048
Bonds	(34,401)	(31,889)	(2,512)
Preference shares	(1,474)	(1,463)	(11)
Other loans	(981)	(866)	(115)
Long-term financial position	(52,440)	(55,850)	3,410
NET FINANCIAL POSITION as per CONSOB communication	(47,491)	(58,914)	11,423
Long-term financial receivables and securities	2,567	8,044	(5,477)
NET FINANCIAL DEBT	(44,924)	(50,870)	5,946

30. Post-employment and other employee benefits - €3,069 million

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplementary pension and healthcare plans, residential electricity discounts and similar benefits.

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

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

The table below reports the change for the year in actuarial liabilities and the fair value of plan assets, as well as a reconciliation of the actuarial liabilities, net of assets, with the carrying amount of liabilities recognized as at December 31, 2010 and December 31, 2009.

Millions of euro	Pension benefits		Other benefits	
	2010	2009	2010	2009
Changes in actuarial liability:				
Actuarial liability at the beginning of the year	2,938	2,087	2,081	1,622
Service cost	31	22	31	20
Interest cost	160	143	88	85
Benefits paid	(217)	(216)	(117)	(110)
Other changes	(19)	(21)	(8)	24
Changes in scope of consolidation	-	453	-	197
Actuarial (gains)/losses	193	351	8	235
Foreign exchange (gains)/losses	93	119	11	8
Liabilities held for sale	(4)	-	-	-
Actuarial liability at the end of the year	3,175	2,938	2,094	2,081
Changes in plan assets:				
Fair value at the beginning of the year	1,442	694	-	-
Changes in scope of consolidation	-	355	-	-
Expected return on plan assets	104	69	-	-
Actuarial gains/(losses)	4	254	-	-
Contributions paid by company	155	103	-	-
Other changes	22	4	-	-
Foreign exchange (gains)/losses	65	97	-	-
Benefits paid	(217)	(134)	-	-
Fair value at the end of the year	1,575	1,442	-	-
Reconciliation with carrying amount:				
Net actuarial liability	1,600	1,496	2,094	2,081
Net unrecognized (gains)/losses	368	208	257	259
Carrying amount of liability	1,232	1,288	1,837	1,822

The change in scope of consolidation for 2009 essentially regards the acquisition of an additional 25.01% of Endesa. The employees of the Endesa Group in Spain included in the framework agreement of October 25, 2000 participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined-benefit plan which is covered by appropriate insurance policies. In addition, the company has certain obligations to retired ex-workers, mainly concerning the supply of electricity. Outside Spain, defined-benefit pension plans are also in force, notably in Brazil.

The liabilities recognized at the end of the year are reported net of the fair value of the plan assets (where this is not greater than that of the related liabilities), which are attributable entirely to Endesa in the amount of €1,575 million as at December 31, 2010, and of the net unrecognized actuarial losses in the amount of €625 million.

As regards plan assets, which at December 31, 2010 amounted to €1,687 million (of which €1,575 million adjusting the liability for pension benefits and €112

million recognized under non-current financial assets), 65% of the market value of such assets regards assets located in Spain (70% at December 31, 2009) and 35% regards assets in Brazil (30% at December 31, 2009). The assets break down as follows:

% composition		
	2010	2009
Shares	25	27
Fixed-income securities	69	68
Property and other	6	5
Total	100	100

At December 31, 2010, these assets included shares or bonds issued by Endesa Group companies in the amount of €10 million (€18 million at December 31, 2009). The expected return on the assets was estimated on the basis of forecasts for the main equity and fixed-income markets and using a weighting for the various asset classes similar to that adopted the previous year. The real return for 2010 was equal to 0.4% in Spain and -1.9% in other countries

(12.4% in Spain and 18.3% in other countries in 2009).

The following table reports the impact of employee benefits on the income statement.

Millions of euro	Pension benefits		Other benefits	
	2010	2009	2010	2009
Service cost	31	22	31	20
Interest cost	160	143	88	85
Expected return on plan assets	(104)	(69)	-	-
Amortization of actuarial (gains)/losses	19	9	19	20
(Gains)/Losses for reduction or cancellation of plans	(11)	-	7	(19)
Effect of application of IFRIC 14	11	11	(7)	-
Total	106	116	131	106

Employee benefit expenses recognized in 2010 came to €237 million (€222 million in 2009), of which €144 million in respect of accretion cost recognized under financial expense (€159 million in 2009) and €93 million recognized under personnel costs.

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

	Italy		Abroad	
	2010		2009	
Discount rate	4.3%	3.37%-10.5%	4.3%	3.53%-13.94%
Rate of wage increases	2.0%-4.0%	2.3%-7.5%	2.5%-3.5%	3.0%-8.8%
Rate of increase in healthcare costs	3.0%	3.5%-10.5%	3.0%	3.0%-6.5%
Expected return on plan assets	-	2.94%-12.09%	-	3.87%-13.41%

If, at December 31, 2010, the twelve-month rate of change in healthcare costs had been 1 basis point higher, all other variables being equal, the liability for healthcare benefits would have been €17 million higher, with an overall negative impact on the income statement in terms of service cost and interest cost of €1 million. If, at December 31,

2010, the twelve-month rate of change in healthcare costs had been 1 basis point lower, all other variables being equal, the liability for healthcare benefits would have been €14 million lower, with a positive impact on the income statement in terms of service cost and interest cost of €1 million.

31. Provisions for risks and charges - €9,026 million

Millions of euro		Accruals	Taken to income statement	Utilization and other changes	Reclassification to liabilities held for sale		
	at Dec. 31, 2009 restated					at Dec. 31, 2010	of which short term
Provision for litigation, risks and other charges:							
- nuclear decommissioning	3,054	136	(120)	(50)	-	3,020	185
- non-nuclear plant retirement and site restoration	529	17	-	(50)	(30)	466	5
- litigation	781	175	(30)	(30)	-	896	104
- CO ₂ emissions charges	42	-	(5)	(25)	-	12	12
- taxes and duties	543	222	(96)	54	-	723	119
- other	1,514	424	-	(176)	(73)	1,689	523
Total	6,463	974	(251)	(277)	(103)	6,806	948
Provision for early-retirement incentives	2,383	374	(6)	(524)	(7)	2,220	693
TOTAL	8,846	1,348	(257)	(801)	(110)	9,026	1,641

Nuclear decommissioning provision

The nuclear decommissioning provision includes the following:

- > €2,618 million (€2,728 million at December 31, 2009) for the V1 and V2 plants at Jaskovske Bohunice and the EMO 1 and 2 plants at Mochovce, and also includes the provision for nuclear waste disposal in the amount of €196 million (€261 million at December 31, 2009), the provision for spent nuclear waste disposal in the amount of €1,571 million (€1,604 million at December 31, 2009), and the provision for nuclear plant disposal in the amount of €851 million (€863 million at December 31, 2009). The estimated timing of the outlays described above takes account of current knowledge of environmental regulations, the amount of time used to estimate the costs, and the difficulties presented by the extremely long time span over which such costs could arise. The charges covered by the provisions are reported at their present value using discount rates of between 4.15% and 4.55%;
- > €402 million (€326 million at December 31, 2009) for the costs to be incurred at the time of disposal of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/03 and Law 24/05. Quantification of the

costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (post-operational costs).

Non-nuclear plant retirement and restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities that could arise in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel.

Other provisions

"Other" provisions refer to various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees.

Provision for early-retirement incentives

The "provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs.

32. Non-current financial liabilities - €2,591 million

At December 31, 2010, this item includes €2,591 million (€2,964 million at December 31, 2009) in respect of the fair value measurement of cash flow and fair value hedge derivatives.

The following table reports the notional amount and fair value of the cash flow hedge, fair value hedge and trading derivatives.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Cash flow hedge derivatives:					
- interest rates	10,704	11,504	566	629	(63)
- exchange rates	6,806	10,046	1,557	1,772	(215)
- commodities	171	41	5	2	3
Total	17,681	21,591	2,128	2,403	(275)
Fair value hedge derivatives:					
- exchange rates	215	500	19	52	(33)
Total	215	500	19	52	(33)
Trading derivatives:					
- interest rates	3,439	2,856	157	164	(7)
- exchange rates	88	150	4	4	-
- commodities	452	442	283	341	(58)
Total	3,979	3,448	444	509	(65)
TOTAL	21,875	25,539	2,591	2,964	(373)

At December 31, 2010, the notional amount of cash flow hedge derivatives classified under non-current financial liabilities came to €17,681 million, with a corresponding fair value of €2,128 million.

Cash flow hedge derivatives on interest rates in effect at December 31, 2010 were essentially composed of interest rate hedges on a number of long-term floating-rate loans. The decrease in the notional amount and the negative fair value of the cash flow hedge derivatives on interest rates was mainly due to the reclassification to the "trading" portfolio of part of the cash flow hedge derivatives used to hedge the interest-rate risk on the debt entered into by Enel SpA in 2007 in respect of the syndicated credit line

with an original value of €35 billion, as the position was overhedged following the partial early repayment of the borrowing.

Cash flow hedge derivatives on exchange rates essentially regard the hedging (using cross currency interest rate swaps) of bond issues denominated in pounds sterling and dollars. The fair value reflects the change in the value of the euro against the hedged currencies.

Trading derivatives mainly regard transactions used for hedging purposes but not designated as cash flow hedges or fair value hedges or which did not satisfy the formal requirements for such treatment under IAS 39.

Commodity derivatives mainly related to:

- > derivatives held by Endesa with a fair value of €2 million classified as cash flow hedges and €37 million classified as trading derivatives;
- > hedges of changes in energy prices using bilateral physical contracts with a fair value of €3 million classified as cash flow hedges;

- > embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €246 million.

The following table reports the fair value of derivatives on the basis of the measurement inputs used.

Millions of euro		Level 1	Level 2	Level 3
at Dec. 31, 2010				
Cash flow hedge derivatives:				
- interest rates	566	-	566	-
- exchange rates	1,557	-	1,557	-
- commodities	5		5	
Total	2,128	-	2,128	-
Fair value hedge derivatives:				
- exchange rates	19	-	19	-
Total	19	-	19	-
Trading derivatives:				
- interest rates	157	-	157	-
- exchange rates	4	-	4	-
- commodities	283	3	173	107
Total	444	3	334	107
TOTAL	2,591	3	2,481	107

The balance for Level 3 regards the embedded derivative (identified as embedded derivative C in note 5 to these consolidated financial statements) on the price of gas in an energy purchase contract entered into by Slovenské elektrárne in Slovakia. The contract was measured in two parts. In the first part, the market value of the electricity purchased was determined, while in the second part a Monte Carlo simulation is used to determine the value of the contract. The fair value of the contract is equal to the difference between the average values obtained from the simulation and the market value of the electricity acquired.

Changes in the latter – which include the portion classified under current liabilities (see note 36), equal to €51 million at December 31, 2010 – are reported in the following table.

Millions of euro	Embedded derivative of Slovenské elektrárne
Opening balance at January 1, 2010	168
(Gains)/Losses in income statement	(10)
Closing balance at December 31, 2010	158

The gains and losses recognized through profit or loss for the period include €13 million in respect of the decrease in operating performance and €3 million in respect of higher net financial expense.

33. Other non-current liabilities - €1,244 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Deferred liabilities	994	1,080	(86)
Other items	250	179	71
Total	1,244	1,259	(15)

At December 31, 2010, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets.

Current liabilities

34. Short-term loans - €8,209 million

At December 31, 2010, short-term loans totaled €8,209 million, an increase of €667 million over December 31, 2009, as detailed below:

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2010		at Dec. 31, 2009 restated		2010-2009	
Short-term amounts due to banks	281	281	947	947	(666)	(666)
Commercial paper	7,405	7,405	6,573	6,573	832	832
Cash collateral and other financing on derivatives	343	343	-	-	343	343
Other short-term financial payables	180	180	22	22	158	158
Short-term financial debt	8,209	8,209	7,542	7,542	667	667

The payables represented by commercial paper relate to issues outstanding at the end of December 2010 in the context of the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA (which was renewed in April 2010) as well as the €3,000 million program of Endesa Latinoamérica, the €2,000 million *Pagarés* program of Endesa Capital, and the €23 million *Pagarés* program of Térmica Portuguesa (taking account of proportionate consolidation). At December 31, 2010, issues under these programs amounted to €7,405 million, of which €5,322 million

for Enel Finance International, €2,002 million for Endesa Latinoamérica, €34 million for Endesa Capital, €26 million for Enersis and €21 million for Térmica Portuguesa.

The nominal value of the commercial paper is €7,420 million and is denominated in the following currencies: euros (€7,063 million); US dollars (the equivalent of €274 million); yen (the equivalent of €55 million) and Swiss francs (the equivalent of €28 million).

The exchange rate risk in respect of currencies other than the euro is fully hedged by currency swaps.

35. Trade payables - €12,373 million

The item, which amounts to €12,373 million, includes payables in respect of energy supplies, fuel, materials, equipment associated with tenders and other services.

36. Current financial liabilities - €1,672 million

Millions of euro

	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Deferred financial liabilities	711	869	(158)
Derivative contracts	776	859	(83)
Other items	185	56	129
Total	1,672	1,784	(112)

The following table shows the notional amount and fair value of the derivative contracts.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2010	at Dec. 31, 2009	at Dec. 31, 2010	at Dec. 31, 2009	2010-2009
Cash flow hedge derivatives:					
- interest rates	244	153	3	3	-
- exchange rates	1,972	1,316	45	50	(5)
- commodities	609	1,150	19	120	(101)
Total	2,825	2,619	67	173	(106)
Fair value hedge derivatives:					
- interest rates	-	360	-	8	(8)
- exchange rates	36	-	2	-	2
Total	36	360	2	8	(6)
Derivatives hedging net investment in a foreign operation:					
- exchange rates	-	319	-	9	(9)
Total	-	319	-	9	(9)
Trading derivatives:					
- interest rates	284	190	33	18	15
- exchange rates	2,804	1,055	124	30	94
- commodities	2,637	2,944	550	621	(71)
Total	5,725	4,189	707	669	38
TOTAL	8,586	7,487	776	859	(83)

Trading derivatives on exchange rates essentially include derivatives transactions used to hedge the exchange rate risk in respect of commodity prices. Even though the transactions were carried out for hedging purposes, they do not meet the requirements to qualify for hedge accounting.

Commodity derivatives are mainly related to:

- > cash flow hedge derivatives on coal and energy, with a fair value of €19 million;
- > commodity derivatives on fuels, with a fair value of €333 million;
- > trading transactions on energy and other commodities, with a fair value of €99 million;
- > embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €118 million.

The following table reports the fair value of derivatives on the basis of the measurement inputs used, as provided for under the amendments to IFRS 7.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2010			
Cash flow hedge derivatives:				
- interest rates	3	-	3	-
- exchange rates	45	-	45	-
- commodities	19	5	14	-
Total	67	5	62	-
Fair value hedge derivatives:				
- interest rates	2	-	2	-
Total	2	-	2	-
Trading derivatives:				
- interest rates	33	-	33	-
- exchange rates	124	-	124	-
- commodities	550	81	418	51
Total	707	81	575	51
TOTAL	776	86	639	51

37. Other current liabilities - €8,052 million

Millions of euro	at Dec. 31, 2010	at Dec. 31, 2009 restated	2010-2009
Payables due to customers	1,500	1,484	16
Payables due to Electricity Equalization Fund and similar bodies	2,519	3,058	(539)
Payables due to employees	512	368	144
Other tax payables	717	589	128
Payables due to social security institutions	207	190	17
Payables for put options granted to minority shareholders	655	437	218
Other	1,942	2,021	(79)
Total	8,052	8,147	(95)

"Payables due to customers" include €882 million (€728 million at December 31, 2009) in security deposits related to amounts received from customers as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the company does not have an unconditional right to defer repayment beyond twelve months.

"Payables due to Electricity Equalization Fund and similar bodies" include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €1,507 million (€1,738 million at December 31, 2009) and on the Spanish market amounting to €1,012 million (€1,320 million at December 31, 2009).

The item "payables for put options granted to minority shareholders" at December 31, 2010 essentially regards the liability to Enel Distributie Muntenia in the amount of €512 million (€332 million at December 31, 2009), Enel Energie Muntenia in the amount of €89 million (€58 million at December 31, 2009) and Marcinelle Energie in the amount of €37 million (€16 million at December 31, 2009). These liabilities, which are estimated at fair value on the basis of Level 3 inputs, are determined on the basis of the exercise conditions specified in the contracts; the change for the year produced a decrease of the same amount in the goodwill of the subsidiaries.

Liabilities held for sale

38. Liabilities held for sale - €998 million

Changes in the item during the year are reported in the following table.

Millions of euro

	at Dec. 31, 2009 restated	Reclassification from current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	at Dec. 31, 2010
Long-term loans	50	415	(79)	14	400
Post-employment and other employee benefits	2	4	(2)	-	4
Provisions for risks and charges	9	110	(22)	(35)	62
Deferred tax liabilities	31	25	(51)	25	30
Other non-current liabilities	8	18	-	6	32
Short-term loans	40	414	(60)	(64)	330
Trade payables	76	132	(67)	(72)	69
Other current liabilities	8	41	(2)	24	71
Total	224	1,159	(283)	(102)	998

Liabilities held for sale at December 31, 2010, amounted to €998 million and include the liabilities of the Bulgarian companies in the amount of €482 million, the liabilities of Enel Unión Fenosa Renovables in the amount of €328 million, which will be divested under the agreement with Gas Natural of July 30, 2010, and certain liabilities held in

Ireland and Latin America totaling €188 million.

At December 31, 2009, the item includes certain liabilities of companies held in Greece and Brazil, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among liabilities held for sale.

39. Related parties

As an operator in the field of generation, transport, distribution and sale of electricity, Enel provides services to a number of companies controlled by the Italian State, Enel's controlling shareholder. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Energy Services Operator, and the Energy Markets 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 Energy Markets Operator are determined by the Authority for Electricity and Gas.

Transactions relating to purchases and sales of electricity concluded with the Energy Markets Operator on the Power Exchange and with the Single Buyer are settled at market prices.

In particular, companies of the Sales Division acquire

electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Energy 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 Energy Markets 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 Energy Markets Operator on the Power Exchange.

Enel also acquires fuel for generation and gas for distribution and sale from Eni, a company controlled by the Ministry for the Economy and Finance. All transactions with related parties are concluded on normal market terms and conditions.

The following table summarizes the relationships:

Millions of euro	Balance sheet		Income statement	
	Receivables	Payables	Revenues	Costs
	at Dec. 31, 2010		2010	
Single Buyer	80	1,059	1,746	6,066
Energy Markets Operator	722	632	4,202	3,548
Terna	199	422	1,291	1,986
Eni	7	41	229	661
Energy Services Operator	12	421	232	35
Italian Post Office	2	39	-	160
Other	3	43	1	123
Total	1,025	2,657	7,701	12,579

The following table shows transactions with associated companies outstanding at December 31, 2010 and carried out during the year, respectively.

Millions of euro	Balance sheet		Income statement	
	Receivables	Payables	Revenues	Costs
	at Dec. 31, 2010		2010	
Enel Rete Gas	37	106	62	316
SeverEnergia	69	-	4	-
Elica 2	2	1	-	-
CESI	1	14	1	23
LaGeo	7	-	-	-
Other companies	72	12	4	4
Total	188	133	71	343

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties undertaken by Enel SpA either directly or indirectly through its subsidiaries. The procedure (which can be found at http://www.enel.com/it-IT/group/governance/principles/related_parts/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the

provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB. It replaces, with effect from January 1, 2011, the rules governing transactions with related parties approved by the Board of Directors of Enel SpA on December 19, 2006 in implementation of the recommendations of the Corporate Governance Code for listed companies, the provisions of which were in effect until December 31, 2010.

40. 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 Dec. 31, 2010
Guarantees given:	
- sureties and other guarantees granted to third parties	5,032
Commitments to suppliers for:	
- electricity purchases	50,125
- fuel purchases	60,588
- various supplies	5,908
- tenders	1,530
- other	2,239
Total	120,390
TOTAL	125,422

Guarantees granted to third parties amounted to €5,032 million and include €596 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.

The expected cash flow of the lease contracts, including forecast inflation, is as follows:

- > 2011: €52 million;
- > 2012: €53 million;
- > 2013: €53 million;
- > 2014: €54 million;
- > 2015: €55 million.

The expected cash flow of the operating lease contracts of Endesa is as follows:

- > 2011: €40 million;
- > 2012: €40 million;
- > 2013: €23 million;
- > 2014 and beyond: €173 million.

Commitments for electricity amounted to €50,125 million at December 31, 2010, of which €16,274 million refers to the period 2011-2015, €8,534 million to the period 2016-2020, €7,775 million to the period 2021-2025 and the remaining €17,542 million beyond 2025.

Commitments for the purchase of fuels are determined with reference to the contractual 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 December 31, 2010, was €60,588 million, of which €32,341 million refer to the period 2011-2015, €20,826 million to the period 2016-2020, €6,247 million to the period 2021-2025 and the remaining €1,174 million beyond 2025.

Various supply commitments include €274 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.

41. Contingent liabilities and assets

Environmental litigation

Litigation regarding environmental issues primarily concerns the installation and operation of power lines and equipment of Enel Distribuzione, which succeeded Enel SpA in the related relationships. Enel Distribuzione has been involved in a number of civil and administrative suits relating to requests, often using urgent procedures, for the precautionary transfer or modification of operations on power lines by persons living near them on the basis of their alleged potential to cause harm, despite the fact that the company believes that they have been installed in compliance with current regulations. In a number of proceedings claims for damages for harm caused by electromagnetic fields have been lodged. The outcome of litigation on these issues is normally favorable to the company. In this regard, in a decision in February 2008, the court ruled that compliance with the statutory limits on exposure to electrical and magnetic fields ensure, as supported by the most authoritative studies in the field and evidence arising at the European level, that health will not be jeopardized. There have been sporadic adverse precautionary rulings, which have all been appealed. At present there are no final adverse rulings, and no damages for physical harm have ever been granted, although a ruling in February 2008 (appealed) found that harm had been caused by the "stress" associated with living near power lines and the fear of possible health problems. The next hearing has been scheduled for July 9, 2014.

There have also been a number of proceedings concerning electromagnetic fields generated by medium- and low-voltage transformer substations within buildings, in which the equipment, according to the company's technical staff, has always been in compliance with induction limits set by current regulations. Recent rulings have confirmed that compliance with the applicable regulations is sufficient guarantee of protection from harm.

In August 2008, the Court of Cassation (the supreme court of appeal) issued a ruling concerning a 380 kW power line (Forlì-Fano) no longer owned by Enel that, in conflict with current scientific knowledge in this area, accepted the existence of a causal relationship between the headaches suffered by a number of parties and exposure to electromagnetic fields. The situation concerning litigation has evolved thanks to the clarification of the legislative frame-

work following the entry into force of the framework law on electromagnetic emissions (Law 36 of February 22, 2001) and the related implementing regulations for power lines (Prime Minister's Order of July 8, 2003). The new regulations seek to harmonize regulation of the field at the national level. The new rules also introduce a ten-year program as from the entry into force of Law 36/2001 for the upgrading of power lines. They also envisage the possibility of recovering, in part or in full, costs incurred by the owners of power lines and substations through electricity rates, in accordance with criteria to be set by the Authority for Electricity and Gas, pursuant to Law 481/95, as they represent costs incurred in the public interest. At present, the Prime Minister has not issued the Order setting the criteria for the upgrading of power lines (Article 4, paragraph 4, of Law 36/2001), which is necessary for distribution companies to submit the associated plans to the regional governments (Article 9, paragraph 2, of Law 36/2001).

An Order of the Director General for environmental protection of May 29, 2008 of the Ministry for the Environment approved the procedures for measuring and assessing magnetic induction, pursuant to Article 5, paragraph 2, of the Prime Minister's Order of July 8, 2003, and another Order issued by the same Ministry on May 29, 2008 approved the calculation methods for determining the distance restrictions for power lines, pursuant to Article 4, paragraph 1(h), of Law 36/2001.

A number of urban planning and environmental disputes regarding the construction and operation of certain power plants and distribution lines are pending. Based on an analysis of individual cases, Enel believes the possibility of adverse rulings is remote. For a limited number of cases, an unfavorable outcome cannot be ruled out completely, however. The consequences of unfavorable judgments could, in addition to the possible payment of damages, also include the costs related to work required to modify electrical equipment and the temporary unavailability of the plant.

Developments in the inquiries of the Milan Public Prosecutor's Office and the State Audit Court into former senior managers

In February 2003, the Milan Public Prosecutor's Office initiated a criminal investigation of former top managers of Enelpower and other individuals for alleged offences to the detriment of Enelpower and payments made by contractors to receive certain contracts. In January 2008, the investigating magistrate allowed Enel SpA, Enelpower SpA and Enel Produzione SpA to join the case as injured parties. On April 27, 2009, the investigating magistrate announced a plea bargain for a number of the defendants, while the former directors and the executive of Enelpower were committed for trial before the Court of Milan. After the start of the trial in January 2010, on April 20, 2010 the judge ruled that the trial could not proceed against the managers for the offences of corruption and embezzlement as the statute of limitations had run out. The trial is continuing against the managers for the offence of criminal conspiracy. Enel, Enelpower and Enel Produzione therefore remain involved in the proceeding as injured parties for that offence.

Following extinguishment of the grounds for seeking damages for pecuniary losses as a result of the Court of Cassation's ruling no. 26806/09 of December 19, 2009 – restricted to substantiated pecuniary losses with State Audit Court ruling no. 532/08 – and the extinguishment of the charges of embezzlement and corruption due to the statute of limitations, two civil suits were filed with the courts of Monza and Udine seeking tortious damages for the losses caused by the actions of Enel former directors and senior managers being pursued through the State Audit Court and the criminal court. In addition, Enel Produzione and Enelpower have undertaken revocatory actions against the former directors and senior managers, voiding certain transfers of assets. Finally, following the enforcement proceedings undertaken against the former directors and managers, more than €450,000 have been recovered. Enelpower is participating as an injured party in the trial of the former directors and senior managers for money laundering in the Swiss courts. In a decision notified on July 2, 2010, the Federal Criminal Court

of Bellinzona ruled that since the injured parties were already seeking the same damages in Italy, they could not seek damages in Switzerland as well. Enel has appealed that decision. Again in Switzerland, Enelpower obtained a precautionary seizure order for amounts deposited on the Swiss current accounts of the defendants in a total amount of about 32 million Swiss francs (about €23 million).

BEG litigation

With its ruling of October 20, 2010, the Italian Court of Cassation upheld the decision of the Rome Court of Appeal of April 7, 2009, which rejected BEG's appeal of the unfavorable arbitration ruling. The ruling of the Court of Cassation regarded the complaint filed by BEG SpA before the Rome Arbitration Chamber in November 2000 against Enelpower with regard to alleged breach of a collaboration agreement governed by Italian law concerning the construction of a hydroelectric power station in Albania. BEG asked for damages from Enelpower of about €120 million.

The parties are still waiting for the scheduling of a hearing before the Albanian Court of Cassation concerning Enel's appeal against the ruling of the Albanian Court of Appeal, which on April 28, 2010 had upheld the decision of the Court of Tirana awarding Albania BEG Ambient tortious damages of about €25 million for 2004 as well as an unspecified amount of other tortious damages for subsequent years.

In addition, in a summons notified on September 28, 2010, Enelpower and Enel filed suit against BEG SpA with the Court of Rome asking the Court to ascertain the tortious liability of BEG and order the latter to pay damages to Enelpower (contractual and tortious) and to Enel (tortious) in the amount that one or the other could be required to pay to Albania BEG Ambient in the event of the enforcement of the sentence issued by the Albanian courts. The first hearing was held on January 18, 2011 and the judge has reserved judgment on the request advanced by Enel and Enelpower for time to reply to the allegations and objections of the counterparty.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

In the wake of the blackout that occurred on September 28, 2003, numerous claims were submitted for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. About two thirds of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione, based upon both the lack of proof of the loss claimed and the recognition that the company was not involved in causing the event. The few adverse rulings against Enel Distribuzione have been appealed to the Court of Cassation, which has consistently ruled in favor of Enel, confirming the position established in orders 17282, 17283 and 17284 of July 23, 2009, which in finding for the appellant found no liability on the part of Enel Distribuzione.

In May 2008, Enel served its insurance company a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings.

As of November 30, 2010, pending cases concerning the blackout of 2003 had fallen to about 70,000 due to Court decisions and/or abandonment of suits by the plaintiffs, and the flow of new claims has come to a halt.

Litigation concerning free bill payment procedures

In its ruling no. 2507/2010 of May 3, 2010, the Council of State granted the appeal of the Authority for Electricity and Gas (the Authority) against ruling no. 321/08 of February 13, 2008 with which the Lombardy Regional Court had voided Resolution no. 66/07. With the latter, the Authority had fined Enel Distribuzione €11.7 million for violation of the provisions of Resolution no. 55/2000 concerning the transparency of invoices. Enel Distribuzione lodged an appeal with the Council of State asking for

it to revoke the ruling but the appeal was denied on February 24, 2011.

The appeal lodged on October 29, 2010, with the European Court of Human Rights in Strasbourg is pending. In Enel's view, with the ruling the Council of State adopted an interpretation of the legal concept of legality that differs sharply from that usually adopted in the case law of the European court. If the appeal is successful, the Italian State would be ordered to pay damages in the amount of the fine paid.

Finmek/Enel.Factor litigation

On April 29, 2009 Enel.Factor was issued a summons by Finmek SpA, a company under special administration. The dispute concerns a factoring relationship involving the assignment from Finmek to Enel.Factor of receivables in respect of a contract between Finmek and Enel Distribuzione SpA for the supply of remote-readable digital meters to Enel Distribuzione. The assignments began in 2001 and continued until April 2004, when Finmek SpA entered special administration. With the summons, Finmek asked the court to ascertain the unenforceability of assignments carried out between May 7, 2003 and March 23, 2004 and to revoke or declare inoperative the assignments carried out in that period. Finmek's overall claim amounts to about \$50 million. The next hearing before the Court of Padua has been scheduled for March 29, 2011.

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees - Damages for environmental harm

The Court of Adria, in a ruling issued March 31, 2006 concluding criminal proceedings begun in 2005, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision,

provisionally enforceable, held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and local authorities. Damages for a number of mainly private parties were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (the Regions of Veneto and Emilia Romagna, the Province of Rovigo and various municipalities) was postponed to a later civil trial, although a “provisional award” of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria by the Company and its employees and former directors. On March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The employees were given token sentences and the damages awarded to private parties were halved. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 12, 2011, the Court of Cassation overturned the decision of the Venice Court of Appeal as regards the recovery of the provisional award to the civil claimants, the regions, the municipalities and the Parco Delta del Po, as well as the offenses of the former managing directors and central managers, as the offences had been extinguished under the statute of limitations, and referred the case to the civil section of the Venice Court of Appeal as regards payment of damages and the division among the accused. The full sentence will likely be published within a few months. As regards amounts paid to a number of public entities, the Company has already made payment under a settlement agreement during 2008.

WISCO litigation

On May 19, 2010, Enel.NewHydro and Trenitalia signed a settlement agreement to resolve the arbitration proceeding begun in 2007 by Enel.NewHydro Srl against Trenitalia SpA in relation to the investment in Water & Industrial Services Company WISCO SpA (hereinafter “WISCO”) and the corresponding agreement (entered into by Enel.Hydro SpA and succeeded by Enel.NewHydro Srl following a demerger) with Trenitalia SpA of December 23, 2003. Enel.NewHydro had asked the tribunal

to find that the project to develop WISCO, envisaged in the agreement had not been implemented, with the consequent voidance of the contract and of the acquisition of 51% of WISCO from Trenitalia (for €15 million), as well as the voidance of the put option for the sale (to Enel.NewHydro) of Trenitalia’s remaining 49% stake in WISCO. Trenitalia had asked that the claim be rejected and the validity of the agreements binding on Enel.NewHydro, along with the exercise of the put option on May 22, 2007, by Trenitalia, at a price of €17.5 million, to be confirmed. Trenitalia has also requested damages for any substantiated losses. As a result of the settlement, Trenitalia sold Enel.NewHydro the remaining 49% of WISCO for €16,575,000 (net of a discount of €925,000 and waiver of accrued interest).

At the same time, WISCO and Trenitalia signed an addendum to the water treatment services contract of April 6, 2004, providing for an expansion of the activities entrusted to WISCO by Trenitalia.

Extension of municipal property tax (ICI)

Article 1-*quiquies* of Decree Law 44 of March 31, 2005 containing urgent measures concerning local authorities (added during ratification with Law 88 of May 31, 2005) stated that Article 4 of Royal Decree Law 652 of April 13, 1939 (governing the land registry) shall be interpreted with regard to power plants alone in the sense that the buildings and permanent constructions consist of the land and those parts that are structurally attached to it, even temporarily, which may be joined by any means of connection with movable parts for the purpose of creating a single complex asset.

The Regional Tax Commission of Emilia Romagna, in Ordinance no. 16/13/06 (filed on July 13, 2006), referred the case to the Constitutional Court on the issue of the constitutionality of Article 1-*quiquies* of the Decree Law, finding it relevant and not manifestly unfounded.

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

- > the inclusion of the value of the “turbines” in the land registry valuation of the plants;

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

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

We also note that to date no valuation criterion has been introduced for the movable assets considered relevant for the determination of land registry values either with regard to the valuation method or the effective identification of the object of the valuation, and the above ruling does not appear to provide any guidance on this issue.

Accordingly, with regard to pending litigation, Enel Produzione and Enel Green Power will continue to pursue the case to request a substantial reduction of the values originally assigned by the Land Registry Offices to these parts of the plant. They have, however, allocated an adequate amount to the "Provisions for risks and charges" to cover fully the potential charges that would result from an unfavorable outcome, including the information that has emerged from new assessments. At the same time, they do not feel that further provisions are necessary to take into account possible retroactive application of the rule on imputed rent proposals, which to date have not been the subject of comments by the Land Registry Offices and, in any event, primarily concern small plants.

Spain

In March 2009, Josel SL sued Endesa Distribución Eléctrica SL to withdraw from the contract for the sale of several buildings due to changes in their zoning status, requesting the restitution of about €85 million plus interest. Endesa Distribución Eléctrica SL opposed the request for withdrawal. The final hearing was held on July 13, 2010 and a ruling is pending.

On May 19, 2009, the town of Granadilla de Abona fined Endesa €72 million for the construction of the Centrale Generadora de Ciclo Combinato 2 power plant. On July 13, 2009, Endesa lodged an appeal with the administrative courts against the fine. On September 18, 2009, a precautionary suspension of payment of the fine was ob-

tained. Hearing of the case began on September 1, 2010. As regard property tax issues, the Spanish tax authorities undertook a new appraisal of "*Bienes Inmuebles de Características Especiales*" (real estate with special features).

The new appraisals took effect as from 2008 for ports, hydroelectric plants, conventional thermal plants and nuclear power plants and as from 2009 for wind farms and photovoltaic plants. The appraisals were appealed by the corresponding companies of the Endesa Group. For 2008 and 2009, the liability deriving from the new land registry values amounts to €67 million, although the amount challenged by Endesa comes to €31 million.

Brazil

In 2005, the Brazilian tax authorities notified Ampla of an assessment that was subsequently appealed. The tax authorities argued for the non-applicability of the tax exemption for interest received by subscribers of a fixed-rate note issued by Ampla in 1998. On December 6, 2007, Ampla was successful in the second level of the administrative appeals, but the Brazilian authorities appealed the ruling to the Superior Council for Tax Appeals. The amount involved in the dispute is about €335 million.

In 2002 the State of Rio de Janeiro ruled that the ICMS (*Impuesto a la Circulación de Mercaderías y Servicios*) should be calculated and paid on the 10th, 20th and 30th of the same month in which the tax accrues. Nevertheless, Ampla continued to pay the tax in compliance with the previous system (up to the 5th day of the subsequent month). Despite an informal agreement with the State of Rio de Janeiro and two tax amnesties, in October 2004 Ampla was fined for late payment of the ICMS, which the company appealed. The ruling at first instance was in favor of the State of Rio de Janeiro and Ampla appealed but the appeal was denied on August 26, 2010. Ampla then filed a further appeal with the "*Consejo Pleno de Contribuyentes*" of the State of Rio de Janeiro, which is still pending. The amount involved in the dispute is about €76 million.

A Brazilian construction company held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As a consequence of the transfer of assets from CELF to Ampla Energia e Serviços, the Brazilian construction company complained that the transfer had infringed its

creditor rights in respect of CELF (deriving from the contract for civil works) and, in 1998, filed suit against Ampla. In March 2009, the Brazilian court granted the complaint and Ampla and the State of Rio de Janeiro appealed the decision. In December 2009 the appeals court granted the appeals.

The Brazilian construction company appealed that decision to the Court of Cassation, which declined to grant the petition. The construction company then lodged a new appeal ("*de Agravo Regimental*") with the *Tribunal Superior de Justicia de Brasil*, which was rejected at the end of August 2010 for lack of grounds. Following that decision, the company requested a "*mandado de segurança*", the final judicial remedy to obtain a ruling establishing the alleged right of the construction company to recover its claim. The amount involved in the dispute is about €309 million.

In 1998 CIEN signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argen-

tina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. As part of the dispute, Tractebel has expressed its intention to acquire 30% of the transmission line involved. The case is continuing.

For analogous reasons in June 2010 the company Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about €235 million in addition to unspecified damages. CIEN's defense is similar to the earlier case. At the end of July CIEN submitted its defense against the claim and, subsequently, Furnas filed a brief in response. The judge has initiated examination of the case. In addition, on October 18, 2010, the judge asked the parties to indicate whether they would be interested in a "conciliation hearing".

42. Subsequent events

Agreement for development of geothermal energy in Turkey

On January 24, 2011, Enel Green Power has reached an agreement with the Turkish group Uzun for the development of geothermal plants in Turkey. In particular, the agreement provides for the establishment of a research and exploration company, owned and managed by Enel Green Power, with Meteor, a company 70% owned by Uzun and 30% owned by the Turkish geothermal consultancy G-Energy.

The new company will hold a package of 142 exploration licenses in the west of the country, where it will carry out surface and deep exploration activities with the aim of finding geothermal resources suitable for the generation of electricity and heat.

The licenses were acquired by Meteor under a law which

allows private parties to invest in research for geothermal resources with a view to exploiting them for electricity, heating and in agriculture.

Enel Green Power will finance the initial surface exploration with a view to identifying the areas most suitable for the development of geothermal projects, resulting in what could be one of the most important centers of geothermal activity in Turkey. Meteor will participate in Enel Green Power's investments in both surface and deep exploration on a pro-rata basis.

Individual companies (with Enel Green Power again the majority shareholder) will then be formed to develop each geothermal project in the various areas involved.

Repayment of Credit Facility

With effect from January 31, 2011, an additional voluntary early repayment was made on the Credit Facility Agreement held by Enel Finance International and Enel SpA, of which:

- > €1,484 million related to the tranche maturing in 2012;
- > €1,042 million related to the tranche maturing in 2014;
- > €474 million related to the tranche maturing in 2016.

Sale of CAM and Synapsis

On February 24, 2011, the disposal of the Peruvian company Grana y Montero of the Multi-American Company (CAM) was completed at a price of \$20 million. On March 1, 2011, the disposal of Synapsis IT Solutions and Services (Synapsis) to Riverwood Capital was completed at a price of \$52 million.

Both companies are classified in these financial statements as assets and liabilities held for sale.

Bond issue for institutional investors

On March 2, 2011, the Board of Directors of Enel SpA, as part of the strategy to extend the average maturity of the Group's consolidated debt and to optimize the profile of its medium and long-term maturities, approved the issue by December 31, 2011, of one or more bonds, to be placed with institutional investors, up to a maximum amount of €1 billion.

The bond issues may be carried out either directly by Enel SpA or by its Dutch subsidiary Enel Finance International NV (guaranteed by the Parent Company) in relation to opportunities offered by the latter for placing bonds on regulated foreign markets and/or in private placements with foreign institutional investors.

The Board of Directors also empowered the CEO to allocate the bond issues between the two above-mentioned companies, as well as setting the amounts, currencies, timing and characteristics of the individual issues, and the power to apply for listing them on one or more regulated markets.

Acquisition of additional stakes in CESI SpA

On March 11, 2011, Enel SpA acquired E.ON Produzione SpA's entire holding in CESI SpA, equal to 3.9% (134,033 shares). On March 25, 2011, additional holdings in CESI were acquired from Edison, Edipower, Iren Energia and A2A, totaling 9.6% of share capital (328,432 shares). Following the transactions, Enel SpA holds 39.4% of CESI.

Agreement for disposal of Maritza

On March 14, 2011, Enel reached an agreement with ContourGlobal for the sale of the entire share capital of the Netherlands-registered companies Maritza East III Power Holding BV and Maritza O&M Holding Nederland BV, which own, respectively, 73% of the share capital of the Bulgarian company Maritza East 3 AD, which in turn is the owner of a lignite-fired power station with an installed capacity of 908 MW ("Maritza"), and 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, which is responsible for operating and maintaining the Maritza plant.

ContourGlobal will pay Enel a total of €230 million for the companies. The transaction is expected to close by July 2011 and is subject to obtaining the necessary authorisations from the relevant authorities.

43. Stock incentive plans

Between 2000 and 2008, Enel implemented stock incentive plans (stock option plans and restricted share units plans) each year in order to give the Enel Group – in line with international business practice and the leading Italian listed companies – a means for fostering management motivation and loyalty, strengthening a sense of corporate team spirit in our key personnel, and ensuring their enduring and constant effort to create value, thus creating a convergence of interests between shareholders and management.

The remainder of this section describes the features of the stock incentive plans adopted by Enel and still in place in 2010.

2008 stock option plan

The 2008 plan provides for the grant of personal, non-transferable inter vivos options to subscribe a corresponding number of newly issued ordinary Enel shares to senior managers selected by the Board of Directors. The main features of the 2008 plan are discussed below.

Beneficiaries

The beneficiaries of the plan – who include the CEO of Enel in his capacity as General Manager – comprise the small number of managers who represent the first reporting line of top management. The head of the Infrastructure and Networks Division does not participate but has received other incentives linked to specific objectives regarding the Division's business area. The exclusion was motivated by the obligation for Enel – connected with the full liberalization of the electricity sector as from July 1, 2007 – to implement administrative and accounting unbundling so as to separate the activities included in the Infrastructure and Networks Division from those of the Group's other business areas.

The beneficiaries have been divided into two brackets (the first includes only the CEO of Enel in his capacity as General Manager) and the basic number of options granted to each has been determined on the basis of their gross annual compensation and the strategic importance of their positions, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession) specifically governed by the Regulations.

The vesting of the options is subject to achievement of two operational objectives, both calculated on a consolidated, three-year basis: (i) earnings per share (EPS, equal to Group net income divided by the number of Enel shares in circulation) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years and (ii) the return on average capital employed (ROACE, equal to the ratio between operating income and average net capital employed) for the 2008-2010 period, also determined on the basis of the amounts specified in the budgets for those years. Depending on the degree to which the objectives are achieved, the number of options that can actually be exercised by each beneficiary is determined on the basis of a performance scale established by the Enel Board of Directors and may vary up or down with respect to the basic option grant by a percentage amount of between 0% and 120%.

Exercise procedures

Once achievement of the operational objectives has been verified, the options can be exercised as from the third year after the grant year and up to the sixth year as from the grant year. The options can be exercised at any time, with the exception of two blocking periods lasting about one month before the approval of the draft annual financial statements of Enel SpA and the half-year report by the Board of Directors.

Strike price

The strike price was originally set at €8.075, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2008. The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €7.118 – in order to take account

of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares. Subscription of the shares is charged entirely to the beneficiaries, as the plan does not provide for any facilitated terms to be granted in this respect.

Shares serving the plan

In June 2008, the Extraordinary Shareholders' Meeting granted the Board of Directors a five-year authorization to carry out a paid capital increase in the maximum amount of €9,623,735.

The following table reports developments in the 2008 stock option plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options lapsed at Dec. 31, 2009	Options lapsed in 2010
8,019,779 ⁽¹⁾	16 Group executives	€8.075 ⁽²⁾	Rights vested	None	None

(1) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) had been achieved, a total of 9,623,735 options have vested.

(2) The strike price was changed to €7.118 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.

Developments in the 2008 stock option plan

The Board of Directors has determined that in the 2008-2010 period both EPS and ROACE exceeded the levels set out in the budgets for those years, thereby enabling the options to vest in an amount equal to 120% of those originally granted to the beneficiaries, in application of the performance scale established by the Enel Board of Directors.

Payment of a bonus connected with the portion of the dividends attributable to asset disposals, to be made in conjunction with the exercise of stock options

In March 2004, the Board of Directors voted to grant a special bonus, beginning in 2004, to the beneficiaries of the various stock option plans who exercise the options granted to them, establishing that the amount is to be determined each time by the Board itself when it adopts resolutions concerning the allocation of earnings and is based on the portion of the "disposal dividends" (as defined below) distributed after the granting of the options. The rationale underlying this initiative is that the portion of dividends attributable to extraordinary transactions regarding the disposal of property and/or financial assets ("disposal dividends") should be considered a form of return to shareholders of part of the value of the Company, and as such capable of affecting the performance of the shares.

The beneficiaries of the bonus are thus the beneficiaries of the stock option plans who – either because they choose to do so or because of the restrictions imposed by the exercise conditions or the vesting periods – exercise their options after the ex dividend date of the "disposal dividends"

and therefore could be penalized. The bonus is not paid, however, for the portion of other kinds of dividends, such as those generated by ordinary business activities or reimbursements associated with regulatory measures.

Essentially, when beneficiaries of the stock option plans have exercised the options granted to them, as from 2004 they have been entitled to receive a sum equal to the "disposal dividends" distributed by Enel after the options have been granted but before they have been exercised. The bonus will be paid by the company of the Group that employs the beneficiary and is subject to ordinary taxation as income from employment.

Under these rules, to date the Board of Directors has approved: (i) a bonus amounting to €0.08 per option exercised, with regard to the dividend (for 2003) of €0.36 per share payable as from June 24, 2004; (ii) a bonus amounting to €0.33 per option exercised, with regard to the interim dividend (for 2004) of the same amount per share payable as from November 25, 2004; (iii) a bonus amounting to €0.02 per option exercised, with regard to the balance

of the dividend (for 2004) of €0.36 per share payable as from June 23, 2005; and (iv) a bonus amounting to €0.19 per option exercised, with regard to the interim dividend (for 2005) of the same amount per share payable as from November 24, 2005.

It should be noted that the overall dilution of share capital as of December 31, 2010 attributable to the exercise of the stock options granted under the various plans

amounts to 1.31% and that further developments in the plans could, in theory, increase the dilution up to a maximum of 1.41%.

The following table summarizes developments over the course of 2008, 2009 and 2010 in the Enel stock option plans, detailing the main assumptions used in calculating their fair value.

Developments in stock option plans

Number of options	2004 plan	2007 plan	2008 plan	Total
Options granted at December 31, 2008	38,527,550	27,920,000	8,019,779 ⁽¹⁾	74,467,329
Options exercised at December 31, 2008	26,437,815	-	-	26,437,815
Options lapsed at December 31, 2008	2,112,800	760,166	-	2,872,966
Options outstanding at December 31, 2008	9,976,935	27,159,834	8,019,779 ⁽¹⁾	45,156,548
Options lapsed in 2009	9,976,935	27,159,834	-	37,136,769
Options outstanding at December 31, 2009	-	-	8,019,779 ⁽¹⁾	8,019,779
Options outstanding at December 31, 2010	-	-	8,019,779 ⁽²⁾	8,019,779
Fair value at grant date (euro)	0.18	0.29	0.17	-
Volatility	17%	13%	21%	-
Option expiry	Dec. 2009	Dec. 2013	Dec. 2014	-

(1) If the degree of achievement of the two operational objectives (EPS and ROACE) set for the 2008 plan should reach the highest level of the performance scale, a maximum of 9,623,735 options would vest.

(2) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 9,623,735 options have vested (120% of the 8,019,779 options originally granted).

Stock options granted to the General Manager and managers with strategic responsibilities

The following table reports the stock options of the General Manager (and Chief Executive Officer) of Enel SpA and Company managers with strategic responsibilities. The information regarding the latter is provided in aggregate form, pursuant to the provisions of Article 78 and

annex 3C of CONSOB Resolution no. 11971/1999 (the "Issuers Regulation").

Each option in the table corresponds to the subscription of one share.

Name	Position	Options held at the start of 2010			Options granted in 2010 ⁽³⁾	Options exercised in 2010 ⁽³⁾	Options lapsed in 2010	Options held at the end of 2010		
		Number of options	Average exercise price (euro)	Average expiry	Number of options	Number of options	Number of options	Number of options	Average exercise price (euro)	Average expiry
Fulvio Conti	General Manager of Enel SpA	1,322,772 ⁽¹⁾	7.118	2014	-	-	-	1,587,326 ⁽²⁾	7.118	2014
	Managers with strategic responsibilities ⁽³⁾	6,697,007 ⁽⁴⁾	7.118	2014	-	-	-	8,036,409 ⁽⁵⁾	7.118	2014

(1) If the degree of achievement of the two operational objectives (EPS and ROACE) set for the 2008 plan should reach the highest level of the performance scale, a maximum of 1,587,326 options would vest.

(2) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 1,587,326 options have vested (120% of the 1,322,772 options originally granted).

(3) In 2010, managers with strategic responsibilities included heads of Enel SpA Departments and Division heads, for a total of 17 management positions.

(4) If the degree of achievement of the two operational objectives (EPS and ROACE) set for the 2008 plan should reach the highest level of the performance scale, a maximum of 8,036,409 options would vest.

(5) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 8,036,409 options have vested (120% of the 6,697,007 options originally granted).

Restricted share units plan 2008

In June 2008 Enel's Ordinary Shareholders' Meeting approved an additional incentive mechanism, a restricted share units plan. The plan – which is also linked to the performance of Enel shares – differs from the stock option plans in that it does not involve the issue of new shares and therefore has no diluting effect on share capital. It grants the beneficiaries rights to receive the payment of a sum equal to the product of the number of units exercised and the average value of Enel shares in the month preceding the exercise of the units.

Beneficiaries

The plan covers the management of the Enel Group (including the managers already participating in the 2008 stock option plan, which includes the Enel CEO in his capacity as General Manager), with the exception of the managers of the Infrastructure and Networks Division for the reasons discussed with the 2008 stock option plan.

The beneficiaries have been divided into brackets and the basic number of units granted to each has been determined on the basis of the average gross annual compensation of the bracket, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

Exercise of the units – and the consequent receipt of the payment – is subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit of the company at which the beneficiary is employed from the Group or inheritance) specifically governed by the Regulations.

As regards other exercise conditions, the plan first establishes a suspensory operational objective (a "hurdle target"): (i) for the first 50% of the basic number of units granted, Group EBITDA for 2008-2009, calculated on the basis of the amounts specified in the budgets for those years; and (ii) for the remaining 50% of the basic number of units granted, Group EBITDA for 2008-2010, calculated on the basis of the amounts specified in the budgets for those years.

If the hurdle target is achieved, the actual number of units that can be exercised by each beneficiary is determined on the basis of a performance objective represented by:

- > for the first 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2009 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and

that of a specific benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric Index (weight: 50%); and

- > for the remaining 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2010 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and the benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced in 2009 with the FTSE Italia All Share index as indicated above – and the Bloomberg World Electric Index (weight: 50%).

The number that can be exercised may vary up or down with respect to the basic unit grant by a percentage amount of between 0% and 120% as determined on the basis of a specific performance scale.

If the hurdle target is not achieved in the first two-year period, the first tranche of 50% of the units granted may be recovered if the same hurdle target is achieved over the longer three-year period indicated above. It is also possible to extend the validity of the performance level registered in the 2008-2010 period to the 2008-2009 period, where performance was higher in the longer period, with the consequent recovery of units that did not actually vest in the first two-year period because of the lower performance level and on the condition that the first 50% of the basic unit grant has not yet been exercised.

Exercise procedures

Once achievement of the hurdle target and the performance objectives has been verified, of the total number of units granted, 50% may be exercised as from the second year subsequent to the grant year and the remaining 50% as from the third year subsequent to the grant year, with the deadline for exercising all the units being the sixth year subsequent to the grant year.

In any event, each year the units can only be exercised during four time windows of ten business days each (to be announced by Enel over the course of the plan) in the months of January, April, July and October.

Developments in the 2008 restricted share units plan

The review conducted by the Board of Directors to verify satisfaction of the exercise conditions found the following.

For the first 50% of the basic units granted, in 2008-2009 the hurdle target for Group EBITDA had been achieved and Enel shares had slightly outperformed the benchmark index, meaning that according to the performance scale 100% of the units originally granted had vested.

For the remaining 50% of the basic grant awarded, in 2008-2010 the hurdle target for Group EBITDA had been achieved and Enel shares significantly outperformed the benchmark index, meaning that according to the performance scale an amount equal to 120% of the units originally granted had vested.

In view of the fact that the level of achievement of the performance targets over the 2008-2010 period was higher than that achieved in 2008-2009, it is therefore possible to recover the units that did not vest in 2008-2009 as a result of the lower level of achievement of the performance targets for beneficiaries who had not yet exercised the first 50% of the basic units granted.

The following table reports developments in the 2008 restricted share units plan.

Number of RSU	2008 plan
RSU outstanding at December 31, 2008 (equal to 100% of the base number of RSU)	1,766,675
RSU lapsed in 2009	11,350
RSU outstanding at December 31, 2009	1,755,325
<i>of which vested at December 31, 2009</i>	<i>887,662</i>
RSU lapsed in 2010	9,648
RSU exercised in 2010	472,588
New RSU granted and vested under the “recovery clause” (applicable to first 50% of base number of RSU)	77,950
New RSU granted and vested in respect of the remaining 50% of the base number of RSU	176,667
RSU outstanding at December 31, 2010	1,527,706
<i>of which vested at December 31, 2010</i>	<i>1,527,706</i>
Fair value at the grant date (euro)	3.16
Fair value at December 31, 2010 (euro)	4.47
Expiry of the restricted share units	December 2014

44. Compensation of Directors, members of the Board of Auditors, the General Manager and managers with strategic responsibilities

The compensation paid to directors, members of the Board of Auditors, the General Manager and managers with strategic responsibilities of Enel SpA is summarized in the following table.

The table has been prepared with regard to the period for which the position was held on an accruals basis. The information regarding managers with strategic responsibilities is provided in aggregate form, pursuant to the provisions of Article 78 and annex 3C of CONSOB Resolution no. 11971/1999 (the “Issuers Regulation”).

The directors of Enel SpA have waived all forms of compensation for positions held in subsidiaries.

A description of the overall compensation of the members of the Board of Directors, the members of the Board committees, the Chairman and the Chief Executive Officer/ General Manager is provided in the second section of the corporate governance report (under “Board of Directors – Pay”).

Compensation of Directors, members of the Board of Auditors, the General Manager and managers with strategic responsibilities

Last name	Name	Position	Period for which position was held	End of term
Directors and General Manager				
Gnudi	Piero	Chairman	1/2010-12/2010	Approv. fin. stat. 2010
Conti	Fulvio	CEO and GM	1/2010-12/2010	Approv. fin. stat. 2010
Ballio	Giulio	Director	1/2010-12/2010	Approv. fin. stat. 2010
Codogno	Lorenzo	Director	1/2010-12/2010	Approv. fin. stat. 2010
Costi	Renzo	Director	1/2010-12/2010	Approv. fin. stat. 2010
Fantozzi	Augusto	Director	1/2010-12/2010	Approv. fin. stat. 2010
Luciano	Alessandro	Director	1/2010-12/2010	Approv. fin. stat. 2010
Napolitano	Fernando	Director	1/2010-12/2010	Approv. fin. stat. 2010
Tosi	Gianfranco	Director	1/2010-12/2010	Approv. fin. stat. 2010
			Total compensation of Directors and GM	
Board of Auditors - term ended				
Fontana	Franco	Chair. Board of Auditors	1/2010-4/2010	Approv. fin. stat. 2009
Board of Auditors - in service				
Duca	Sergio	Chair. Board of Auditors	4/2010-12/2010	Approv. fin. stat. 2012
Conte	Carlo	Standing Auditor	1/2010-12/2010	Approv. fin. stat. 2012
Mariconda	Gennaro	Standing Auditor	1/2010-12/2010	Approv. fin. stat. 2012
			Total compensation of Board of Auditors	
Managers with strategic responsibilities ⁽¹⁴⁾			1/2010-12/2010	
			TOTAL	

- (1) Insurance policy.
- (2) Of which (i) €420,000.00 in respect of the variable portion of compensation for 2009, approved and disbursed in 2010, and (ii) €560,000.00 in respect of the variable portion of compensation for 2010 approved and disbursed in 2011.
- (3) Of which (i) €780,000.00 in respect of the variable portion of compensation for 2009, approved and disbursed in 2010, and (ii) €900,000.00 in respect of the variable portion of compensation for 2010 approved and disbursed in 2011.
- (4) The amount breaks as follows: i) a fixed portion of compensation of €701,678.51 for the position of General Manager for 2010; ii) €910,000.00 in respect of the variable portion of compensation for the position of General Manager for 2009, approved and disbursed in 2010; (iii) €1,050,00.00 in respect of the variable portion of compensation for the position of General Manager for 2010, approved and disbursed in 2011.
- (5) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €31,000.00 as a member of the Compensation Committee, as approved by the Board of Directors on June 18, 2008.
- (6) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €33,000.00 as a member of the Internal Control Committee, as approved by the Board of Directors on June 18, 2008.
- (7) Compensation paid to the Ministry for the Economy and Finance in the amount of €115,000.00 pursuant to the Directive of the Presidency of the Council of Ministers - Department of Public Administration of March 1, 2000.
- (8) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €33,250.00 as a member of the Internal Control Committee, as approved by the Board of Directors on June 18, 2008.
- (9) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €36,000.00 as coordinator of the Compensation Committee, as approved by the Board of Directors on June 18, 2008.

Remuneration (euro)	Non-monetary benefits (euro)	Bonuses and other incentives (euro)	Other compensation (euro)	Total (euro)
700,000.00	15,211.38 ⁽¹⁾	980,000.00 ^{(2) (*)}		1,695,211.38
600,000.00		1,680,000.00 ^{(3) (*)}	2,661,678.51 ^{(4) (*)}	4,941,678.51
116,000.00 ⁽⁵⁾				116,000.00
118,000.00 ^{(6) (7)}				118,000.00
118,250.00 ⁽⁸⁾				118,250.00
121,000.00 ⁽⁹⁾				121,000.00
118,000.00 ⁽¹⁰⁾				118,000.00
115,500.00 ⁽¹¹⁾				115,500.00
123,250.00 ⁽¹²⁾				123,250.00
2,130,000.00	15,211.38	2,660,000.00	2,661,678.51	7,466,889.89
25,000.00				25,000.00
56,902.78				56,902.78
71,694.44 ⁽¹³⁾				71,694.44
71,694.44				71,694.44
225,291.66	-	-	-	225,291.66
			12,811,890.45	12,811,890.45
2,355,291.66	15,211.38	2,660,000.00	15,473,568.96	20,504,072.00

(10) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €33,000.00 as a member of the Internal Control Committee, as approved by the Board of Directors on June 18, 2008.

(11) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €30,500.00 as a member of the Compensation Committee, as approved by the Board of Directors on June 18, 2008.

(12) Of which (i) €85,000.00 as a member of the Board of Directors, as approved by the Shareholders' Meeting of June 11, 2008 and (ii) €38,250.00 as coordinator of the Internal Control Committee, as approved by the Board of Directors on June 18, 2008.

(13) Compensation paid entirely to the Ministry for the Economy and Finance pursuant to the Directive of the Presidency of the Council of Ministers - Department of Public Administration of March 1, 2000.

(14) In 2010, managers with strategic responsibilities included heads of Enel SpA Departments and Division heads, for a total of 17 management positions.

(*) As regards the variable component of the compensation of senior management (in particular the Chairman and the CEO/General Manager, who are assigned the same objectives), the Group targets for 2010 comprise (i) quantitative targets, including achievement of the consolidated EBITDA set in the budget (weighting: 25%), reducing consolidated financial debt (20%), the satisfaction of customers who signed up plans offered by the subsidiary Enel Energia SpA (10%), the margin of the generation area (20%) and workplace safety (10%) as well as (ii) qualitative objectives concerning the effectiveness of the communication and information plan on Enel's nuclear power skills and an overall assessment of the findings of the "climate" survey within the Group (overall weight: 15%).



Corporate governance



Report on corporate governance and ownership structure

Section I: Governance and ownership structure

Introduction

During 2010, the corporate governance structure in place at Enel SpA (hereinafter, also "Enel" or the "Company") and in the group of companies that it controls (hereinafter, for the sake of brevity, the "Group") continued to reflect the principles contained in the edition of the Self-regulation Code of Italian listed companies promoted by Borsa Italiana, published in March 2006 and available on Borsa Italiana's website at [http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/](http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en_pdf.htm)

[codiceautodisciplina.en_pdf.htm](http://www.borsaitaliana.it/borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en_pdf.htm) (hereinafter, for the sake of brevity, the "Self-regulation Code"), as well as the recommendations made in this regard by the CONSOB and, more generally, international best practice.

The aim of this corporate governance system is essentially the creation of value for the shareholders, taking into account the social importance of the Group's activities and the consequent need, in carrying them out, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The capital stock of the Company consists exclusively of registered ordinary shares fully paid up and entitled to full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. At the end of 2010 (and still as of March 2011), Enel's share capital amounted to euro 9,403,357,795, divided into the same number of ordinary shares with a par value of euro 1 each.

Since November 1999, the Company's shares have been listed on the Electronic Stock Exchange organized and managed by Borsa Italiana. In addition, the shares of the Company were listed on the New York Stock Exchange in the form of ADSs (American Depositary Shares) from November 1999 until December 2007. At the Company's request, because of the low trading volume and the financial and administrative burdens connected with maintaining the listing and the registration of the aforesaid ADSs in the United States of America, in December 2007 such

ADSs were delisted from the New York Stock Exchange. In March 2008, following the completion of the procedure of deregistering Enel's ADSs (and ordinary shares) at the Securities and Exchange Commission (SEC), the Company's reporting obligations provided for by the Securities Exchange Act of 1934 ceased and the provisions regarding corporate governance contained in the Sarbanes-Oxley Act no longer apply to Enel. In this regard it should be noted that, even after the completion of the deregistration, the internal controls over financial reporting required by Section 404 of the Sarbanes-Oxley Act are still applied by certain Latin American companies of the Group which have ADSs listed on the New York Stock Exchange (as better specified in the second section of the document under "Internal control system" - "The system of risk management and internal control of financial information").

Major shareholdings and shareholders' agreements

According to the entries in Enel's stock register, the reports made to the CONSOB and received by the Company, and the other available information, as of March 2011 no shareholder – with the exception of the Ministry for the Economy and Finance of the Italian Republic, which owns 31.24% of the share capital, the group controlled by BlackRock Inc., which owns 2.74% of the share capital as asset management, and Natixis SA, which owns 2.07% of the share capital – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any shareholders' agreements indicated in the Unified Financial Act regarding Enel's shares exist.

With respect to the previous financial year, it should be noted that the Ministry for the Economy and Finance has received from its subsidiary Cassa Depositi e Prestiti SpA 17.36% of the Enel's share capital (thus increasing its direct participation in the Company's share capital from 13.88% to 31.24%) as an effect of the exchange of shareholdings set out by the Decree of the Minister for the Economy and Finance dated November 30, 2010 and completed on December 21, 2010.

The Company is therefore subject to the de facto control of the Ministry for the Economy and Finance, which has sufficient votes to exercise a dominant influence at Ordinary Shareholders' Meetings of Enel. However, the aforesaid Ministry is not in any way involved in managing and coordinating the Company, in accordance with the provisions of Article 19, paragraph 6, of Decree Law 78/2009 (subsequently converted into Law 102/2009), which made it clear that the regulations contained in the civil code regarding the management and coordination of companies do not apply to the Italian government.

Limit to the ownership of shares and to voting rights

In implementing a provision of the regulations regarding privatizations, the Company's bylaws provides that – except for the government, public bodies, and parties subject to their respective control – no shareholder may own, directly or indirectly, Enel shares that constitute more than 3% of the share capital.

The voting rights regarding the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the

voting rights to which each of the parties concerned by the limit to share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders concerned. In case of non-compliance, resolutions of Shareholders Meetings may be challenged in court if it is assessed that the majority required would not have been attained without the votes expressed in excess of the aforesaid limit.

According to the regulations regarding privatizations and subsequent modifications, the provisions of the bylaws concerning the limit to share ownership and to voting rights will lapse if the limit of 3% is exceeded following a takeover bid in consequence of which the bidder holds shares amounting to at least 75% of the capital with the right to vote on resolutions regarding the appointment or removal of Directors.

Special powers of the Italian government

In implementing the provisions of the regulations regarding privatizations, the Company's bylaws assigns to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) several "special powers", which are exercisable regardless of the number of shares owned by the aforesaid Ministry.

Specifically, the Minister for the Economy and Finance, in agreement with the Minister for Productive Activities (currently the Minister for Economic Development), has the following "special powers", to be used according to the criteria established by the Prime Minister's Decree of June 10, 2004:

- > opposition to the acquisition of significant shareholdings (that is to say, amounting to or exceeding 3% of Enel's share capital) by parties to whom the aforesaid limit to share ownership applies. Grounds for the opposition must be given and the opposition may be expressed only in cases in which the Ministry considers the transaction to be in actual fact detrimental to vital national interests;
- > opposition to shareholders' agreements referred to in the Unified Financial Act if they concern 5% or more of Enel's share capital. In this case too, grounds must be given for the opposition, which may be expressed only in cases in which the shareholders' agreements are liable to cause concrete detriment to vital national interests;

- > veto to the adoption of resolutions liable to have a major impact on the Company (by which is understood resolutions to wind-up, transfer, merge, or split-up the Company or to move its headquarters abroad or change its corporate purpose, as well as those aimed at abolishing or changing the content of the “special powers”). Grounds for the veto must in any case be given and the veto may be exercised only in cases in which such resolutions are liable to cause concrete detriment to vital national interests;
- > appointment of a Director without the right to vote (and of the related substitute in case he or she leaves the office).

It should be noted that, on March 26, 2009, the Court of Justice of the European Communities declared that, by adopting the provisions stated in Article 1, paragraph 2, of the aforesaid Prime Minister’s Decree of June 10, 2004 containing the criteria for exercising the special powers, Italy failed to meet its obligations under Articles 43 (*freedom of establishment*) and 56 (*free circulation of capital*) of the institutive Treaty of the European Community.

Thereafter, Decree of the President of the Council of Ministers dated May 20, 2010 abrogated the provision of the aforesaid Prime Minister’s Decree of June 10, 2004 censured by the Court of Justice of the European Communities, which contained the circumstances in which the special powers provided under letters a), b) and c) could be effectively exercised. Article 1, paragraph 1, of the Prime Minister’s Decree of June 10, 2004, according to which the “special powers” may be exercised *“only in the event of relevant and unavoidable reasons of general interest, with particular reference to public order, security, health and defense, in the form and through means which are suitable and proportional to safeguard such interests, also through the possible provision of appropriate time constraints, without prejudice to national and EU rules, and among those, in first instance, the non-discrimination principle”*, remains applicable.

Employee shareholdings: mechanism for exercising voting rights

The Unified Financial Act sets forth specific rules regarding voting proxies in listed companies, which deviate – for such companies – from the provisions set forth in the Civil Code and which were significantly amended following the implementation in Italy of Directive 2007/36/EC (relating to the exercise of certain rights of the shareholders of listed companies) by Legislative Decree 27 of January 27, 2010. The foregoing specific rules govern the solicitation of proxies, which is defined as the request for proxies addressed to more than two-hundred shareholders, on specific voting proposals, or accompanied by recommendations, declarations and other indications suitable for the purpose of influencing the vote. However, the Unified Financial Act clarifies that the request for proxies accompanied by recommendations, declarations and other indication suitable for the purpose of influencing the vote, which is addressed by associations of shareholders to their affiliates – including those associations which put together employees who are shareholders – is not to be considered as solicitation of proxies – and, thus, is not subject to the relevant specific discipline – if such associations comply with the specific requirements set forth by the Unified Financial Act.

At the same time, the Unified Financial Act continues to hope for the bylaws of listed companies to contain provisions aimed at simplifying the exercise of voting right through proxy by the employees who are shareholders, thus fostering their participation to the decision of the shareholders’ meetings.

In such respect, since 1999, Enel’s bylaws expressly provide that, in order to simplify the collection of proxies by the employees-shareholders of the Company and of its subsidiaries, which are affiliated to associations of shareholders which comply with the requirements prescribed by applicable laws, facilities for communication and for the collection of proxies shall be made available to such associations, pursuant to the terms and modalities to be agreed upon from time to time with their legal representatives.

In March 2008 the establishment of an employee-shareholders’ association called *ADIGE - Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) which possesses the requirements

prescribed by the Unified Financial Act has been notified to the Company; the above rules provided by the bylaws of the Company apply therefore to such association.

Appointment and replacement of Directors and amendments of the bylaws

The rules that regulate the appointment and replacement of Directors are examined in the second section of this document (under "Board of Directors - Appointment, replacement, composition, and term).

As far as the rules applicable to amendments of the bylaws are concerned, Extraordinary Shareholders Meetings resolve thereon according to the majorities provided for by the law.

As allowed by the law, however, the Company's bylaws assigns to the authority of the Board of Directors the resolutions concerning:

- > mergers by absorption of entirely or at least 90% owned companies, as well as de-mergers corresponding to the latter;
- > the establishment or closing of secondary headquarters;
- > which Directors are entrusted to represent the Company;
- > the reduction of the share capital in the event one or more shareholders withdraw;
- > the harmonization of the bylaws with provisions of law;
- > moving the registered office within Italy.

Furthermore, in implementing the provisions of the regulations regarding privatizations, the Company's bylaws assigns to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) the "special power" of veto on the adoption of several resolutions – which are specified in detail in the paragraph "Special powers of the Italian government" – liable to have a major impact on the Company and, at the same time, to entail the amendment of its bylaws.

Authorizations to increase the share capital and to buy back shares

As of March 2011, the bylaws contains three authorizations of the Board of Directors to increase the share capital for stock option plans addressed to the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.

Specifically, in May 2006 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 31,790,000 for the 2006 stock option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. In March 2009, the Board of Directors ascertained the failure to attain one of the objectives to which the exercise of the stock options assigned under the 2006 plan was subject; which entailed the lapse of the stock options in question, as well as of the related share capital increase.

In May 2007 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 27,920,000 for the 2007 stock option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. It should be pointed out that, also in this case, in March 2010, the Board of Directors ascertained the failure to achieve one of the objectives to which the exercise of the stock options assigned under the 2007 plan was subject, which entailed the lapse of the options in question, as well as of the related share capital increase.

In June 2008, the extraordinary session of the Shareholders' Meeting has also authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of euro 9,623,735 for the 2008 stock option plan, which had been approved by the ordinary session of the same Shareholders' Meeting.

The authorization for the 2008 stock option plan is still in force, since in March 2011 the Board of Directors has ascertained the achievement of the objectives to which the exercise of the options under the said stock option plan was subject to; the amount of such authorization could entail a maximum total dilution amounting to 0.10% of the share capital as recorded at the beginning of March 2011.

For the sake of completeness, it should be pointed out that the total actual dilution of the share capital as of the end of 2010 as a consequence of the exercise of the stock options assigned through the plans preceding the aforesaid ones amounted to 1.31%.

As of March 2011, there are no authorizations for the Board of Directors to either issue financial instruments granting shareholding or to buy back shares.

Change of control clauses

A) The Credit Agreement for purchasing Endesa shares

In order to finance the purchase of the shares of the Spanish company Endesa SA, as part of the takeover bid on the entire share capital of the said company by Enel, its subsidiary Enel Energy Europe Srl and the Spanish companies Acciona SA and Finanzas Dos SA (the latter controlled by Acciona SA), in April 2007 Enel and its subsidiary Enel Finance International SA (recently merged in Enel Finance International NV) entered into a syndicated term and guarantee facility agreement (hereinafter, for the sake of brevity, the "Credit Agreement") with a pool of banks for a total amount of euro 35 billion. In April 2009, Enel and Enel Finance International negotiated with a pool of 12 banks an extension of the Credit Agreement amounting to an additional euro 8 billion and an extension (with respect to the deadlines provided for by the aforesaid Credit Agreement) of the period established for the repayment of this additional sum, with the intention of financing the acquisition by Enel's subsidiary Enel Energy Europe Srl of the 25.01% of Endesa SA's share capital held by Acciona SA and Finanzas Dos SA. Specifically, it was agreed that of the additional euro 8 billion obtained through the extension of the Credit Agreement, euro 5.5 billion may be paid back in 2014 and the remaining euro 2.5 billion in 2016. Following the acquisition by the subsidiary Enel Energy Europe Srl of the 25.01% of Endesa SA's capital held by Acciona SA and Finanzas Dos SA, in June 2009 the aforesaid extension of the Credit Agreement, amounting to euro 8 billion, was entirely used. In December 2010, following the repayments made, the remaining amount of the Credit Agreement – including the aforesaid additional euro 8 billion – was euro 6.9 billion.

The Credit Agreement makes specific provisions for the cases (hereinafter, for the sake of brevity, the "cases of change of control") in which (i) control of Enel is acquired

by one or more parties other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, so that the Group's creditworthiness is significantly compromised in the opinion of the pool of banks.

Specifically, if one of the aforesaid hypothetical cases of change of control occurs:

- > each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention of withdrawing from the contract;
- > Enel and its subsidiary Enel Finance International may decide to advance the repayment of the sums received and to cancel without penalties the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has communicated its intention to withdraw from the contract;
- > each of the latter banks belonging to the pool may demand the early repayment of the sums paid out and the cancellation of the entire financial commitment it assumed;
- > in the event that none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the Credit Agreement or communicates its intention to withdraw from the contract, the Credit Agreement remains fully effective according to the terms and conditions originally agreed on.

B) The revolving credit facility agreement

In order to meet general treasury requirements, in April 2010 Enel and its subsidiary Enel Finance International SA (recently merged in Enel Finance International NV) entered into a revolving credit facility agreement with a pool of banks for a total amount of euro 10 billion and, at the same time, terminated a previous agreement having the same subject, entered into in 2005, for an amount of euro 5 billion.

This contract, which is currently in force, provides, as in the contract which was terminated, for rules regarding changes of control and the related effects that are essentially the same as those in the Credit Agreement described in paragraph A) above.

C) The revolving credit facility agreement entered into with Unicredit

In order to satisfy specific treasury requirements, in December 2010 Enel entered into a revolving credit facility agreement with Unicredit SpA for a total amount of euro 500 million and a term of about 18 months from the date of signing.

This contract also provides that in the event that the control of Enel is acquired by one or more parties other than the Italian Government, such change shall be timely notified to Unicredit SpA; in the event that Unicredit SpA deems that the change of control may adversely affect the capacity of Enel to fulfill its obligations under the facility agreement, it may request the suspension of the use by Enel of the funds provided under the facility agreement and the reimbursement of the amounts already drawn but not yet used.

D) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007 the subsidiary Enel Produzione SpA entered into a loan agreement with the European Investment Bank (hereinafter, for the sake of brevity, "EIB") for up to euro 450 million, which expires in July 2027.

This agreement provides that both Enel Produzione SpA and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione SpA or Enel, EIB may demand additional guarantees, changes in the agreement, or alternative measures that it considers satisfactory. If Enel Produzione SpA does not accept the solutions it proposes, EIB has the right to unilaterally terminate the loan agreement in question.

E) The EIB loans to Enel Distribuzione

In order to expand its plan for installing digital meters, in December 2003 the subsidiary Enel Distribuzione SpA entered into a loan agreement with the EIB in the amount of euro 500 million, which expires in December 2018.

Subsequently, in order to develop the process of making its electricity network more efficient, in November 2006 the aforesaid Enel Distribuzione SpA entered into another loan agreement with the EIB in the amount of euro 600 million, which expires in December 2026.

Both the agreements in question are accompanied by a guarantee agreement – not yet effective as of February 2011 as far as the aforesaid loan granted to the subsidiary Enel Distribuzione SpA in December 2003 is concerned – entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the aforesaid loans, is obliged to inform the EIB of any changes in its control structure. After receiving such information, the EIB will examine the new situation in order to decide on a possible change in the conditions regulating the aforesaid loans to Enel Distribuzione SpA.

F) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, the same Enel Distribuzione SpA entered into a framework loan agreement with Cassa Depositi e Prestiti SpA (hereinafter, for the sake of brevity, "CDP") for an amount of euro 800 million, which will expire in April 2029 and is also aimed at developing the process of making the power network of said subsidiary more efficient.

This agreement is also accompanied by a guarantee agreement entered into by CDP and Enel, according to which the Company, as the surety for the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione SpA that could entail the loss of the control of said company, as well as (ii) of any significant deterioration of the situation or prospects of Enel Distribuzione SpA's and/or Enel's balance sheet, income statement, cash flow, or operations. The materialization of such cases may entail the obligation for Enel Distribuzione SpA to repay immediately to CDP the loan received.

Compensation of the Directors in case of early termination of the relationship, also following a takeover bid

The payment arrangements with the persons who currently hold, respectively, the positions of Chairman and Chief Executive Officer (as well as General Manager) of Enel provide for forms of compensation in case of their early termination of the relationship following their resignation or dismissal without a just cause.

Specifically, it is provided that, in case of their justified resignation or their removal without a just cause, the

Chairman and the Chief Executive Officer of Enel will receive a compensation amounting to:

- > in the Chairman's case, the total sum of the fixed and variable remuneration that he would have received until the expiry of his term (assuming, with regard to the variable part, the average remuneration received in the last two years or, absent that, 50% of the maximum amount provided for);
- > in the Chief Executive Officer's (and General Manager's) case, the total sum of the fixed and variable remuneration (assuming, with regard to the variable part of the same, the average remuneration received in the last two years or, absent that, 50% of the maximum amount provided for) that he would have received as Chief Executive Officer and as General Manager until the expiry of the relationships concerned.

In addition to the foregoing, when his employment as an executive ends (in consequence of the termination of his relationship as a Director, including if the latter occurs before the end of his term, because of his justified resignation or his removal without a just cause), the General Manager will receive a compensation amounting to three years of (i) the fixed remuneration received in such capacity, as well as (ii) 50% of the variable remuneration received in the same capacity, amounting to a total sum of euro 3,675,000. This compensation includes indemnity in lieu of notice and entails the waiver by the person concerned of any demands that could be made on the basis of the national collective bargaining agreement for executives of industrial firms.

With reference to the effects of the termination of the management employment relationship on the rights assigned to the General Manager in the context of the incentive plans currently in force, based on financial instruments (stock option and restricted share units) or to be paid in cash (long-term incentive), it should be noted that, in accordance with the rules applying to all the beneficiaries of such plans:

- > following the termination of the employment relationship due to the expiry of the term, the General Manager retains the rights which were previously assigned to him;
- > in the event of termination of the employment relationship due to voluntary resignation (with or without a just cause) or dismissal for just cause or for a justified personal reason, the General Manager loses any right previously assigned to him;
- > in the event of termination of the employment rela-

tionship due to reasons other than those under (ii) above, the Board of Directors, upon consultation with the Compensation Committee, shall determine the rules applicable to the rights assigned to the General Manager.

The Chief Executive Officer (and General Manager) has undertaken not to engage – for one year as from the termination of his labor relationship – on his own and directly, in any business activities anywhere in the European Union territory that could be in competition with those carried on by Enel.

As a consideration for such undertaking, the Company undertook to pay to the latter the fixed and variable components of one year of compensation as Chief Executive Officer and General Manager (considering, with respect to the variable part of the compensation, the average amount of the compensation which was paid during the last two years or, absent that, 50% of the maximum expected amount).

Finally, it should be noted that there are no agreements providing for (i) the award or the keeping of non monetary benefits in favor of former Directors, or (ii) the entering into of consultancy agreements for a period following the termination of the relationship as Director; no specific compensation is also provided for in the event the relationship of any member of the Board of Directors is terminated following a takeover bid.

A description of the total pay of the members of the Board of Directors and the members of the related Committees, as well as the Chairman and the Chief Executive Officer (and General Manager) is provided in the second section of this report (under "Board of Directors - Remuneration").

Organizational structure

In compliance with the current regulations applicable in Italy to companies with listed shares, the organizational structure of the Company includes:

- > a Board of Directors entrusted with the management of the Company;
- > a Board of Statutory Auditors responsible for (i) ensuring compliance with the law and the Company's bylaws, as well as the observance of correct management principles in the carrying out of the Companies activities, (ii) checking the financial information process and the adequacy of the Company's organizational

structure, internal auditing system, and administration and accounting system, and (iii) supervising the audit of the annual financial statements and of the consolidated financial statements and the independence of the external auditor and, finally (iv) ascertaining how the corporate governance rules provided by the Self-regulation Code are actually implemented;

- > Shareholders' Meetings, called to resolve – in either an ordinary or an extraordinary session – on, among other things, (i) the appointment and removal of members of the Board of Directors and the Board of Statutory

Auditors, as well as their compensation and responsibilities, (ii) the approval of the financial statements and the allocation of net income, (iii) the acquisition and sale of own shares, (iv) stock option plans, (v) amendments of the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the Company's and Group's accounts is entrusted to a specialized firm registered with the CONSOB and expressly appointed, after the Board of Statutory Auditors has made a grounded proposal, by a Shareholders' Meeting.

Section II: Implementation of the recommendations of the Self-regulation Code and additional information

Board of Directors

Role and powers

The Board of Directors plays a central role in the Company's organization and is entrusted with the powers and the responsibility for strategic and organizational policies, as well as with verifying the existence of the controls necessary for monitoring the performance of the Company and the Group. In consideration of its role, the Board of Directors meets regularly and is organized and works so as to ensure the effective performance of its duties.

In this context, and in accordance with the provisions of the law and specific resolutions of its own (and, in particular, of the one adopted in June 2008), the Board of Directors:

- > establishes the corporate governance system for the Company and the Group and the constitution and definition of the duties of the Board's internal committees, whose members it appoints;
- > delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the delegations in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those powers that are assigned otherwise by the law or by the Company's bylaws or which are reserved to the Board of Directors according to resolutions of the latter, which are described below;

- > receives, together with the Board of Statutory Auditors, constant and exhaustive information from the Chief Executive Officer regarding the activities carried out in the exercise of his powers, which are summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the Board of Directors), the Chief Executive Officer reports to the Board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;
- > determines, on the basis of the proposals made by the dedicated Committee and after receiving the opinion of the Board of Statutory Auditors, the compensation of the Chief Executive Officer and of the other Directors who hold specific offices;
- > evaluates, on the basis of the analyses and proposals made by the dedicated Committee, the criteria adopted for the compensation of the Company's and the Group's executives with strategic responsibilities and decides

- with regard to the adoption of the incentive plans addressed to all the executives;
 - > evaluates the adequacy of the Company's and the Group's organizational, administrative, and accounting structure and resolves on the changes in the organizational structure proposed by the Chief Executive Officer;
 - > establishes the corporate structure of the Group and checks if it is appropriate;
 - > examines and approves the strategic, business, and financial plans of the Company and the Group. In this regard, the current division of powers within the Company specifically provides for the Board of Directors to resolve on the approval of:
 - the annual budget and the long-term plan (which includes the aggregates of the annual budgets and long-term plans of the Group companies);
 - strategic agreements, also determining – upon proposal by the Chief Executive Officer and after the Chairman has expressed his opinion – the strategic objectives of the Company and the Group;
 - > examines and approves beforehand the transactions of the Company and the Group that have a significant impact on their strategy, balance sheets, income statements, or cash flows, particularly in cases where they are carried out with related parties or are otherwise characterized by a potential conflict of interest.
- In particular, all financial transactions of a significant size – by which is meant taking on loans exceeding the value of euro 50 million, as well as granting loans and issuing guarantees in favor of third parties exceeding the value of euro 25 million – must be approved beforehand (if they concern the Company) or evaluated (if they regard the Group companies) by the Board of Directors.
- In addition, the acquisition and disposal of equity investments amounting to more than euro 25 million must be approved beforehand (if they are carried out directly by the Company) or evaluated (if they concern Group companies) by the Board of Directors. Finally, the latter approves agreements (with ministries, local governments, etc.) that entail expenditure commitments exceeding euro 25 million;
- > provides for the exercise of voting rights at shareholders' meetings of the main companies controlled by the Parent Company and designates the directors and statutory auditors of the aforesaid companies;
 - > appoints the General Manager and grants the related powers;

- > evaluates the general performance of the Company and the Group, with particular reference to conflicts of interest, using the information received from the Chief Executive Officer and verifying periodically the achievement of the objectives set;
- > formulates proposals to submit to Shareholders' Meetings and reports during the latter on the activities that have been carried out and planned, seeing that the shareholders have adequate information on the elements necessary for them to participate in a well-informed manner in the decisions that are within the authority of such Meetings.

Appointment, replacement, composition, and term

Pursuant to the provisions of the Company's bylaws, the Board of Directors consists of from three to nine members, who are appointed by an Ordinary Shareholders' Meeting (which determines their number within such limits) for a term not exceeding three accounting periods and may be reappointed at the expiration of their term. To them may be added a non-voting Director, whose appointment is reserved to the Italian government by virtue of the legislation regarding privatizations and a specific provision of the bylaws (as explained in the first section of this report under "Ownership structure - Special powers of the Italian government"). To date, the Italian government has not exercised such power of appointment.

According to the current legislation, all the Directors must possess the requisites of honorableness required for (i) statutory auditors of listed companies, and (ii) for the company representatives of entities participating in the equity of financial intermediaries.

In compliance with the legislation regulating privatizations and in accordance with the amendments made at the end of 2005 to the Unified Financial Act, the bylaws also provide for the appointment of the entire Board of Directors to take place according to the "slate-vote" mechanism aimed at ensuring the presence in the Board of Directors of members nominated by minority shareholders amounting to three-tenths of the Directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.

Each slate must include at least two candidates possessing the requisites of independence established by the law (that is to say, those provided for the statutory auditors of

listed companies), distinctly mentioning such candidates and listing one of them first on the slate.

The slates must list the candidates in numerical order and may be presented by the outgoing Board of Directors or by shareholders who, individually or together with other shareholders, own the minimum percentage of the share capital of the Company indicated by CONSOB with regulation (i.e., considering Enel's market capitalization, currently the minimum percentage required is equal to at least 0.5% of the share capital). Following the significant amendments to the applicable laws, introduced by Legislative Decree 27 of January 27, 2010 – which implemented in Italy the Directive 2007/36/EC, relating to the exercise of certain rights of the shareholders of listed companies – the Unified Financial Act provides that, starting from the shareholders' meetings whose notice is published after October 31, 2010, the slates must be filed at the Company's registered office at least 25 days before the date on which the shareholders' meeting convened to resolve upon the appointment of the members of the board of directors is called and shall be published by the Company on its internet website and on the website of Borsa Italiana, as well as made available to the public at Enel's registered office at least 21 days before the date of the meeting, so as to ensure a transparent process for the appointment of the Board of Directors.

A report with exhaustive information regarding the personal and professional characteristics of the candidates, accompanied by a statement as to whether or not the latter qualify as independent according to the provisions of law and of the Self-regulation Code, must be filed at the Company's registered office together with the slates, as well as published promptly on both the Company's and Borsa Italiana's websites.

For the purposes of identifying the Directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (i.e. currently 0.25% of the share capital).

For the appointment of Directors who, for whatever reason, are not elected according to the "slate-vote" system, a Shareholders' Meeting resolves in accordance with the majorities required by the law, ensuring in any case the presence of the necessary number of Directors possessing the requirements of independence established by the law (that is to say, at least one Director if the Board consists of no more than seven members or two Directors if the

Board consists of more than seven members).

The replacement of Directors is regulated by the provisions of the law. In addition to such provisions, the bylaws provide that:

- > if one or more of the Directors leaving their office vacant were drawn from a slate also containing candidates who were not elected, the replacement must be made by appointing, in numerical order, persons drawn from the slate to which the Directors in question belonged, provided that said persons are still eligible and willing to accept the office;
- > in any case, in replacing Directors who leave their office vacant, the Board of Directors must ensure the presence of the necessary number of Directors possessing the requirements of independence established by the law;
- > if the majority of the Directors appointed by a Shareholders' Meeting leave their office vacant, the entire Board is to be deemed to have resigned and the Directors still in office must promptly call a Shareholders' Meeting to elect a new Board.

The Board of Directors confirmed – most recently in December 2006 – that it can defer the creation within itself of a special nomination committee, because to date there has been no evidence that it is difficult for shareholders to find suitable candidates, so as to achieve a composition of the Board of Directors that conforms to the provisions of the law and is in line with the recommendations of the Self-regulation Code.

It should be noted that the Company has not adopted as of the present date specific plans for the succession of the executive Directors, since, in accordance with Enel's shareholding structure, the Chief Executive Officer was appointed by the Board of Directors upon indication of the main shareholder, the Ministry for the Economy and Finance, whose vote, in the context of the ordinary session of the Shareholders' meeting, contributed in a determinant manner to appoint the Chairman of the Board of Directors.

As resolved by the Ordinary Shareholders' Meeting of June 11, 2008, the current Board of Directors consists of nine members, whose term expires when the financial statements for 2010 are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board thus currently consists of the following members, whose professional profiles are summarized below, together with the specification of the slates on which they were nominated. The slates were presented by the Ministry of the Economy and Finance (which at the time owned

21.10% of the Company's share capital) and by a group of 15 institutional investors (which at the time owned a total of 1.02% of the Company's share capital).

Piero Gnudi, 72, Chairman (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in economics and commerce (1962) of the University of Bologna and proprietor of an accounting firm located in Bologna, he has served on the board of directors and board of statutory auditors of numerous important Italian companies, including STET, Eni, Enichem, and Credito Italiano. In 1995 and 1996 he was economic advisor to the Minister of Industry. Since 1994, he has been in the board of directors of IRI, where he has also held the positions of supervisor of privatizations (from 1997 to 1999) and chairman and chief executive officer (1999-2000); later, from 2000 to 2002, he served as chairman of the IRI liquidation committee. A member of the executive of Confindustria, the steering committee of Assonime (an association of Italian corporations), the committee in charge of strategic development of the Italian Financial Markets, the executive committee of the Aspen Institute, the committee on the corporate governance of listed companies reconstituted on the initiative of Borsa Italiana in April 2005, and honorary president of the Mediterranean Energy Observatory (OME), he currently also holds the positions of chairman of the board of directors of Emittenti Titoli and director of Unicredit and "Il Sole 24 Ore". He has been Chairman of the Board of Directors of Enel since May 2002.

Fulvio Conti, 63, Chief Executive Officer and General Manager (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate of the University of Rome "La Sapienza" with a degree in economics and commerce, in 1969 he joined the Mobil Group, where he held a number of executive positions in Italy and abroad and in 1989-90 was in charge of finance for Europe. Head of the accounting, finance, and control department of Montecatini from 1991 to 1993, he subsequently was in charge of finance at Montedison-Compart (between 1993 and 1996), overseeing the financial restructuring of such Group. General manager and chief financial officer of the Italian National Railways between 1996 and 1998, he also held important positions in other companies of such Group (including Metropolis and Grandi Stazioni).

Vice-chairman of Eurofima in 1997, in 1998-99 he was general manager and chief financial officer of Telecom Italia, holding also in this case important positions in other companies of such Group (including Finsiel, TIM, Sirti, Italtel, Meie and STET International). From 1999 to June 2005 he was Enel's chief financial officer. He has been Chief Executive Officer and General Manager of Enel since May 2005. He is currently also a director of Barclays Plc and of AON Corporation and deputy chairman of Eurelectric, as well as a director of the Accademia Nazionale di Santa Cecilia.

Giulio Ballio, 71, Director (designated on the slate presented by institutional investors).

A graduate (1963) with a degree in aeronautical engineering of the Milan Polytechnic Institute, he has also made his academic career there. Professor since 1975, since 1983 he has held the chair of steel constructions at the school of engineering and from 2002 to 2010 he had been the dean of the Institute. Author of many publications (which have also been published abroad), he has carried on an extensive scientific activity. Alongside his academic activity, since 1964 he has worked with several engineering firms and in 1970 founded an engineering services company (BCV Progetti), where he has been involved in numerous projects as designer, site engineer, and consultant, both in Italy and abroad. Member of the National Research Council's committee on regulations for constructing with steel from 1970 to 2000, he was a member of the board of steel experts from 1975 to 1985 and chairman in 1981-82, as well as a member of the chairman's council of the Italian Calibration Service from 1997 to 2002. He has been involved in the renovation of several important monumental buildings (including the Accademia Bridge in Venice) and has coordinated research activities in the field of construction both in Italy and abroad. He had been a director of RCS Quotidiani from April 2007 to March 2010. He has been a Director of Enel since May 2005 and of the "La Triennale" Foundation of Milan since May 2009. From June 2010 he is the president of the technical-scientific committee of the company Stretto di Messina.

Lorenzo Codogno, 51, Director (designated on the slate presented by the Ministry for the Economy and Finance).

After studying at the University of Padua, Lorenzo Codogno completed his studies in the United States, where he earned a master's degree in Finance at Syracuse

University, in Syracuse, New York (1986-87). He was formerly a deputy manager of Credito Italiano (now Unicredit), where he worked in the research department. Subsequently, from 1995 to 2006, he worked for Bank of America, first in Milan and from 1998 in London, where he held the position of managing director, senior economist and the co-head of economic analysis in Europe. In 2006 he joined the Ministry for the Economy and Finance, where he is currently Director General in the Treasury Department and head of the Economic and Financial Analysis and Planning Directorate. This Directorate is in charge of macroeconomic forecasting, cyclical and structural analysis of the Italian and international economy, and analysis of monetary and financial issues. He is also chairman of the European Union's Economic Policy Committee (a body of which he was deputy chairman from January 2008 to December 2009 and head of the Italian delegation from May 2006 to December 2009), as well as head of the Italian delegation to the OECD's Economic Policy Committee and Working Party 1 (of which he has been deputy chairman since October 2007). Within the European Union's Economic Policy Committee, he was also chairman (from November 2006 to January 2010) of the Lisbon Methodology Working Group, whose purpose is to develop methodological approaches to track, analyse and model structural reforms. In addition, he is the author of numerous scientific publications and of articles in the specialised press. Before joining the Ministry, he was economic commentator on the main international economic and financial networks. He was a director of MTS (a company that manages markets for bond trading, now part of the London Stock Exchange group) from 1999 to 2003 and is currently a member of the administrative committee of the ISAE (an economic research institute), as well as of the scientific committee of the "Fondazione Masi" and a member of the board of directors of the "Fondazione universitaria economia Tor Vergata CEIS". He has been a Director of Enel since June 2008.

Renzo Costi, 74, Director (designated on the slate presented by institutional investors).

In the judiciary from 1964 to 1968, since 1972 he has been a university professor and the owner of a law firm with office in Bologna. Specifically, from 1972 to 1974 he held the chair of commercial law at the University of Modena's School of Economics and Business, of which he was also the dean in the same period. Since 1974 he has been a professor of commercial law at the University of Bologna

Law School, where he has also taught banking law since 1981 and, more recently, financial-market law. As a member of the respective government committees, he was one of the architects of the reform of Italian banking law in 1993 and the reform of Italian financial-market law in 1998. A founder of important journals in the fields of commercial and banking law, he is also the author of numerous works on legal subjects. As a lawyer, in the last 20 years he has assisted leading companies (including listed ones) and financial institutions in significant transactions on the Italian market. From 1996 to 2008 he was in the board of directors of ENI and is currently a director and member of the executive committee of the "Il Mulino" publishing house. He has been a Director of Enel since June 2008.

Augusto Fantozzi, 70, Director (designated on the slate presented by institutional investors).

A graduate (1963) in law from the University of Rome "La Sapienza", he is a lawyer and the owner of a law firm with offices in Rome, Milan, Bologna, and Lugano, as well as a professor of tax law at "La Sapienza" and the "LUISS Guido Carli". Minister of Finance from January 1995 to May 1996 in Prime Minister Lamberto Dini's Cabinet – where for several months he also held the offices of Minister of the Budget and Economic Planning and Minister for the Coordination of EU Policies – he was subsequently the Minister of Foreign Trade in Prime Minister Romano Prodi's Cabinet (from May 1996 to October 1998). Member of the Chamber of Deputies in the thirteenth legislature (from May 1996 to May 2001), he was chairman of the Budget, Treasury, and Economic Planning Committee (from September 1999). He has been vice-president of the Finance Council, president of the Ascotributi, and a member of the Consulta of Vatican City. Former chairman of the technical committee of the International Fiscal Association, he is the author of numerous publications and has been a member of the editorial board of Italian and international law reviews. He has also been in the board of directors of numerous companies, including the Benetton Group, Lloyd Adriatico, Citinvest, and Banca Antonveneta, and currently holds the offices of receiver of Alitalia, chairman of the board of directors of Sisal, of Sisal Holding Finanziaria and of Astrid Servizi, director of Ferretti, and chairman of the board of statutory auditors of Hewlett Packard Italia. He has been a Director of Enel since May 2005.

Alessandro Luciano, 59, Director (designated on the slate presented by the Ministry for the Economy and Finance).

After graduating from law school, he earned a master's degree in economics and finance in London. Lawyer, he began his career in 1974, consulting in currency law for leading Italian and foreign banks and pleading before the Currency Commission of the Treasury Ministry. At the same time, he was also concerned with the incorporation of companies and with loans from abroad, contributing to the conclusion of several transactions in favor of industries, insurance groups, and state-owned companies. Starting in 1984 he began extending his sphere of activity to the telecommunications industry, where he has been involved with entrepreneurial as well as financial and technical aspects. Formerly a consultant of STET, Techint, Snam Progetti, Aquater, Comerint, and the American company DSC Communications (on behalf of which he participated in trial studies in Italy for the ISDN, MDS, Airspan, and Video-on-demand systems), he has also been vice president of two committees of the Italian Soccer Federation. From October 1998 to March 2005, he was a commissioner of the Italian Communications Authority, where he was a member of the Board and of the Infrastructure and Networks Committee. At the Authority he was concerned with, among other things, the development, competition, and interconnection of communication networks, resolving disputes between telecommunications companies and their users. In June 2005, he became the chairman of the board of directors of Centostazioni (Italian National Railways group). In November 2007, he was appointed a member of the Federal Court of Justice at the Italian Football Federation and from October 2009 to October 2010 he had been a director of Livingston. He has been a Director of Enel since May 2005.

Fernando Napolitano, 46, Director (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in economics and commerce (1987) of the University of Naples, he completed his studies in the United States, earning at first a master's degree in management at Brooklyn Polytechnic University and later attending the advanced management program at Harvard Business School. He began his career by working in the marketing division of Laben (Finmeccanica Group) and then that of Procter & Gamble Italia; in 1990 he joined the Italian office of Booz Allen Hamilton (now named Booz & Company Italia), a

management and technology consulting firm, where he was appointed partner and vice-president in 1998. Within this office he was in charge of developing activities in the fields of telecommunications, media, and aerospace, while also gaining experience in Europe, the United States, Asia and the Middle East. He is currently chief executive officer of Booz & Company Italia and also carries out assignments with an international scope. From November 2001 to April 2006 he served in the committee for surface digital television instituted by the Communications Ministry and from July 2002 to September 2006 he was director of the Italian Centre for Aerospace Research. He has been a Director of Enel since May 2002 and held the same office at Data Service (currently BEE Team) from May 2007 to October 2008.

Gianfranco Tosi, 63, Director (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in mechanical engineering (1971) of the Polytechnic Institute of Milan, since 1972 he has held a number of positions at the same institute, becoming professor of iron metallurgy in 1982 and from 1992 also giving the course on the technology of metal materials (together with the same position at the University of Lecco). Author of more than 60 publications, he has been extensively involved in scientific activities. Member of the board of directors of several companies and consortia, he has also held positions in associations, including the vice-presidency of the Gruppo Giovani Federlombarda (with duties as regional delegate on the Comitato Centrale Giovani Imprenditori instituted within the Confindustria) and the office of member of the executive committee of the Unione Imprenditori of the Province of Varese. From December 1993 to May 2002 he was mayor of the city of Busto Arsizio. President of the Center for Lombard Culture, established by the Lombardy Region to defend and develop the local culture, he is also a member of the association of journalists. He has been a Director of Enel since May 2002.

The Directors are aware of the duties and responsibilities connected with the office they hold and are constantly informed by the relevant corporate departments of the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be able to perform their role even more effectively, they also participate to initiatives aimed at increasing their knowledge of the world and dynamics of the Company.

The Directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for the shareholders within a medium-long time frame.

Remuneration

Shareholders' Meetings determine the remuneration of the members of the Board of Directors. After the Board of Statutory Auditors has expressed its opinion, the Board of Directors itself sets the additional remuneration for the members of the Committees with advisory and proactive duties instituted within the Board of Directors. The total remuneration to which the Chairman and the Chief Executive Officer are entitled is also established by the Board of Directors, following a proposal by the Compensation Committee and after the Board of Statutory Auditors has expressed its opinion.

Specifically, as regards the Board of Directors currently in office, in June 2008 an Ordinary Shareholders' Meeting confirmed euro 85,000 gross a year as the remuneration to which each Director is entitled, in addition to the reimbursement of the expenses necessary to perform his duties. In June 2008, after receiving the opinion of the Board of Statutory Auditors, the Board of Directors confirmed the additional remuneration to be paid to the non-executive Directors for their participation on the Compensation Committee and the Internal Control Committee. For the coordinators of such Committees, the remuneration is euro 35,000 gross a year, while for the other members the fee is euro 30,000 gross a year. An attendance fee of euro 250 gross a session is also provided for all members of the Board.

In October 2008, upon proposal by the Compensation Committee and after receiving the opinion of the Board of Statutory Auditors, the Board of Directors determined the total remuneration of the Chairman and the Chief Executive Officer/General Manager. This remuneration, whose features are described below, was established after a careful analysis carried out with the assistance of a qualified external consultant, in which the remuneration of persons in positions similar to those of the persons concerned (including international comparisons) was taken into account.

Specifically, the Chairman is entitled to fixed remuneration of euro 700,000 gross a year and variable remuneration of up to a maximum of euro 560,000 gross a year. The variable remuneration – whose purpose is to enhance the

synergetic cooperation between the Chairman and the Chief Executive Officer/General Manager, while respecting the autonomy and safeguarding the powers of the latter – is tied to the achievement of specific and objective annual goals connected with the business plan and established by the Board of Directors upon proposal by the Compensation Committee. The total remuneration thus determined includes the base remuneration of euro 85,000 gross a year set by the Shareholders' Meeting for each Director, as well as the remuneration to which the Chairman is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the person concerned must waive or transfer to Enel.

Enel has taken out several insurance policies in favor of the Chairman connected with the carrying out of his assignment (in case of death, permanent invalidity, injury, and work-related illness) and the termination of the assignment itself (in order to ensure his severance pay).

Finally, the Chairman is entitled to compensation in case of his justified resignation or his removal without a just cause, the features of which are described in the first section of this report (under "Ownership structure" - "Compensation of the Directors in case of early termination of the relationship, also following a takeover bid").

With regard to his capacity as Chief Executive Officer, the Chief Executive Officer/General Manager is entitled to fixed remuneration of euro 600,000 gross a year and variable remuneration of up to a maximum of euro 900,000 gross a year. The amount of his variable remuneration depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total remuneration thus determined includes the base remuneration of euro 85,000 gross a year set by the Shareholders' Meeting for each Director.

With regard to his capacity of General Manager, the Chief Executive Officer/General Manager is also entitled to fixed remuneration of euro 700,000 gross a year and variable remuneration of up to a maximum of euro 1,050,000 gross a year. In this case, too, the amount of the variable remuneration depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total remuneration thus determined includes the remuneration to which he is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the

person concerned must waive or transfer to Enel. The General Manager's relationship as an executive exists for the entire duration of his relationship as a Director and expires at the same time as the latter.

As far as the variable component of the compensation of the Company's top management (specifically, the positions of Chairman and Chief Executive Officer/General Manager, who are assigned the same objectives) is concerned, the Group objectives established for 2010 related to both (i) quantitative targets, with specific regard to the achievement of the consolidated EBITDA set by the budget (weight: 25%), reduction of the consolidated financial debt (weight: 20%), the level of satisfaction of the customers who accepted the offers of the subsidiary Enel Energia SpA (weight: 10%), the margin of the generation area (weight: 20%), workplace safety (weight: 10%); and (ii) qualitative targets relating to the effectiveness of the communication and information plan on the nuclear competences of Enel and the assessment of the results of the "climate" investigation within the Group (overall weight: 15%).

In his capacity as General Manager, the Chief Executive Officer/General Manager is one of the beneficiaries of the long-term incentive plans based on financial instruments (stock options and restricted share units) or to be paid in cash (long-term incentive) addressed to the executives of the Company and of the Group.

Enel ensures the Chief Executive Officer/General Manager compensation in case of death or permanent invalidity during the carrying out of his assignment and has taken out insurance policies to ensure his severance pay.

Finally, it should be pointed out that the person concerned is entitled to (i) in his capacity as Chief Executive Officer, compensation in case of his justified resignation or his removal without a just cause, (ii) in his capacity as General Manager, compensation at the termination of his relationship as an executive (in consequence of the expiry of his relationship as a Director), and (iii) consideration for the undertaking not to engage – for one year as from the termination of his labor relationship – in his own and directly, in any business activities anywhere in the European Union territory that could be in competition with those carried on by Enel.

The features of such compensation and of the said consideration are described in the first section of this report (under "Ownership structure" - "Compensation of the Directors in case of early termination of the relationship, also following a takeover bid").

In 2011, following the appointment of the new Board of Directors, to be made in occasion of the approval of the 2010 financial statements, the Company will conform to the recommendations introduced in March 2010 in the Self-regulation Code in relation to the compensation of the Directors and executives with strategic responsibilities.

Limit to the number of offices held by Directors

The Directors accept their office and maintain it in the belief that they can dedicate the necessary time to the diligent performance of their duties, taking into account both the number and the nature of the offices they hold in the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other professional activities they carry on and the offices they hold in associations.

In this regard, it should be noted that in December 2006 the Board of Directors approved (and formalized in a specially provided document) a policy regarding the maximum number of offices that its members may hold in the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have sufficient time available to effectively perform the role they have on the Board of Directors of Enel.

In accordance with the recommendations of the Self-regulation Code, the aforesaid policy considers significant to this end only the offices held on the boards of directors and the boards of statutory auditors of the following kinds of companies:

- > companies with shares listed on regulated markets, including foreign ones;
- > Italian and foreign companies with shares not listed on regulated markets and doing business in the fields of insurance, banking, securities intermediation, mutual funds, or finance (as far as the last field is concerned, only with regard to finance companies subject to the prudential supervision of the Bank of Italy and included on the special list referred to in article 107 of the Unified Banking Act);
- > other Italian and foreign companies with shares not listed on regulated markets that, even though they do business in fields other than those specified under

letter b) above, have assets exceeding euro 1 billion or revenues exceeding euro 1.7 billion according to their latest approved financial statements.

In accordance with the recommendations of the Self-regulation Code, the policy formulated by the Board of Directors thus establishes differentiated limits to the number of offices (made measurable by a system of specific “weights” for each kind of office), depending on (i) the commitment connected with the role performed by each Director, both in the Board of Directors of Enel and in the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed in Enel’s subsidiaries and affiliates.

On the basis of the information provided by the Directors of the Company to implement the aforesaid policy, as well as the inquiry carried out by the Board of Directors most recently in February 2011, it has been ascertained that each Enel Director currently holds a number of offices in the boards of directors or boards of statutory auditors of other companies of significant size that is compatible with the limit established by the aforesaid policy.

Board meetings and the role of the Chairman

In 2010, the Board of Directors held 15 meetings, which lasted an average of about 2 hours and 45 minutes. The Directors’ participation was regular and the meetings were also attended by the Board of Statutory Auditors and by a magistrate representing the Court of Accounts. As far as 2011 is concerned, 15 Board meetings have been scheduled, of which 4 have already been held.

The activities of the Board of Directors are coordinated by the Chairman, who calls its meetings, establishes their agenda, and presides over them, ensuring that – except in cases of urgency and necessity – the necessary documents and information are provided to the Board members in time for the Board to express its informed opinion on the matters under examination. He also ascertains whether the Boards resolutions are implemented, chairs Shareholders’ Meetings, and – like the Chief Executive Officer – is empowered to represent the Company legally.

In short, the Chairman’s role is to stimulate and supervise the functioning of the Board of Directors as part of the fiduciary powers that make him the overseer for all

shareholders of the legality and transparency of the Company’s activities.

In addition to the powers set forth in the law and bylaws regarding the functioning of the corporate bodies (Shareholders’ Meeting and Board of Directors) as well as the legal authority to represent the Company, the Chairman is also entrusted – according to a Board resolution adopted in June 2008 – with the duties of (i) participating in the formulation of corporate strategies in agreement with the Chief Executive Officer, the powers granted the latter by the Board of Directors being understood, as well as (ii) overseeing internal auditing in agreement with the Chief Executive Officer, with the related corporate department remaining under the latter. In this regard, however, it is provided that decisions concerning the appointment and removal of the head and top executives of the aforesaid department are to be made jointly by the Chairman and the Chief Executive Officer.

Finally, in agreement and coordination with the Chief Executive Officer, the Chairman maintains relations with institutional bodies and authorities.

Evaluation of the functioning of the Board of Directors and its Committees

During the last quarter of 2010, the Board of Directors, with the assistance of a specialized company, began (and completed in March 2011) an evaluation of the size, composition, and functioning of the Board itself and its Committees (so-called board review), in accordance with the most advanced practices of corporate governance found abroad that have been adopted by the Self-regulation Code. This board review follows similar initiatives undertaken by the Board of Directors during 2004, 2006, 2007, 2008 and 2009.

Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis was intended to represent an overview of the activities of the Board of Directors during its three-year mandate, which is about to end, and, once again, it focused on the most significant issues regarding the Board of Directors, such as: (i) the structure, composition, role, and responsibilities of such body; (ii) the conduct of Board meetings, the related flows of information and the decision-making processes adopted; (iii) the composition and functioning of the Committees instituted within

the Board; (iv) the strategies pursued and the performance objectives set; and (v) the evaluation of the appropriateness of the corporate organizational structure.

Among the strengths that emerged from the 2010 board review (whose results have confirmed the very positive assessment of the analysis conducted in the previous years), was, first of all, the atmosphere of great cohesiveness and collaboration and the team spirit existing within the Board of Directors, which foster open and constructive discussion among the members of the Board and facilitate the adoption of decisions characterized by broad agreement. The review also showed that the flows of information on which the Board's decision-making process is based are considered by the Directors as complete, effective and, in general, timely; the minutes of the meeting containing the resolutions adopted are deemed to be accurately and promptly drafted. The size of the Board of Directors and the expertise of its members are considered appropriate as well as the number and duration of the Board's meetings. The activities carried out by the Chief Executive Officer, as well as the way he performs his role, continue to be evaluated very positively by the other Directors, as does the consolidated cooperative relationship between the Chairman and the Chief Executive Officer, which ensures, inter alia, the maximum transparency from the Company's top management during the meetings of the Board of Directors. As far as the Committees instituted within the Board are concerned, it was confirmed the broad consensus on the appropriateness of their composition, their role, and the effectiveness of the activity carried out. The Company's top management is considered competent and cohesive, and provides useful information on the main topics to be discussed during the meetings of the Board of Directors. The foregoing considerations indicate, as pointed out by the specialized consulting company, that the Board of Directors and its committees operate in an effective and transparent manner, making a broad use of the best practices regarding corporate governance.

Among the areas needing improvement noted by some Directors, we have, first of all, confirmation of the wish to have one or more non-executive members with competence in the field of the energy business and experience on the international scene, among other things to strengthen the Group's multinational profile. It was again suggested to dedicate more time during Board meetings to understand the business and the areas at risk connected with internationalization of the Group, also by means

of visits to the operational sites of the main foreign subsidiaries; finally, given the moderate size of the Board of Directors and the cohesion among its members, the actual usefulness of the meetings reserved to the independent Directors gave rise to conflicting opinions.

Continuing an initiative introduced after the first board review (conducted in 2004), the annual meeting of the Strategic Committee was again organized in 2010, in November, and was dedicated to the analysis and in-depth study by the members of the Board of Directors of the long-term strategies in the different business sectors of the Group. During the board review, the Board's members highlighted the consolidated usefulness of such meeting as part of their training.

Non-executive Directors

The Board of Directors consists of executive and non-executive Directors.

In accordance with the recommendations of the Self-regulation Code, the following are considered executive Directors:

- > the Chief Executive Officer of the Company (or of strategically significant Group companies), as well as the related Chairman who has been granted with individual powers of management or who has a specific role in the formulation of the Company's strategies;
- > Directors who hold executive positions in the Company (or in strategically significant Group companies) or in the controlling entity, if the position also regards the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive.

According to the analysis carried out by the Board of Directors in June 2008, with the exception of the Chairman and the Chief Executive Officer, the other 7 members of the Board of Directors currently in office (Giulio Ballio, Lorenzo Codogno, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, Fernando Napolitano and Gianfranco Tosi) qualify as non-executive Directors.

As far as the Chairman is concerned, it should be noted that the characterization of the latter as an executive Director derives from the specific role that the current division of powers assigns him with regard to the formulation of the Company's strategies, while the person concerned does not have any individual powers of management.

The number, expertise, authoritativeness, and availability of time of the non-executive Directors are therefore

sufficient to ensure that their judgment can have a significant influence on the decisions made by the Board.

The non-executive Directors bring their specific expertise to the Board's discussions, so as to facilitate an examination of the questions under discussion from different perspectives and consequently the adoption of well-considered and well-informed decisions that correspond to the corporate interest.

Independent Directors

Basing itself on the information provided by the individual persons concerned or, in any case, at the Company's disposal, immediately after the appointment (June 2008), subsequently in the months of February 2009 and February 2010, and most recently in February 2011, the Board of Directors attested that Directors Giulio Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, and Gianfranco Tosi qualify as independent pursuant to the Self-regulation Code.

Specifically, Directors were considered independent if they neither have nor have recently had relations, not even indirectly, with the Company or with parties connected with the Company that could currently condition the autonomy of their judgment.

The procedure followed in this regard by the Board of Directors began with an examination of a document with information showing the offices held and the relations maintained by the non-executive Directors that could be significant for the purpose of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-executive Directors regarding his personal position, after which came the final assessment made collectively by the Board of Directors, with the abstention, in turn, of the individual members whose position was under examination.

In evaluating the independence of the non-executive Directors, the Board of Directors took into account the cases in which, according to the Self-regulation Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by the aforesaid Code. Furthermore, starting from the evaluation performed in February 2010, the Board of Directors established specific quantitative parameters applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between Directors and the Company. Unless there are specific circumstances, to be evaluated

concretely, exceeding such parameters (specified in the attached Table 1, together with the cases in which, according to the Self-regulation Code, the requisites of independence must be considered lacking) should, in principle, preclude the possession by the non-executive Director in question of the requisites of independence provided for by the aforesaid Code.

When it carried out its reviews in June 2008, February 2009, February 2010 and, most recently, February 2011, the Board of Directors ascertained that the foregoing five non-executive Directors – i.e. Giulio Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano and Gianfranco Tosi – also possessed the requisite of independence provided by law (namely by the Unified Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in the attached Table 1).

During the months of February 2009, February 2010 and, most recently, February 2011, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Self-regulation Code, following to that end a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.

The independent Directors have met, without the presence of the other Directors, in December 2010. On that occasion, they emphasized that the organizational, strategic and management decisions of the Board of Directors have always been aimed, during the financial period of reference, at pursuing the Company's interest.

Since December 2006, the Board of Directors also ascertained the absence of the conditions that, according to the Self-regulation Code, require the institution of a lead independent director, in consideration of the fact that at Enel the Chairman of the Board of Directors is not the Chief Executive Officer, nor owns a controlling interest in the Company.

Although independence of judgment characterizes the activity of all the Directors, whether executive or not, an adequate presence (in terms of both number and expertise) of Directors who qualify as independent, according to the aforesaid definition, and have significant roles on both the Board of Directors and its Committees is considered a suitable means of ensuring that the interests of all the shareholders are appropriately balanced.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up as part of itself a Compensation Committee and an Internal Control Committee, assigning them both advisory and proactive duties and entrusting them with issues that are sensitive and sources of possible conflicts of interest.

Each Committee consists of at least 3 non-executive Directors, the majority of whom are independent, and are appointed by the Board of Directors, which appoints one of them as coordinator and also establishes the duties of the Committee by a special resolution.

In December 2006, the Board of Directors approved special organizational regulations that govern the composition, tasks, and working procedures of the Compensation Committee and the Internal Control Committee.

In carrying out their duties, the Committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of external consultants at the Company's expense within the limits of the budget approved by the Board of Directors.

Each Committee appoints a secretary, who needs not to be one of its members, to whom the task of drawing up the minutes of the meetings is entrusted.

The meetings of each Committee may be attended by the members of the other Committee, as well as by other members of the Board of Directors or other persons whose presence may help the Committee to perform its duties better and who have been expressly invited by the related coordinator.

The meetings of the Internal Control Committee are also attended by the Chairman of the Board of Statutory Auditors or another regular Statutory Auditor designated by him (in consideration of the specific duties regarding the supervision of the internal control system with which the aforesaid Board is entrusted by the laws in force concerning listed companies) and, as from December 2006, the Chairman of the Board of Directors (in his capacity as an executive Director entrusted with supervising the functioning of the internal control system); the head of internal control may also attend the aforesaid meetings.

In November 2010, the Board of Directors – in the context of the approval of a new procedure for transactions with related parties, in compliance with the requirements prescribed by CONSOB with regulation adopted in March,

2010 – established a new Committee composed of 3 independent Directors, appointing as members Augusto Fantozzi (as coordinator), Giulio Ballio and Renzo Costi, all Directors appointed by the minority shareholders. Since January 1, 2011, this Committee shall express its opinions concerning transactions with related parties of Enel, directly or through subsidiaries, in those cases and according to the modalities provided for in the aforementioned procedure adopted by the Board of Directors in November 2010. The organizational procedure of the Related Parties Committee governs the composition, tasks, and working procedures of the committee in compliance with the principles similar to those provided in the regulations of the Compensation Committee and the Internal Control Committee.

Compensation Committee

The compensation of the Directors is established in an amount that is sufficient to attract, retain, and motivate Directors endowed with the professional qualities required for successfully managing the Company.

In this regard, the Compensation Committee must ensure that a significant portion of the compensation of the executive Directors and executives with strategic responsibilities is tied to the economic results achieved by the Company and the Group, as well as the attainment of specific objectives established beforehand by the Board of Directors, or – with regard to the aforesaid executives – by the Chief Executive Officer, in order to align the interests of the persons concerned with the pursuit of the primary objective of creating value for the shareholders in a medium-to-long time frame.

The compensation of non-executive Directors is commensurate with the commitment required of each of them, taking into account their participation on the Committees. It should be noted in this regard that, in line with the recommendations of the Self-regulation Code, this compensation is in no way tied to the economic results achieved by the Company and the Group and that the non-executive Directors are not beneficiaries of stock-based incentive plans.

Specifically, then, the Compensation Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors in June 2008 to implement the recommendations of the Self-regulation Code):

- > to present proposals to the Board of Directors for the

compensation of the Chief Executive Officer and the other Directors who hold particular offices, monitoring the implementation of the resolutions adopted by the Board. It should be noted in this regard that the Directors in question are not allowed to attend the meetings of the Committee during which the latter formulates the proposals regarding the related compensation to present to the Board of Directors;

- > to periodically review the criteria adopted for the compensation of executives with strategic responsibilities, monitor their application on the basis of the information provided by the Chief Executive Officer, and formulate general recommendations for the Board of Directors in this regard.

As part of its duties, the Compensation Committee also plays a central role in elaborating and monitoring the performance of the incentive systems, including the stock based plans, addressed to executives and conceived as instruments aimed at attracting and motivating resources with appropriate ability and experience and developing their sense of belonging and ensuring their constant, enduring effort to create value. The 2010 long-term incentive plan devised by the Compensation Committee and approved by the Board of Directors also included among its beneficiaries the Company's Chief Executive Officer in his capacity as General Manager.

In addition to those recommended by the Self-regulation Code, the Compensation Committee also performs the task of assisting the Chief Executive Officer and the relevant corporate departments in developing the potential of the Company's managerial resources, recruiting talented people, and promoting related initiatives with universities.

During 2011, when implementing the recommendations introduced in March 2010 in the Self-regulation Code concerning the remuneration of the Directors and executives with strategic responsibilities, the Board of Directors will amend certain provisions of the organizational regulation of the Compensation Committee that governs its composition, tasks, and working procedures, in order to harmonize them with the new provisions of the Self-regulation Code. During 2010, the Compensation Committee consisted of Directors Augusto Fantozzi (acting as coordinator), Giulio Ballio, and Fernando Napolitano.

Also during 2010, the Committee held 4 meetings which lasted an average of 1 hour and 10 minutes.

During 2010, the Compensation Committee – in addition to elaborating the long-term incentive plan for that year and carrying out a review of the performance

of the existing stock-based plans – worked on defining the applicative aspects of the variable component of the compensation of the Chairman and the Chief Executive Officer, in particular setting the annual economic and managerial objectives to assign them, as well as verifying the attainment of the objectives of the previous year. The Committee also examined the characteristics of the new management model which is being defined by the Group, and the evolution of the national laws concerning the remuneration of the directors and the top management of listed companies, in light of the necessity to implement the content of the relevant EU's recommendations of 2004 and 2009.

Internal Control Committee

The Internal Control Committee has the task of assisting the Board of Directors in the latter's evaluations and decisions regarding the internal control system, the approval of the financial statements and the half-year report, and the relations between the Company and the external auditor by preliminarily gathering the relevant facts.

Specifically, the Internal Control Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors, in June 2008, to implement the recommendations of the Self-regulation Code, and further implemented in February 2010):

- > to assist the Board of Directors in performing the tasks regarding internal control entrusted to the latter by the Self-regulation Code;
- > to evaluate, together with the executive in charge of preparing the corporate accounting documents and the external auditors, the proper use of accounting principles and their uniformity for the purpose of drawing up the consolidated financial statements;
- > to express opinions, at the request of the executive Director who is assigned the task, on specific aspects regarding the identification of the Company's and the Group's main risks, as well as the planning, implementation, and management of the internal control system;
- > to examine the work plan prepared by the head of internal auditing, as well as the latter's periodical reports;
- > to assess – for the parts of its pertinence – the proposals made by auditing firms to obtain the related assignment, as well as the work plan prepared for the external audit and the results expounded in the report and, if there is one, the letter of suggestions;

- > to oversee the effectiveness of the external audit process;
- > to perform the additional tasks assigned it by the Board of Directors, with particular regard to the evaluation:
 - of the checks aimed at ensuring the transparency and fairness of transactions with related parties. It should be noted that, in November 2010, the Board of Directors assigned all the competences to the Related Parties Committee, starting from January 2011;
 - of the appropriateness of the diligence dedicated to the issues of corporate social responsibility, as of the completeness and transparency of the information provided in this regard through the Sustainability Report, the latter task having been assigned to the Committee in February 2010;
 - to report to the Board of Directors, when the financial statements and the half-year report are approved, on the work performed and the adequacy of the internal control system.

During 2010, the Internal Control Committee consisted of Directors Gianfranco Tosi (acting as coordinator), Lorenzo Codogno (to whom the Board of Directors acknowledged the requisite of appropriate experience in accounting and finance), Renzo Costi, and Alessandro Luciano.

Also during 2010, the Internal Control Committee held 13 meetings, which were characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors), the frequent presence of the Chairman of the Board of Directors (in his capacity as the executive Director entrusted with overseeing the functioning of the internal control system), and an average duration of 1 hour and 45 minutes.

During 2010, the activity of the Internal Control Committee focused first of all, as usual, on the evaluation of (i) the work plan prepared by the head of internal auditing as well as (ii) the results of the audits performed during the preceding year and (iii) the content of the letter of suggestions prepared by the external auditor regarding the accounting period in question. During the period concerned, the Committee also expressed a favorable opinion, within the limits of its authority, on the assignment of several specific additional tasks to the Group's main external auditor (pursuant to the relevant procedure, adopted in 2009, concerning the assignment of mandates to the external auditors which operate within the Group) and examined the effects of new legislative developments and the new international accounting standards on the Enel Group's consolidated financial

statements. In 2010 the Committee also supervised the preparation of the Sustainability Report, assessed the reports received during the previous financial year on the basis of the provisions of the Code of Ethics, received from the Statutory Auditors exhaustive information on the commencement, execution and conclusion of the procedure for the selection of a new external auditor, monitored the observance of the compliance program adopted pursuant to Legislative Decree 231 of June 8, 2001 (also seeing to the updating of the aforesaid program), examined several transactions with related parties, and – within the limits of its authority – made a positive assessment of the appropriateness, effectiveness, and actual functioning of the internal control system during the preceding accounting period.

Finally, the Committee monitored the permanent compliance within the Group with the laws and regulations on accounting transparency, the appropriateness of the organizational structure and of the internal control systems of the subsidiaries set up under and governed by the laws of non-EU countries.

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three regular Auditors and two alternates, who are appointed by an Ordinary Shareholders' Meeting for a period of three accounting periods and may be re-appointed when their term expires.

In order to ensure that the Board of Statutory Auditors can effectively perform its duties and in accordance with the recommendations of the Self-regulation Code, in December 2006, the Board of Directors, within the limits of its authority, expressly granted the Board of Statutory Auditors:

- > the power to oversee the independence of the external auditor, monitoring both compliance with the relevant regulatory provisions and the nature and extent of the services other than auditing that the external auditor and the firms belonging to the latter's network performed for the Company and the Group (this power was expressly granted to the Board of Statutory Auditors by Legislative Decree 39 of January 27, 2010, which implemented in Italy Directive 2006/43/EC, concerning the auditing of the annual and consolidated financial statements);

- > the power – which may also be exercised individually by the Statutory Auditors – to request the Company's Internal Auditing Department to perform checks on specific corporate operating areas or transactions;
- > the power to promptly exchange information relevant for performing their respective duties with the Internal Control Committee.

According to the legislation in force, the members of the Board of Statutory Auditors must possess the requisites of honorableness provided for the company representatives of entities which participate into the equity of financial intermediaries, in addition to those established for the statutory auditors of listed companies. They must also possess the requisites of professional competence required by the law of statutory auditors of listed companies, as supplemented by special provisions of the bylaws. Finally, they must possess the requisites of independence specified by the law for statutory auditors of listed companies.

In accordance with the provisions of the Unified Financial Act, the limit to the number of offices on the boards of directors and the boards of statutory auditors that the members of Enel's Board of Statutory Auditors may hold in Italian corporations was established by the CONSOB.

As in its provisions for the Board of Directors – and in compliance with the Unified Financial Act – the bylaws provides that the appointment of the entire Board of Statutory Auditors take place according to the "slate vote" mechanism, which aims to ensure the presence on the Board of a regular Auditor (who is entitled to the office of Chairman) and an alternate Auditor (who will take over the office of Chairman if the incumbent leaves it before the end of his term) designated by minority shareholders.

This electoral system provides that the slates, in which the candidates must be listed in numerical order, may be presented by shareholders that, alone or together with other shareholders, own the minimum percentage of the share capital of the Company as determined by CONSOB with regulation for the presentation of slates of candidates to the office of director (specifically, pursuant to the market capitalization of the shares of Enel, the minimum percentage required is currently equal to at least 0.5% of the share capital). Following the significant amendments introduced into applicable laws by Legislative Decree 27 of January 27, 2010 – which implemented in Italy Directive 2007/36/EC, concerning the exercise of certain rights of shareholders in listed companies – the Unified Financial Act provides that, for the shareholders'

meetings whose notice is published after October 31, 2010, the slates of candidates to the office of Statutory Auditor (as for the slates of candidates to the office of Director) must be filed at the Company's registered office at least 25 days before the date of the Shareholders' Meeting convened to resolve upon the election of the members of the Board of Statutory Auditors and must be published by the Company in its internet website and in the website of Borsa Italiana, as well as made available to the public at Enel's registered office at least 21 days before the day set for the Shareholders' Meeting, together with exhaustive information upon the personal and professional characteristics of the candidates, in order to guarantee a clear procedure for the election of the controlling body.

For the appointment of Statutory Auditors who, for whatever reason are not elected according to the "slate-vote" system, the Shareholders' Meeting resolves in accordance with the majorities required by the law and without following the aforesaid procedure, but in any case in such a way as to ensure observance of the principle regarding the representation of the minority shareholders on the Board of Statutory Auditors.

In any case, the Statutory Auditors act autonomously and independently, including with regard to the shareholders who elected them.

Having been elected by the ordinary Shareholders' Meeting of April 29, 2010, the current Board of Statutory Auditors has a term that will expire when the 2012 financial statements are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board of Statutory Auditors thus currently consists of the following regular members, for whom brief professional profiles are provided below, together with the specification of the slates on which they were appointed. The latter were presented by the Ministry for the Economy and Finance (which at the time owned 13.88% of the Company's share capital) and by a group of 20 institutional investors (which at the time owned a total of 1.19% of the Company's share capital).

Sergio Duca, 63, Chairman (designated on the slate presented by institutional investors).

Sergio Duca graduated cum laude in Economics and Business from the Bocconi University in Milan. A certified chartered accountant and public accountant, as well as auditor authorized by the UK Department of Trade and Industry, he acquired broad experience through the

PricewaterhouseCoopers network as the external auditor of important Italian listed companies, including Fiat, Telecom Italia, and Sanpaolo IMI. He was the Chairman of PricewaterhouseCoopers SpA from 1997 until July 2007, when he resigned from his office and ceased to be a shareholder of that firm because he had reached the age limit provided for by the bylaws. After serving as, among other things, member of the Edison Foundation's advisory board and the Bocconi University's development committee, as well as chairman of the Bocconi Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers), he was chairman of the board of statutory auditors of Tosetti Value SIM and an independent director of Sella Gestione SGR until April 2010. Member of the Ned Community, an association of non-executive directors, he currently holds high offices on the boards of directors and the boards of statutory auditors of important Italian companies, associations, and foundations, serving as chairman of the board of statutory auditors of the Lottomatica Group, chairman of the board of directors of Orizzonte SGR, an independent director of Autostrada Torino-Milano and Telecom Audit, a member of the supervisory board of Exor instituted pursuant to Legislative Decree 231/2001, and chairman of the board of auditors of the Silvio Tronchetti Provera Foundation and the Compagnia di San Paolo, as well as a member of the boards of auditors of the Intesa San Paolo Foundation Onlus and the ISPI (Institute for the Study of International Politics). He has been Chairman of Enel's Board of Statutory Auditors since April 2010.

Carlo Conte, 63, regular Auditor (designated on the slate presented by the Ministry for the Economy and Finance).

After graduating with a degree in Economics and Commerce from "La Sapienza" University in Rome, he remained active in the academic world, teaching at the University of Chieti (1988-1989) and the LUISS Guido Carli in Rome (1989-1995). He currently teaches public accounting at the latter's School of Management, the Civil Service School, and the Economy and Finance School, as well as administration and governmental accounting at the Bocconi University in Milan. Certified public accountant, he is also the author of a number of publications. In 1967 he started his career in the Civil Service at the Government Accounting Office, becoming a General Manager in 2002. He currently represents the Office on a number of commissions and committees and in various research and work

groups, as well as representing Italy on several committees of the OECD. A Statutory Auditor of Enel since 2004, he has also performed and still performs the same duties in a number of other bodies, institutions, and companies.

Gennaro Mariconda, 68, regular Auditor (designated on the slate presented by the Ministry for the Economy and Finance).

He has been a notary public since 1970 and a notary public in Rome since 1977. From 1995 to 2001 he was a member of the National Council of Notaries, of which he was President from 1998 to 2001. As part of his activity as a notary, he has taken part in the most important reorganizations, transformations, and mergers of banks and other Italian companies, such as Banca di Roma, Medio Credito Centrale, Capitalia, IMI-San Paolo, Beni Stabili, and Autostrade. Since 1966 he has taught at a number of Italian universities and is currently a professor of private law at the University of Cassino's School of Economics and Commerce. He has served as a director of RCS Editori and Beni Stabili, as well as a trustee of the Istituto Regionale di Studi Giuridici Arturo Carlo Jemolo. He is currently a member of the editorial board of the journals "Notariato" and "Rivista dell'esecuzione forzata". A Statutory Auditor of Enel since 2007, he is the author of numerous technical legal studies – mainly on civil and commercial law – and he has also published articles, interviews, and essays in the most important Italian newspapers and magazines.

Shareholders' Meetings determine the remuneration of the regular members of the Board of Statutory Auditors. Specifically, in April 2010 an Ordinary Shareholders' Meeting set the remuneration to which the Chairman of the Board of Statutory Auditors is entitled at euro 85,000 gross a year and the remuneration to which each of the other regular Statutory Auditors is entitled at euro 75,000 gross a year, in addition to the reimbursement of the expenses necessary for them to perform their duties. During 2010, the Board of Statutory Auditors held 22 meetings, lasting an average of about 1 hour and 30 minutes, which were regularly attended by the regular Auditors and the magistrate representing the Court of Accounts.

During February 2011, the Board of Statutory Auditors established that the Chairman, Sergio Duca, and the regular Auditor Gennaro Mariconda possess the requisites of independence provided for by the Self-regulation Code with regard to directors. As far as the regular Auditor Carlo

Conte is concerned, the Board of Statutory Auditors established that, even though he does not possess the aforementioned requisites of independence (because he is a General Manager at the Ministry for the Economy and Finance, the reference shareholder of the Company), he does possess the characteristics of independence provided for by the Unified Financial Act (and the related implementation regulations) with regard to statutory auditors of listed companies.

As of March 2011, with respect to the above-mentioned CONSOB's rules on the limits to the number of offices on the boards of directors and the boards of statutory auditors that the members of Board of Statutory Auditors may hold in Italian corporations (which set a maximum limit of six points to the offices that may be held by a Statutory Auditor), the regular Statutory Auditors have communicated to the Authority the following data regarding the number of offices held as well as the points thereof:

- > Sergio Duca: 5 offices amounting to 3.35 points;
- > Carlo Conte: 5 offices amounting to 2.15 points;
- > Gennaro Mariconda: 1 office amounting to 1.0 point;

Auditing firm

The external audit of Enel's financial statements and the Group's consolidated financial statements is entrusted to KPMG SpA.

The assignment was awarded to this firm first for the three-year period 2002-2004 (by the Shareholders' Meeting on May 24, 2002), then for the three-year period 2005-2007 (by the Shareholders' Meeting on May 26, 2005), and, finally, was extended for the three-year period 2008-2010 (by the Shareholders' Meeting on May 25, 2007). The extension was granted to make the total duration of the external audit assignment awarded to KPMG SpA correspond to the new nine-year limit set by the Unified Financial Act (according to the amendments introduced at the end of 2006), whose provisions concerning auditing are now provided by the above mentioned Legislative Decree 39 of January 27, 2010 (which implemented in Italy the Directive 2006/43/EC, concerning the auditing of the annual and consolidated financial statements).

During 2009, a special procedure was formalized for regulating the appointments of auditing firms that do business with the Group. According to this procedure, the Internal Control Committee and the Board of Statutory Auditors

are to express a binding opinion on the assignment of each additional task – thus ones other than the main task of auditing and for which no incompatibility is provided for by the law – to the Group's main external auditor or to parties belonging to its related network. The assignment of such additional tasks is allowed only in determined circumstances of demonstrated necessity, from the legal or economic point of view or in terms of service quality.

Oversight of the Court of Accounts

The Court of Accounts oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. This role was performed for all of 2010 by the delegated judge Michael Sciascia (who was appointed in accordance with a resolution of the Presidential Council of the Court of Accounts at its meeting on December 19-20, 2007, and substituted by Igina Maio with effect from January 1, 2011).

In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Accounts an attendance allowance of euro 1,000 for each Board meeting attended.

The magistrate appointed by the Court of Accounts attends the meetings of the Board of Directors and the Board of Statutory Auditors. The Court of Accounts presents an annual report on the results of the oversight performed to the office of the President of the Senate and the office of the President of the House of Deputies.

Executive in charge of preparing the corporate accounting documents

In compliance with the provisions of the Unified Financial Act and of the Company's bylaws, in June 2006 the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, appointed the head of the Company's Accounting, Planning, and Control Department (renamed "Accounting, Finance, and Control" in June 2009), in the person of Luigi Ferraris, to the position of executive in charge of preparing the corporate accounting documents.

As ascertained by the Board of Directors in June 2007, such executive possesses the professional qualifications introduced in the Company's bylaws on May 2007 in compliance with the Unified Financial Act.

The duty of this executive is to establish appropriate administrative and accounting procedures for the preparation of the financial statements of the Parent Company and the consolidated financial statements, as well as all other financial documents.

The Board of Directors ensures that this executive has adequate powers and means, as well as seeing that the administrative and accounting procedures that he establishes are actually observed.

The executive in question issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that such information corresponds to what is recorded in the Company's documents, account books, and book entries.

Together with the Chief Executive Officer, the aforesaid executive also certifies in a specially provided report regarding the financial statements of the Parent Company, the consolidated financial statements, and the half-year financial report: (i) the adequacy and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer; (ii) the conformance of the content of these documents to the international accounting standards applicable within the European Union; (iii) the correspondence of the aforesaid documents to the accounting records and their suitability for providing a true and fair view of the Company's and the Group's balance sheet, income statements, and cash flows; (iv) that the report on operations accompanying the financial statements of the Parent Company and the consolidated financial statements contains a reliable analysis of the performance and results of the year, as well as of the situation of the Company and the Group and the main risks and uncertainties to which they are exposed; (v) that the report on operations included in the half-year financial report contains a reliable analysis of the most important events that occurred during the first six months of the period, together with a description of the main risks and uncertainties in the remaining six months of the period and information on the significant transactions with related parties.

The content of the certification that the executive in question and the Chief Executive Officer must issue in

accordance with the foregoing is regulated by the CON-SOB with a specially provided set of rules.

Internal control system

With regard to internal control, several years ago the Group adopted a special system aimed at (i) checking the appropriateness of Group procedures in terms of effectiveness, efficiency, and costs, (ii) ensuring the reliability and correctness of accounting records, as well as the safeguard of Company and Group assets, and (iii) ensuring that operations comply with internal and external regulations, as well as with the corporate directives and guidelines for sound and efficient management.

The Group's internal control system is divided into two distinct areas of activity:

- > line auditing, which consists of all the auditing activities that the individual operating units or Group companies carry out on their own processes. Such auditing activities are primarily the responsibility of operating executives and are considered an integral part of every corporate process;
- > internal auditing, which is entrusted to the Company's Audit Department and is aimed essentially at the identification and containment of corporate risk of any kind. This objective is pursued through the monitoring of line auditing, in terms of both the appropriateness of the audits themselves and the results actually achieved by their application. This activity under consideration is therefore applied to all the corporate processes of the Company and of the Group companies. The personnel in charge of said activity is responsible for indicating both the corrective actions deemed necessary and for carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors, which to this end and availing itself of the Internal Control Committee:

- > establishes the guidelines of such system, so that the main risks regarding the Company and its subsidiaries are correctly identified, as well as properly measured, managed, and monitored, and then ensures the compatibility of such risks with sound and correct corporate management. It should be observed in this regard that

in December 2006, the Board of Directors took note of the identification of the main risks regarding the Group and the establishment of specially provided criteria for measuring, managing, and monitoring the aforesaid risks – in accordance with the content of a special document drawn up by the Company's Audit Department – and agreed on the compatibility of the aforesaid risks with sound and correct corporate management. In February 2008, the Board of Directors examined an updated Group risk assessment prepared by the Company's Audit Department;

- > appoints one or more executive Directors to supervise the functioning of the internal control system. In this regard, it should be noted that since December 2006 the Board of Directors entrusted this role to both the Chief Executive Officer and the Chairman, assigning the latter the task of regularly participating in the meetings of the Internal Control Committee;
- > evaluates the appropriateness, efficiency, and actual functioning of the internal control system at least once a year. It should be noted that in February 2010 and, most recently, in March 2011, the Board of Directors expressed a positive evaluation in this respect;
- > appoints, and removes, one or more persons to be in charge of the internal control system, establishing the related compensation in line with the relevant corporate policies. In this regard, in January 2008, the Board of Directors, having taken note that there was a new head of the Company's Audit Department (in the person of Francesca Di Carlo), confirmed the latter as the person in charge of the internal control system and confirmed her compensation as the same as she was already receiving.

The executive Directors assigned to supervise the functioning of the internal control system in turn:

- > oversee the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and then submit them periodically to the Board of Directors for examination;
- > carry out the guidelines established by the Board of Directors, seeing to the planning, implementation, and management of the internal control system and constantly monitoring its overall adequacy, effectiveness, and efficiency. They also supervise the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory framework;
- > make proposals to the Board of Directors regarding

the appointment, removal, and compensation of one or more persons to be in charge of the internal control system.

The person in charge of the internal control system:

- > is entrusted with ensuring that the internal control system is always adequate, fully operative and functioning;
- > is not the head of any operating area and is not hierarchically dependent on any head of an operating area;
- > has direct access to all the information that is useful for the performance of his or her duties;
- > has adequate means at his or her disposal for performing the assigned tasks;
- > reports on his or her activities to the executive Directors assigned to supervise the functioning of the internal control system, the Internal Control Committee, and the Board of Statutory Auditors. Specifically, he or she reports on the procedures through which risk management is conducted, as well as on the observance of the plans devised to limit them, and expresses his or her evaluation of the suitability of the internal control system for achieving an acceptable level of overall risk.

In line with the most advanced corporate governance practices, in June 2009 the Company created a specific "Group Risk Management" Department, whose mission is to ensure the effective implementation at the Group level of the process of managing all financial, operating, strategic, and business risks with a significant impact, as well as the main risks that, for whatever reason, can affect the Company's and the Group's balance sheet, income statement, and cash-flow statement. Among the most important tasks entrusted to this new corporate department are the following: (i) to define and oversee the guidelines, procedures, instruments, and methods for assessing the aforesaid risks with a significant impact; (ii) to manage, with regard to the aforesaid risks with a significant impact, the process of mapping Group risks and analyzing and assessing their effects, cooperating with the Audit Department for the purpose of sharing the results of their respective risk assessment activities; (iii) to consolidate risks at the Group level and develop intra-Group netting and hedging actions; (iv) define the guidelines for risk management and submit them to the Chief Executive Officer, identifying the related mitigation actions and ensuring that the latter are properly implemented; (v) to transfer to the risk owners the management models, the instruments that can be used for hedging, and the optimal levels of exposure, monitoring

their observance with regard to short-, medium-, and long-term plan objectives; (vi) to define and propose to the Chief Executive Officer the optimal architecture of the controls dedicated to risk management; (vii) to prepare appropriate integrated and detailed reports on the Company's significant risks, the control processes implemented, and the hedging actions carried out; (viii) to ensure insurance coverage for the entire Group; and (ix) to implement and manage the Group enterprise risk management model.

In 2010, the main activities carried out by the "Group Risk Management" Department concerned:

- > the elaboration of the risk governance of the Group and its sharing with the operative Divisions and the interested staff Functions;
- > the drafting of the guidelines for the management of the financial risks, commodity risks and credit risks, comprising the definition of the system of operative limits;
- > the commencement of risk assessment activities within the operative Divisions;
- > the support for the definition of the organization of the local structures of risk management, which is currently in course;
- > the development of specific methodologies for the analysis and measuring of different risks.

The system of risk management and internal control of financial information

As part of the internal control system, the Group has had for several years a special system of risk management and internal control regarding the process of financial information (in the present section, for the sake of brevity, referred to as the "System").

Overall, this System is defined as the set of activities intended to identify and assess the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system ("Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of the credibility, accuracy, reliability, and timeliness of financial information ("Internal Control System").

The executive in charge of preparing the corporate

accounting documents supervised the development and implementation of a specific model for assessing the System and adopted a special procedural body – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the System in question. Specifically, the Group issued a procedure that regulates the reference model of the control system and a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The controls instituted have been monitored to check both their "design" (that is, if it is operative, that the control is structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management responsible for the activities, risks and controls and the Company's Audit Department are entrusted with responsibilities regarding the periodic testing of the System.

In line with Section 404 of the Sarbanes-Oxley Act (which was fully applicable to the Company and the Group until the completion of the procedure of deregistration of the ADS - *American Depositary Shares* of Enel at the US *Securities and Exchange Commission* in March 2008, and which is still applicable to certain Latin-American companies of the Group, which currently have ADS listed on the New York Stock Exchange, as explained in detail in the first section of the document under "Share capital structure"), the assessment of the controls on financial information was based on the criteria established in the model "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "COSO Report"), supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT").

The process of assessment of the System, defined in Enel as Management Assessment Process (and in the rest of the present section referred to, for the sake of brevity, as "MAP"), which is progressively extended to newly acquired subsidiaries of a material significance, is divided into the following macro-phases:

- > definition of the perimeter and identification of the risks;
- > assessment of the design and effectiveness of the controls (the so-called "line" monitoring);

- > “independent” monitoring, entrusted to the Company’s Internal Audit Function;
- > reporting, internal certifications, consolidation, and summary of the assessments;
- > certification of the Chief Executive Officer and of the executive in charge of preparing the corporate accounting documents regarding the financial statements of Enel, the consolidated financial statements, and the half-year financial report.

The perimeter of the Group companies to include in the assessment is determined with regard to the specific level of risk, in both quantitative terms (for the level of significance of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the System, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both the Company’s or group of companies’ level (entity level) and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability that it will occur. Process-level risks, on the other hand, are assessed – regardless of relevant controls (so-called “*valutazione a livello inerente*”) – in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, controls were established that are aimed at reducing to an acceptable level the risk connected with the failure to achieve the objectives of the System, at both the entity and the process level.

Controls at entity level are catalogued consistently with the five sections provided in the COSO Report: control environment, risk assessment, control activities, information systems and communication flows, monitoring activities. Within the scope of the companies identified as significant, the processes at greatest risk were then defined and assessed and, within such processes, the top-down risk-based approach was applied. In accordance with this approach, the Company then identified and assessed the

risks with the greatest impact and the related controls, both general and specific, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.

In order to assess the appropriateness of the System, provision has been made for, every six months, a specific phase of the MAP, which consists in the monitoring by the process managers (that is, the individuals in charge of the activities, risks and controls) aimed at testing the design and effectiveness of each of the controls identified.

For each corporate process assessed, an appropriate documentation is kept for the purpose of describing roles and responsibilities and the flows of data and information, as well as the key controls (administrative and accounting procedures).

The Company’s Audit Department is entrusted with the task of performing an “independent” assessment of the effectiveness of the MAP.

The results of the assessments performed by both the line management and the Audit Department of the Company are communicated to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information (so-called “reporting”), which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies. In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.

These flows are also used for the periodic information about the adequacy of the System, provided by the executive in charge with regard to the Board of Statutory Auditors, the Internal Control Committee, and the external auditor.

On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned by the MAP, the executive in charge, together with the Chief Executive Officer, in turn issues special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the financial statements of Enel SpA, the consolidated financial statements, or the half-year report, according to the document concerned each time.

Non-EU foreign subsidiaries

During 2010, the Internal Control Committee checked that the Group was consistently complying with the regulations, established by CONSOB as part of its Market Rules, regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of subsidiaries set up and regulated under the law of non-EU countries (hereinafter, for the sake of brevity, referred to as "non-EU foreign subsidiaries").

In particular, the following should be noted in this regard:

- > according to the data contained in the financial statements as of December 31, 2009 and in application of the parameter concerning material significance for consolidation purposes introduced in the Market Rules with effect from July 1, 2008, eleven non-EU foreign subsidiaries were identified within the Enel Group to which the regulations apply for 2010. Specifically, these companies, to which relevant laws were applicable in the course of the fiscal year of 2009, are: 1) Ampla Energia e Serviços SA (a Brazilian company); 2) Chilectra SA (a Chilean company); 3) Compañía Distribuidora y Comercializadora de Energia SA (a Colombian company); 4) Companhia Energética do Ceará SA (a Brazilian company); 5) Edegel SA (a Peruvian company); 6) Emgesa SA ESP (a Colombian company); 7) Empresa Nacional de Electricidad - Endesa Chile SA (a Chilean company); 8) Endesa Brasil SA (a Brazilian company); 9) Endesa Capital Finance LLC (a US company); 10) Enersis SA (a Chilean company); and 11) Enel OGK-5 OJSC (a Russian company);
- > the balance sheet and income statement for 2010 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's consolidated financial statements for 2010, will be made available to the public by Enel at least 15 days before the date set for the Shareholders' Meeting convened for the approval of the 2010 financial statements of Enel, at the same time of the summary reports regarding the main data of the last financial reports of the subsidiaries and affiliated companies (according to the procedures described in CONSOB's Issuer Regulations);
- > the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel and are available to the CONSOB, in updated

form, where the latter should so request for supervisory purposes;

- > Enel has ensured that all the above companies: (i) provide the external auditor of the Parent Company with the information necessary to perform the annual and interim audits of Enel; (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of Enel of the income statement, balance sheet and financial data necessary for the preparation of the Group's consolidated financial statements.

Transactions with related parties

In December 2006, the Board of Directors – implementing the provisions of the Italian Civil Code (which, until then, the CONSOB had not specifically adopted), as well as the recommendations of the Self-regulation Code – adopted a regulation that establishes the procedures for approving and carrying out transactions undertaken by the Company or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions. Such regulation was applied until the end of 2010.

A new procedure for transactions with related parties took effect from January 1, 2011; such procedure was approved by the Board of Directors in November 2010, in compliance with the requirements provided by CONSOB with a regulation adopted in March 2010, which implements the provisions of the Italian Civil Code. In order to be consistent with the chronological order, the contents of this new procedure – that is available on the Company's website, together with the additional documentation concerning the corporate governance indicated in this report – shall be analyzed in the 2011 report on corporate governance and ownership structure.

According to the regulation for transactions with related parties which applied until the end of 2010, the Internal Control Committee is entrusted with the prior examination of the various kinds of transactions with related parties, with the exception of those that present a low level of risk for the Company and the Group (the latter including the transactions carried out between companies entirely owned by Enel, as well as those that are typical or usual, those that are regulated according to standard

conditions, and those whose consideration is established on the basis of official market prices or rates established by public authorities).

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard the Company) or prior evaluation (if the transactions regard Group companies) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding euro 25 million (with the exception of the previously mentioned ones that present a low level of risk for the Company and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

Transactions whose value amounts to or is less than euro 25 million and in which the relationship exists with a Director, a regular Statutory Auditor of Enel, or an executive of the Company or the Group with strategic responsibilities (or with a related party through such persons) are always submitted to the Internal Control Committee for its prior examination.

For each of the transactions with related parties submitted for its prior approval or evaluation, the Board of Directors receives adequate information on all the significant aspects and the related resolutions adequately explain the reasons for and the advantageousness for the Company and the Group of the aforesaid transactions. Furthermore, it is provided for the Board of Directors to receive detailed information on the actual carrying out of the transactions that it has approved or evaluated.

In order to prevent a transaction with related parties from being entered into on conditions that are different from those that would probably have been negotiated between unrelated parties, both the Internal Control Committee and the Board of Directors have the authority to avail themselves – depending on the nature, value, or other characteristics of the transaction – of one or more independent experts of recognized professional competence. If the relationship exists with a Director of the Company or with a related party through the latter, the Director concerned must promptly inform the Board of Directors of the nature, terms, origin, and extent of his interest and leave the Board meeting when the resolution is adopted, unless that prejudices the quorum or the Board of Directors decides otherwise. If the relationship exists with the Chief Executive Officer of the Company or with a related party through the latter, in addition to the foregoing he

abstains from carrying out the transaction and leaves the decision to the Board of Directors.

If the relationship exists with one of the regular Statutory Auditors of the Company or with a related party through the latter, the Auditor concerned promptly informs the other regular Auditors and the Chairman of the Board of Directors of the nature, terms, origin, and extent of his interest.

Finally, a system of communications and certifications is provided for the purpose of promptly identifying, as early as the negotiation phase, transactions with related parties that involve Directors and regular Statutory Auditors of Enel, as well as Company and Group executives with strategic responsibilities (or parties related through such persons).

Processing of corporate information

As early as February 2000, the Board of Directors approved special rules (to which additions were made in March 2006) for the management and processing of confidential information, which also contain the procedures for the external circulation of documents and information concerning the Company and the Group, with particular reference to privileged information. The Directors and Statutory Auditors of the Company are obliged to comply with the provisions contained in such rules and, in any case, to maintain the confidentiality of the documents and information acquired in carrying out their duties.

The rules are aimed at keeping confidential information secret, while at the same time ensuring that the information regarding the Company and the Group made available to the market is correct, complete, adequate, timely, and non-selective.

The rules entrust Enel's Chief Executive Officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the divulgation of information regarding individual subsidiaries must in any case be agreed upon with the Parent Company's Chief Executive Officer.

The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on privileged information – and carefully regulate the ways

in which Company and Group representatives enter into contact with the press and other mass media (or financial analysts and institutional investors).

Following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, in April 2006 the Company instituted (and began to regularly update) a Group register recording the persons, both legal and natural, who have access to privileged information because of the professional or other work they do or because of the tasks they perform on behalf of the Company or Group companies. The purpose of this register is to make the persons recorded therein aware of the value of the privileged information at their disposal, while at the same time facilitating the CONSOB's supervision of compliance with the regulations provided to safeguard market integrity.

Also following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, as from April 2006 radical changes were introduced regarding internal dealing, that is, the transparency of transactions involving the Company's shares and financial instruments connected with them carried out by the largest shareholders, Company representatives, and persons closely connected with them.

The EU regulations replaced those previously adopted by Borsa Italiana, which had regulated the matter since January 2003. Therefore, as from April 2006, the Group's Dealing Code – which the Board of Directors had adopted in December 2002 in compliance with the regulations issued by Borsa Italiana – also became inapplicable.

In 2010, the regulations regarding internal dealing applied to the purchase, sale, subscription, and exchange of shares of Enel SpA and of the subsidiaries Endesa SA and Enel Green Power SpA and of financial instruments connected with them by "important persons". This category includes shareholders who own at least 10% of the Company's share capital and the Directors and regular Statutory Auditors of Enel, the directors of the subsidiary Endesa SA as well as 28 other managerial positions identified in Enel and Endesa SA in accordance with the relevant regulations, because they have regular access to privileged information and are authorized to make managerial decisions that could influence Enel's evolution and prospects.

The obligations of transparency apply to all the aforesaid transactions whose total value is at least euro 5,000 in a

given year, even if carried out by persons closely connected with the "important persons".

In enacting measures to implement the aforesaid regulations, the Board of Directors considered it advisable to provide that "important persons" (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking periods, lasting approximately one month each, around the time the Board of Directors approves the Company's proposed financial statements and the half-year report.

This initiative of the Board of Directors was prompted by the will to improve the Company's governance standards with respect to the relevant regulations, maintaining in force a provision formerly contained in the Group's Dealing Code and aimed at preventing the carrying out of transactions by "important persons" that the market could perceive as suspect, because they are carried out during periods of the year that are especially sensitive to corporate information.

Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest – as well as its duty with respect to the market – to establish an ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the divulgation of privileged information.

In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.

The Company therefore created (i) an investor relations unit, which is currently part of its Accounting, Finance, and Control Department, and (ii) a unit within its Department of Corporate Affairs in charge of communicating with shareholders in general.

It was also decided to further facilitate communication with investors through the creation of a special section

of the Company's website (www.enel.com, investor section), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the securities issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel's Boards, the Company's bylaws and Shareholders'-Meeting regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to Legislative Decree 231/2001, as well as a general chart of the organization of the Group).

Shareholders' Meetings

The suggestion contained in the Self-regulation Code to consider shareholders' meetings important occasions for discussion between a company's shareholders and its board of directors (even with the availability of a number of different communication channels between companies with listed shares and shareholders, institutional investors, and the market) was carefully evaluated and fully accepted by the Company, which – in addition to ensuring the regular attendance of its Directors at Shareholders' Meetings – deemed it advisable to adopt specific measures to adequately enhance the latter; in particular, reference is made to the provision of the corporate bylaws aimed at facilitating the collection of the proxies among the employee-shareholders of the Company and its subsidiaries and at facilitating their participation in the decisional process of the Shareholders' Meeting (this provision is specifically described in the first part of the report, under "Ownership structure" - "Employee shareholdings: mechanism for exercising voting rights").

The provisions governing the functioning of the Shareholders' Meetings of listed companies, contained in the Italian Civil Code, in the Unified Financial Act and in the implementing regulations adopted by CONSOB, were significantly amended after the enactment of Legislative Decree 27 of January 27, 2010, which implemented in Italy the Directive 2007/36/EC (concerning the exercise of certain rights of shareholders in listed companies) and modified, among the others, the laws regarding the

terms for calling the shareholders' meetings, the number of meetings, the quorum, the exercise of the right to convene the meeting and to put items on the agenda by the minority shareholders, the information before the meeting, proxies, the identification of the shareholders and the introduction of the record date with the aim of identifying the title to participate and to vote in the meeting. The provisions of Legislative Decree 27/2010 are applicable with effect from the meetings whose notice is published after October 31, 2010. The main differences between the current and the previous provisions are summarized below.

In particular, it should be noted that the Shareholders' Meeting is competent to resolve, in both ordinary and extraordinary session, upon, among other things (i) the appointment and revocation of the members of the Board of Directors and of the Board of Statutory Auditors determining their compensation and liability, (ii) the approval of the financial statements and the distribution of the net income, (iii) the buyback and sale of own shares, (iv) the compensation plans based on shares; (v) the amendments to the bylaws, (vi) the issue of convertible bonds.

On the basis of the Enel's bylaws, ordinary and extraordinary Shareholders' Meetings are held in single call, are convened and resolve with the majorities prescribed by applicable laws and are normally held in the municipality where the Company's registered office is located. The Board of Directors may determine otherwise, provided the venue is in Italy. The ordinary Shareholders' Meeting must be convened at least once per year within one hundred and eighty days after the end of the accounting period, for the approval of the financial statements.

The Unified Financial Act provides that the title to participate and to vote in the Shareholders' Meeting must be certified by a communication in favor of the person entitled to vote, sent to the issuer by the intermediary and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting (so called "record date").

Shareholders may ask questions on the items on the agenda before the Shareholders' Meeting; questions submitted before the Meeting will be answered no later than during the Meeting.

Shareholders may notify their proxies to the Company, also by electronic means, through the specific section of the Company's website indicated in the notice of the Meeting. Shareholders may also be represented in the Meeting by a representative in conflict of interest,

provided that (i) the latter has communicated in writing to the shareholder the circumstances giving rise to the conflict of interest and (ii) specific voting instructions were given for each resolution in respect of which the representative has to vote on behalf of the shareholder.

Pursuant to the Unified Financial Act and consented by Enel's bylaws, shareholders are also entitled to grant to a representative appointed by the Company a proxy with voting instructions upon all or specific items on the agenda, that must be sent to the interested person no later than the end of the second trading day before the date set for the Shareholders' Meeting; this proxy, whose costs shall not be born by the shareholders, shall be granted through the filling of a schedule prepared by CONSOB and is valid only for those proposals in relation to which voting instructions were given.

On the basis of the Unified Financial Act, in the end of 2010 CONSOB issued the provisions governing the participation in the meeting by electronic means, which are applicable only when expressly referred to by the bylaws. The Board of Directors of the Company shall propose that the meeting, convened to approve the financial statements as of December 31, 2010, resolves, in extraordinary session, to insert in the bylaws a provision that entrusts the Board to determine – each time and taken into account the evolution and the reliability of the technical tools available – the possibility to participate in the Shareholders' Meeting by electronic means, and to identify the modalities of participation in the notice of the meeting.

The conduct of Shareholders' Meetings is governed, in addition to the law and bylaws, by a specific regulation approved at the Ordinary Shareholders' Meeting of 25 May 2001 (as subsequently amended and integrated in 2010). The contents of such regulation are in line with the most advanced models for companies with listed shares expressly drawn up by several professional associations (Assonime and ABI).

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, if it happens that he or she is not available, by the Deputy Chairman if one has been appointed; if both are absent, the meeting shall be chaired by a person designated by the Board, failing which the meeting shall elect its Chairman. The Chairman of a Shareholders' Meeting shall be assisted by a Secretary, except if the drafting of the minutes is entrusted to a notary public.

The Chairman of a Shareholders' Meeting, among other things, verifies the regular constitution of the meeting, assesses the identity and legitimacy of those attending,

regulates the conduct of the meeting and assesses the results of the vote.

The resolutions of the meeting shall be recorded in minutes signed by the Chairman and the Secretary or public notary. The minutes of extraordinary Shareholders' Meetings shall be drafted by a public notary.

As regards the right of each shareholder to request the floor to speak on the matters in the agenda, the Shareholders' Meetings regulation provides that the Chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting the floor and the possible questions asked by shareholders before the Shareholder's Meeting to which the Company has not already responded, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter – in order to ensure that the meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the Chairman sets a different deadline – until the Chairman closes the discussion of the matter concerned. The Chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's Code of Ethics, which was approved by the Company's Board of Directors in March 2002 and updated in March 2004 and, most recently, in September 2009 and February 2010.

The Code expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behavior in accordance with standards requiring maximum transparency and fairness with respect to all stakeholders. Specifically, the Code of

Ethics consists of:

- > general principles regarding relations with stakeholders, which define the reference values guiding the Group in the carrying out of its activities. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;
- > criteria of behavior towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
- > implementation mechanisms, which describe the control system devised to ensure observance of the Code of Ethics and its continual improvement.

The revision of the Code of Ethics carried out in September 2009 and ended in February 2010 was prompted by the necessity of updating this document in the light of the legal and organizational changes that had taken place since its previous version was published, as well as the intention to further align its content with international best practice. Among the most significant amendments made at that time were (i) the updating of the corporate mission, (ii) adoption of the prohibition of intimidation, mobbing, and stalking in the workplace, and (iii) an express provision of the obligation for suppliers to comply with regulations regarding health and safety in the workplace, as well as (iv) the exclusion in principle of the possibility for Group companies to grant requests for contributions for the same kind of activities in which Enel Cuore Onlus is engaged.

Compliance program pursuant to Legislative Decree 231 of June 8, 2001

In July 2002, the Company's Board of Directors approved a compliance program in accordance with the requirements of Legislative Decree 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to

the benefit of the companies themselves. The content of the aforesaid program is consistent with the guidelines on the subject established by industry associations and with the best practice of the United States and represents another step towards strictness, transparency, and a sense of responsibility in both internal relations and those with the external world. At the same time, it offers shareholders adequate assurance of efficient and fair management. The program in question – conceived as an instrument to be adopted by all the Italian companies of the Group – consists of a "general part" (in which are described, among other things, the content of Legislative Decree 231/2001, the objectives of the program and how it works, the duties of the control body responsible for supervising the functioning of and compliance with the program and seeing to its updating, and the penalty regime) and separate "special parts" concerning the different kinds of crimes provided for by Legislative Decree 231/2001, which the aforesaid program aims to prevent.

During 2006, the compliance program was completely revised. As proposed by the Internal Control Committee, the Board of Directors (i) updated both the "general part" and the "special parts" regarding corporate crimes and crimes against the civil service, in order to take into account court rulings and the applicative experience acquired during the first years of implementation of the program, and (ii) approved new "special parts" concerning crimes of terrorism and subversion of the democratic order, crimes against the person, and crimes and administrative wrongdoing involving market abuse.

In February 2008, the Board of Directors approved an additional "special part" of the program in question concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of industrial accidents and the protection of workplace hygiene and on-the-job health.

At the same time, the Board of Directors also updated the composition of the body entrusted with the supervision of the functioning and observance of the program and with seeing to its updating, which was transformed from a one-member body into a collective one in order to bring its characteristics into line with the prevalent practice of the most important listed companies and the trends of court decisions.

In accordance with the regulation of the supervisory body approved by the Board of Directors in May 2008, such body may consist of three to five members appointed by the Board. Such members may be either from within or

outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the responsible for the internal Audit function). The Board of Directors, upon proposal of the Internal Control Committee, has initially appointed as members of the control body – in addition to the head of the Internal Audit Department – the heads of the Company's Department of Corporate Affairs and Legal Department, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. Subsequently, in December 2010, the Board of Directors decided to extend the number of the members of the control body, providing for the appointment of an external member, expert in the field of business organization (identified in Prof. Matteo Giuliano Caroli), who was nominated as Chairman of the mentioned corporate body. In June 2009, the Board of Directors also resolved, upon proposal by the Internal Control Committee (i) to update both the "general part" and the "special part" concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of accidents and on the promotion of hygiene and workplace health and safety in order to take into account the applicative experience acquired, the trend of court decisions, and regulatory innovations, as well as (ii) to approve a new "special part" concerning the crimes of handling stolen goods, recycling and using illegally acquired money, property, and benefits. The periodical update and revision of the compliance program were carried out also during 2010.

Initially, in May 2010, the Board of Directors, upon proposal of the Internal Control Committee, has updated the "special parts" concerning the crimes and the administrative wrongdoings involving market abuse (in light of the supervening business carried out by certain companies of the Group on the electricity derivatives market) and the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of accidents and on the promotion of hygiene and workplace health and safety, taking into account the supervening amendments to the legislation concerning the object of such "special parts". During the same meeting, the Board of Directors has also approved specific guidelines aimed at applying the principles of the compliance program to the most important foreign subsidiaries of the Group (identified also on the basis of the type of business), in order to:

(i) sensitize and make aware those companies on the importance of ensuring the conditions of fairness and transparency in the conduct of business and (ii) prevent the risk that, through wrongdoing made during the conduct of business, an administrative responsibility could raise pursuant to Legislative Decree 231/2001 to Enel and/or other Italian subsidiaries of the Group.

Subsequently, in December 2010, the Board of Directors, upon proposal of the Internal Control Committee, updated the "special parts" concerning the crimes for purposes of terrorism or subversion of democracy and the crimes of handling stolen goods, recycling and using illegally acquired money, property, and benefits in order to take into account the evolution of the corporate organization and the amendments to the legislation concerning those subject matters, and for the purpose of a better coordination of the "special parts". During the same meeting, the Board of Directors also approved a new "special part" concerning computer crimes and illicit treatment of data, which recent legislation included among the crimes that are the "condition" of the liability regulated by Legislative Decree 231/2001.

During 2010, the supervisory body oversaw, as usual, the functioning and the observance of the compliance program and in particular:

- > held 8 meeting, in which it discussed upon certain activities carried out in the Company (in relation to which it did not found the conditions for the application of administrative liability pursuant to Legislative Decree 231/2001) and upon particularly relevant events concerning other companies, in order to assess whether the provisions of the compliance program of Enel are appropriate to prevent the risk that similar events could occur in the Company;
- > promoted the update of the compliance program;
- > promoted, in addition to the usual training initiatives, differentiated according to the recipients and necessary to ensure a constant updating of the personnel on the contents of the compliance program, an on-line course regarding Legislative Decree 231/2001 and the compliance program;
- > constantly reported its activities to the Chairman and Chief Executive Officer and, on a regular basis, to the Internal Control Committee and to the Board of Statutory Auditors.

"Zero Tolerance of Corruption" Plan

In June 2006, the Board of Directors approved the adoption of the "Zero Tolerance of Corruption - ZTC" Plan in order to give substance to Enel's adherence to the Global Compact (an action program sponsored by the UN in 2000) and the PACI - Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).

The ZTC Plan supplements the Code of Ethics and the compliance program adopted pursuant to Legislative Decree 231/2001, representing a more radical step regarding the subject of corruption and adopts a series of recommendations for implementing the principles formulated on the subject by Transparency International.

Attached below are three tables that summarize some of the information contained in the second section of the report.

Table 1: Structure of Enel's Board of Directors and Committees

Board of Directors								Internal Control Committee	Compensation Committee	Nomination Committee (if any)	Executive Committee (if any)
Office	Members	Executive	Non executive	Independent UFA (*****)	SC (*****)	(****)	Other offices (**) (***)	(****)	(****)	(****)	(****)
Chairman	Gnudi Piero	X				100%	2				
CEO/General Manager	Conti Fulvio	X				100%	2				
Director	Ballio Giulio (*)		X	X	X	93%	-		X	100%	
Director	Codogno Lorenzo		X			100%	-	X	92%		
Director	Costi Renzo (*)		X	X	X	93%	1	X	100%	Non-existent	Non-existent
Director	Fantozzi Augusto (*)		X	X	X	93%	5		X	100%	
Director	Luciano Alessandro		X	X	X	100%	-	X	92%		
Director	Napolitano Fernando		X			73%	1		X	50%	
Director	Tosi Gianfranco		X	X	X	100%	-	X	100%		

Quorum for the presentation of slates for the appointment of the Board of Directors: 0.5% of the share capital (*****).

Number of meetings held in 2010; Internal Control Committee: 13; Compensation Committee: 4; Nomination Committee: N.A.; Executive Committee: N.A.

NOTES

* The presence of an asterisk indicates that the Director was designated on a slate presented by minority shareholders.

** This column shows the number of offices held by the person concerned on the boards of directors or the boards of statutory auditors of other companies of significant size, as defined by the related policy established by the Board of Directors. In this regard, in February 2011 Enel's Directors held the following offices considered significant for this purpose:

1 Piero Gnudi: director of Il Sole 24 Ore SpA and Unicredit SpA;

2 Fulvio Conti: director of Barclays Plc. and AON Corporation

3 Renzo Costi: director and member of the Executive Committee of the publishing house "Il Mulino" SpA

4 Augusto Fantozzi: receiver of Alitalia SpA, Chairman of the Board of Directors of Sisal Holding Finanziaria SpA and Sisal SpA; director of Ferretti SpA, and chairman of the board of statutory auditors of Hewlett Packard Italia Srl

5 Fernando Napolitano: chief executive officer of Booz & Company Italia Srl

*** In these columns, an "X" indicates the Committee(s) of which each Director is a member.

**** These columns show the percentage of the meetings of, respectively, the Board of Directors and the Committee(s) attended by each Director. All absences were appropriately explained.

***** In this column, an "X" indicates the possess of the requisite of independence provided for the statutory auditors of listed companies by Article 148, Subsection 3, of the Unified Financial Act, applicable to the Directors pursuant to Article 147-ter, Subsection 4, of the Unified Financial Act. Pursuant to the provisions of article 148, paragraph 3, of the Unified Financial Act, the following do not qualify as independent:

a) persons who are in the situations provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);

b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;

c) persons who are connected with the company, its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

***** In this column, an "X" indicates the possess of the requisite of independence provided by Article 3 of the Self-regulation Code. Specifically, according to applicative criterion 3.C.1 of the Self-regulation Code, a director should normally be considered lacking the requisites of independence in the following cases:

a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties – he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;

b) if he or she is, or during the three preceding accounting periods has been, an important representative ⁽¹⁾ of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;

c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:

- with the issuer, a subsidiary of it, or any of the related important representatives;

- with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;

or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities.

In this regard, in February 2010 the Company's Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:

- commercial or financial relations: (i) 5% of the annual turnover of the company or organization of which the Director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;

- professional services: (i) 5% of the annual turnover of the company or organization of which the Director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments.

In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Self-regulation Code:

- d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected with the company's performance, including those involving stock based plans;
- e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
- f) if he holds the office of chief executive officer in another company in which an executive director of the issuer holds a directorship;
- g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
- h) if he or she is a close family member ⁽²⁾ of a person who is in one of the conditions referred to in the preceding items.

***** This quorum applies with effect from the meetings whose notice is published after October 31, 2010. For the meetings convened until that date, the quorum was equal to 1% of the share capital.

Table 2: Enel's Board of Statutory Auditors

Office	Members	Percentage of Board meetings attended	Number of offices (**)
Chairman	Fontana Franco (*) (***)	100%	13
Chairman	Duca Sergio (*) (****)	100%	5
Regular Auditor	Conte Carlo	91%	5
Regular Auditor	Mariconda Gennaro	86%	1
Alternate Auditor	Giordano Giancarlo (***)	N.A.	-
Alternate Auditor	Sbordoni Paolo (*) (***)	N.A.	-
Alternate Auditor	Salsone Antonia Francesca (****)	N.A.	-
Alternate Auditor	Tutino Franco (*) (****)	N.A.	-
Number of meetings held in 2010: 22			

Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: 0.5% of the share capital (*****).

NOTES

* The presence of an asterisk indicates that the Statutory Auditor was designated on a slate presented by minority shareholders.

** This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations.

*** In charge until April 29, 2010.

**** In charge from April 29, 2010.

***** This quorum applies with effect from the meetings whose notice is published after October 31, 2010. For the meetings convened until that date, the quorum was equal to 1% of the share capital.

⁽¹⁾ It should be noted that, according to applicative criterion 3.C.2 of the Self-regulation Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the chairman of the board of directors, the executive directors, and the executives with strategic responsibilities of the company or organization under consideration.

⁽²⁾ The comment on Article 3 of the Self-regulation Code states in this regard that "in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner more uxorio, and co-habitant family members of a person who could not be considered an independent director".

Table 3: Other provisions of the Self-regulation Code

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Delegation system and transactions with related parties			
Has the Board of Directors delegated powers and established:	X		
a) their limits	X		
b) how they are to be exercised	X		
c) and how often it is to be informed?	X		
Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the Company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the Board of Directors established special procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
Procedures of the most recent election of the Board of Directors and the Board of Statutory Auditors			
Were the candidacies for the office of Director filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Director accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Were the candidacies for the office of Director accompanied by a statement that the candidates qualify as independent?	X		
Were the candidacies for the office of Statutory Auditor filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Statutory Auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Shareholders' Meetings			
Has the Company approved regulations for Shareholders' Meetings?	X		
Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)?	X		

(*) It should be noted that in the 2006 edition of the Self-regulation Code the recommended deadline for filing slates of candidates for the offices of director and statutory auditor was increased from 10 to 15 days. The deadline of 10 days was applicable to the Company under the provisions of the regulations regarding privatizations (Article 4, Law n. 474 of July 30, 1994) with effect until the meetings whose notice was published within October 31, 2010. For the meetings whose notice is published after October 31, 2010, the Unified Financial Act (as amended by Legislative Decree 27 of January 27, 2010) provides that the slates must be filed at the Company's registered office at least 25 days before the date set for the Shareholders' Meeting convened to resolve upon the appointment of the members of the Board of Directors or of the Board of Statutory Auditors and must be published by the Company at least 21 days before the date set for the same Meeting.

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Internal control			
Has the Company appointed the person in charge of internal control?	X		
Is the person in charge hierarchically independent of the heads of operating areas?	X		
Organizational position of the person in charge of internal control	Head of the Company's Internal Audit Department		
Investor relations			
Has the Company appointed a head of investor relations?	X		
Organizational unit of the head of investor relations and related contact information	<p>Relations with institutional investors: Investor Relations Viale Regina Margherita, 137 - 00198 Rome, Italy tel. ++39 06/83057975 - fax ++39 06/83053771 e-mail: investor.relations@enel.com</p> <p>Relations with retail shareholders: Department of Corporate Affairs Viale Regina Margherita, 137 - 00198 Rome, Italy tel. ++39 06/83054000 - fax ++39 06/83055028 e-mail: azionisti.retail@enel.com</p>		

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports



Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial reports of the Enel Group at December 31, 2010, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Fulvio Conti and Luigi Ferraris, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
 - a. the appropriateness with respect to the characteristics of the Enel Group and
 - b. the effective adoptionof the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2010 and December 31, 2010.
2. In this regard, we report that:
 - a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
 - b. the assessment of the internal control system did not identify any material issues.
3. In addition, we certify that consolidated financial statements of the Enel Group at December 31, 2010:
 - a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
 - b. correspond to the information in the books and other accounting records;
 - c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.
4. Finally, we certify that the report on operations accompanying the financial statements of the Enel Group at December 31, 2010 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 14, 2011

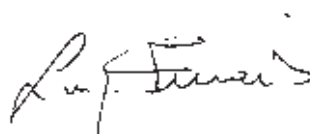
Fulvio Conti

Chief Executive Officer of Enel SpA



Luigi Ferraris

Officer responsible for the preparation of the financial reports of Enel SpA





Attachments



Nome sede	N° Telem. (n°)	Altre
Atene (Università)	4 700001	50
Bari (Università)	4 700002	50
Bologna (Università)	4 700003	50
Brescia (Università)	4 700004	50
Catania (Università)	4 700005	50
Cagliari (Università)	4 700006	50
Caserta (Università)	4 700007	50
Como (Università)	4 700008	50
Ferrara (Università)	4 700009	50
Florenza (Università)	4 700010	50
Genova (Università)	4 700011	50
Imperia (Università)	4 700012	50
La Spezia (Università)	4 700013	50
Lecce (Università)	4 700014	50
Livorno (Università)	4 700015	50
Macerata (Università)	4 700016	50
Mantova (Università)	4 700017	50
Meda (Università)	4 700018	50
Modena (Università)	4 700019	50
Monza (Università)	4 700020	50
Matera (Università)	4 700021	50
Mezzogiorno (Università)	4 700022	50
Milano (Università)	4 700023	50
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Milano (Università)	4 700026	50
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Milano (Università)	4 700063	50
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Milano (Università)	4 700067	50
Milano (Università)	4 700068	50
Milano (Università)	4 700069	50
Milano (Università)	4 700070	50
Milano (Università)	4 700071	50
Milano (Università)	4 700072	50
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Milano (Università)	4 700074	50
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Milano (Università)	4 700079	50
Milano (Università)	4 700080	50
Milano (Università)	4 700081	50
Milano (Università)	4 700082	50
Milano (Università)	4 700083	50
Milano (Università)	4 700084	50
Milano (Università)	4 700085	50
Milano (Università)	4 700086	50
Milano (Università)	4 700087	50
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Milano (Università)	4 700090	50
Milano (Università)	4 700091	50
Milano (Università)	4 700092	50
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Milano (Università)	4 700094	50
Milano (Università)	4 700095	50
Milano (Università)	4 700096	50
Milano (Università)	4 700097	50
Milano (Università)	4 700098	50
Milano (Università)	4 700099	50
Milano (Università)	4 700100	50

TU (C.G.S.) EQUALS 10

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2010

In compliance with CONSOB Notice no. DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution no. 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2010, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, registered office, activity, share capital, currency of account, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Subsidiaries consolidated on a line-by-line basis at December 31, 2010 ⁽¹⁾

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Enel SpA	Rome	Italy	Holding company	9,403,357,795.00	EUR			
Subsidiaries								
Concert Srl	Rome	Italy	Product, plant and equipment certification	10,000.00	EUR	Enel Produzione SpA	51.00%	51.00%
Deval SpA	Aosta	Italy	Electricity distribution and sales	37,500,000.00	EUR	Enel SpA	51.00%	51.00%
Endesa SA	Madrid	Spain	Holding company	1,270,502,540.40	EUR	Enel Energy Europe SL	92.06%	92.06%
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	73,230,000.00	ALL	Enel Investment Holding BV	100.00%	100.00%
Enel Distributie Banat SA	Timisoara	Romania	Electricity distribution	382,158,580.00	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	Electricity distribution	280,285,560.00	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA (formerly Electrica Muntenia Sud SA)	Bucharest	Romania	Electricity distribution	271,635,250.00	RON	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	Electricity distribution	2,600,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	Electricity and gas sales	302,039.00	EUR	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA (formerly Electrica Furnizare Muntenia Sud SA)	Bucharest	Romania	Electricity sales	37,004,350.00	RON	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	Electricity sales	140,000,000.00	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Energy Europe SL	Madrid	Spain	Holding company	500,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Esn Energo LLC	Saint Petersburg	Russian Federation	Operation and maintenance of generation plants	2,700,000.00	RUB	Enel Esn Management BV	100.00%	75.00%
Enel Esn Management BV	Amsterdam	Netherlands	Holding company	18,000.00	EUR	Enel Produzione SpA	75.00%	75.00%
Enel Finance International NV	Amsterdam	Netherlands	Holding company	1,478,810,370.00	EUR	Enel SpA	100.00%	100.00%
Enel France Sas	Paris	France	Holding company	34,937,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%
Enel Green Power SpA	Rome	Italy	Electricity generation from renewable resources	1,000,000,000.00	EUR	Enel SpA	69.17%	69.17%
Enel Ingegneria e Innovazione SpA	Rome	Italy	Analysis, design, construction and maintenance of engineering works	30,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1,593,050,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Lease Eurl (formerly Société du Parc Eolien Grandes Terres Est Eurl)	Lyon	France	Electricity generation from renewable resources	500,000.00	EUR	Enel France Sas	100.00%	100.00%
Enel Longanesi Developments Srl	Rome	Italy	Prospecting and exploitation of hydrocarbon fields	10,000,000.00	EUR	Enel Trade SpA	100.00%	100.00%
Enel M@P Srl	Rome	Italy	Metering, remote control and connectivity services via power line communication	100,000.00	EUR	Enel Distribuzione SpA	100.00%	100.00%
Enel Maritza East 3 AD	Sofia	Bulgaria	Electricity generation	265,943,600.00	BGN	Maritza East III Power Holding BV	73.00%	73.00%
Enel OGK5-5 OJSC (formerly OGK-5 OJSC)	Ekaterinburg	Russian Federation	Electricity generation	35,371,898,370.00	RUB	Enel Investment Holding BV	56.43%	56.43%
Enel Operations Belgium SA	Marchienne Au Pont	Belgium	Operation and maintenance of generation plants	200,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Enel Operations Bulgaria AD	Galabovo	Bulgaria	Operation and maintenance of generation plants	50,000.00	BGN	Maritza O&M Holding Netherlands BV	73.00%	73.00%
Enel Productie Srl (formerly Global Power Investment Srl)	Bucharest	Romania	Electricity generation	19,910,200.00	RON	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	Electricity generation	1,800,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Romania Srl (formerly Enel Servicii Srl)	Judetul Ilfov	Romania	Business services	200,000.00	RON	Enel Investment Holding BV	100.00%	100.00%
Enel Rus LLC	Moscow	Russian Federation	Energy services	350,000.00	RUB	Enel Investment Holding BV	100.00%	100.00%
Enel Service Uk Ltd	London	United Kingdom	Energy services	100.00	GBP	Enel Trade SpA	100.00%	100.00%
Enel Servicii Comune SA	Bucharest	Romania	Energy services	33,000,000.00	RON	Enel Distributie Banat SA	50.00%	51.00%
						Enel Distributie Dobrogea SA	50.00%	
Enel Services Srl	Rome	Italy	Personnel administration activities, information technology and business services	50,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Servizio Elettrico SpA	Rome	Italy	Electricity sales	10,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Sole Srl	Rome	Italy	Public lighting systems	4,600,000.00	EUR	Enel SpA	100.00%	100.00%
Enel Trade Hungary Kft	Budapest	Hungary	Electricity sourcing and trading	184,650.00	EUR	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	Electricity sourcing and trading	74,250,200.00	RON	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	Fuel trading and logistics. Electricity sales	90,885,000.00	EUR	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	Factoring	12,500,000.00	EUR	Enel SpA	100.00%	100.00%
Enel.NewHydro Srl	Rome	Italy	Engineering and water systems	1,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enel.Re Ltd	Dublin	Ireland	Reinsurance	3,000,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%
Enelco SA	Athens	Greece	Construction, operation and maintenance of plants	36,961,629.00	EUR	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	Construction, operation and maintenance of plants	5,000,000.00	SAR	Enelpower SpA	51.00%	51.00%
Enelpower SpA	Milan	Italy	Engineering and construction	2,000,000.00	EUR	Enel SpA	100.00%	100.00%
Enelpower Uk Ltd	London	United Kingdom	Electrical engineering	1,000.00	GBP	Enelpower SpA	100.00%	100.00%
Hydro Dolomiti Enel Srl	Trento	Italy	Electricity generation and sales	3,000,000.00	EUR	Enel Produzione SpA	49.00%	49.00%
Hydrogen Park-Marghera Per L'idrogeno Srl	Venice	Italy	Development of studies and projects for the use of hydrogen	245,000.00	EUR	Enel Produzione SpA	55.10%	55.10%
Linea Albania-Italy Shpk	Tirana	Albania	Construction, maintenance and operation of merchant lines	27,460,000.00	ALL	Enel Investment Holding BV	100.00%	100.00%
Marcinelle Energie SA	Charleroi	Belgium	Electricity generation, transport, sale and trading	107,000,000.00	EUR	Enel Investment Holding BV	80.00%	80.00%
Maritza East III Power Holding BV	Amsterdam	Netherlands	Holding company	100,000,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%
Maritza O&M Holding Netherlands BV	Amsterdam	Netherlands	Holding company	40,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Nuove Energie Srl	Porto Empedocle	Italy	Construction and management of LNG regasification infrastructure	4,100,000.00	EUR	Enel Trade SpA	90.00%	90.00%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10,000,000.00	RUB	Enel OGK5-5 OJSC (formerly OGK-5 OJSC)	100.00%	56.43%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	Security services	33,193.92	EUR	Slovenské elektrárne AS	100.00%	66.00%
Pragma Energy SA	Lugano	Svizzera	Coal trading	4,000,000.00	CHF	Enel Investment Holding BV	100.00%	100.00%
Prof-Energo LLC	Sredneuralsk	Russian Federation	Energy services	10,000.00	RUB	Sanatorium-Preventorium Energetik OJSC	100.00%	56.43%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	Energy services	10,571,300.00	RUB	Enel OGK5-5 OJSC (formerly OGK-5 OJSC)	99.99%	56.43%
						OGK-5 Finance LLC	0.01%	
Se Hydropower Srl	Bolzano	Italy	Electricity generation, purchases and sales	30,000,000.00	EUR	Enel Produzione SpA	40.00%	40.00%
Se Predaj Sro	Bratislava	Slovakia	Electricity supply	4,505,000.00	EUR	Slovenské elektrárne AS	100.00%	66.00%
Slovenské elektrárne AS	Bratislava	Slovakia	Electricity generation	1,269,295,724.66	EUR	Enel Produzione SpA	66.00%	66.00%
Slovenské elektrárne Finance BV	Rotterdam	Netherlands	Finance	18,200.00	EUR	Slovenské elektrárne AS	100.00%	66.00%
Société du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	Electricity generation from renewable resources	1,000.00	EUR	Enel France Sas	100.00%	100.00%
Teplotprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128,000,000.00	RUB	OGK-5 Finance LLC	60.00%	33.86%
Vallenergie SpA	Aosta	Italy	Electricity sales	1,700,000.00	EUR	Enel SpA	51.00%	51.00%
Water & INDUSTRIAL Services Company SpA	Monza	Italy	Sewage treatment	15,615,000.00	EUR	Enel.NewHydro Srl	100.00%	100.00%

(1) The companies held by Enel Green Power SpA and Endesa SA consolidated on a line-by-line basis are listed separately.

Enel Green Power SpA companies consolidated on a full, line-by-line basis at December 31, 2010 ^{(1) (2)}

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Enel Green Power SpA	Rome	Italy	Electricity generation from renewable resources	1,000,000,000.00	EUR	Enel SpA	69.17%	69.17%
Subsidiaries								
(Cataldo) Hydro Power Associates	New York (New York)	USA	Electricity generation from renewable resources		- USD	Hydro Development Group Inc. Chi Black River Inc.	50.00% 50.00%	69.18%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources		- USD	Chi Minnesota Wind LLC	49.00%	33.89%
Aguilon 20 SA	Zaragoza	Spain	Electricity generation from renewable resources	1,693,060.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	39.95%
Aioliko Voskero SA	Heraklion (Crete)	Greece	Construction and operation of plants for the generation of electricity from renewable resources	955,600.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Almussafes Servicios Energéticos SL	Valencia	Spain	Operation and maintenance of generation plants	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Alvorada Energia SA	Rio de Janeiro	Brazil	Electricity generation and sale	17,117,415.92	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Apiacàs Energia SA	Rio de Janeiro	Brazil	Electricity generation	21,216,846.33	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	Electricity generation from renewable resources	10,500.00	USD	Consolidated Hydro Southeast Inc.	100.00%	69.17%
Argyri Energiaki SA	Athens	Greece	Electricity generation from renewable resources	3,200,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Asoleo SL	Madrid	Spain	Wind plants	800,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.01%	39.18%
Asotin Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Enel North America Inc.	100.00%	69.17%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources		- USD	Chi Minnesota Wind LLC	49.00%	33.89%
Aziscohos Hydro Company Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Barnet Hydro Company	Burlington (Vermont)	USA	Electricity generation from renewable resources		- USD	Sweetwater Hydroelectric Inc.	100.00%	69.17%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	Holding company		- USD	Beaver Valley Holdings Ltd	67.50%	46.69%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	Holding company	2.00	USD	Hydro Development Group Inc.	100.00%	69.17%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	Electricity generation from renewable resources	30.00	USD	Hydro Development Group Inc.	100.00%	69.17%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	Marketing of projects for electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	51.00%	39.95%
Black River Hydro Assoc	New York (New York)	USA	Electricity generation from renewable resources		- USD	(Cataldo) Hydro Power Associates	75.00%	51.88%
Blue Energy Srl	Tulcea	Romania	Electricity generation from renewable resources	1,000.00	RON	Enel Green Power International BV Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	1.00% 99.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Boott Field LLC	Wilmington (Delaware)	USA	Holding company		- USD	Boott Hydropower Inc.	100.00%	69.17%
Boott Hydropower Inc.	Boston (Massachusetts)	USA	Electricity generation from renewable resources		- USD	Boott Sheldon Holdings LLC	100.00%	69.17%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	Holding company		- USD	Hydro Finance Holding Company Inc.	100.00%	69.17%
Bp Hydro Associates	Boise (Idaho)	USA	Electricity generation from renewable resources		- USD	Chi Magic Valley Inc.	32.00%	69.17%
						Chi Idaho Inc.	68.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	Holding company		- USD	Bp Hydro Associates	75.92%	69.17%
						Fulcrum Inc.	24.08%	
Bypass Limited	Boise (Idaho)	USA	Electricity generation from renewable resources		- USD	El Dorado Hydro	100.00%	69.17%
Bypass Power Company	Los Angeles (California)	USA	Holding company		- USD	Chi West Inc.	100.00%	69.17%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Essex Company	100.00%	69.17%
Carvemagere - Manutenção e Energias Renováveis Lda	Barcelos	Portugal	Cogeneration of electricity and heat	84,700.00	EUR	Finerge - Gestao de Projectos Energéticos SA	65.00%	50.92%
Castle Rock Ridge Limited Partnership	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel Alberta Wind Inc.	100.00%	69.17%
Chi Acquisitions II Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Chi Finance LLC	100.00%	69.17%
Chi Acquisitions Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Enel North America Inc.	100.00%	69.17%
Chi Black River Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
Chi Dexter Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
Chi Finance LLC	Wilmington (Delaware)	USA	Holding company		- USD	Enel North America Inc.	100.00%	69.17%
Chi Highfalls Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Chi Finance LLC	100.00%	69.17%
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	Electricity generation from renewable resources	6,834,448.00	CAD	Enel Green Power Canada Inc.	100.00%	69.17%
Chi Idaho Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%
Chi Magic Valley Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Chi Finance LLC	100.00%	69.17%
Chi Mountain States Operations Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%
Chi Operations Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Chi Power Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Chi S F LP	Montreal (Quebec)	Canada	Electricity generation from renewable resources		- CAD	Chi Hydroelectric Company Inc.	100.00%	69.17%
Chi Universal Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Chi West Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%
Chi Western Operations Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	Electricity generation from renewable resources	110,000.00	USD	Aquenergy Systems Inc.	100.00%	69.17%
Conexión Energética Centroamericana El Salvador SA de Cv	San Salvador	El Salvador	Electricity generation from renewable resources	7,950,600.00	SVC	Grupo Egi SA de Cv	40.86%	69.17%
						Enel Latin America BV	59.14%	
Consolidated Hydro Mountain States Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	130.00	USD	Chi Universal Inc.	100.00%	69.17%
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	200.00	USD	Enel North America Inc.	100.00%	69.17%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Gauley River Power Partners LP	5.00%	69.17%
						Chi Acquisitions II Inc.	95.00%	
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Enel North America Inc.	80.00%	55.34%
Consorzio Sviluppo Solare	Rome	Italy	Electricity generation from renewable resources	100,000.00	EUR	Enel Produzione SpA	30.00%	78.42%
						Enel.Si - Servizi Integrati Srl	70.00%	
Copenhagen Associates	New York (New York)	USA	Electricity generation from renewable resources	-	USD	Chi Dexter Inc.	49.00%	68.48%
						Hydro Development Group Inc.	50.00%	
Crosby Drive Investments Inc.	Boston (Massachusetts)	USA	Electricity generation from renewable resources	-	USD	Asotin Hydro Company Inc.	100.00%	69.17%
Cte - Central Termica do Estuário Lda	Porto	Portugal	Cogeneration of electricity and heat	563,910.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	EGP Padoma Holding Company Inc.	100.00%	69.17%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel North America Inc.	100.00%	69.17%
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	85.00%	66.58%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	Holding company	1,000.00	USD	Enel North America Inc.	100.00%	69.17%
EGP Padoma Holding Company Inc.	Wilmington (Delaware)	USA	Holding company	1,000.00	USD	Enel North America Inc.	100.00%	69.17%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel North America Inc.	100.00%	69.17%
El Dorado Hydro	Los Angeles (California)	USA	Electricity generation from renewable resources	-	USD	Olympe Inc.	82.50%	69.17%
						Motherlode Hydro Inc.	17.50%	
Empreendimento Eólico de Rego Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	51.00%	39.95%
Empreendimentos Eólicos de Viade Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	80.00%	62.66%
Empresa Electrica Panguipulli SA	Santiago	Chile	Electricity generation from renewable resources	14,053,147.00	CLP	Enel Latin America (Chile) Ltda	99.99%	69.18%
						Energía Alerce Ltda	0.01%	
Empresa Electrica Puyehue SA	Santiago	Chile	Electricity generation from renewable resources	11,169,752,000.00	CLP	Enel Latin America (Chile) Ltda	99.90%	69.17%
						Energía Alerce Ltda	0.10%	
Empresa Nacional de Geotermia SA	Santiago	Chile	Electricity generation from renewable resources	9,154,430,867.00	CLP	Enel Latin America (Chile) Ltda	51.00%	35.28%
Enel Alberta Wind Inc.	Calgary	Canada	Holding company	16,251,021.00	CAD	Enel Green Power Canada Inc.	100.00%	69.17%
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	Holding company	419,400,000.00	BRL	Enel Latin America BV	99.99%	69.17%
						Enel Green Power International BV	0.01%	
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel Geothermal LLC	100.00%	69.17%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel Geothermal LLC	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Enel de Costa Rica SA	San José	Costa Rica	Electricity generation from renewable resources	27,500,000.00	USD	Enel Latin America BV	100.00%	69.17%
Enel Fortuna SA	Panama	Panama	Electricity generation from renewable resources	100,000,000.00	USD	Enel Panama SA	50.06%	34.63%
Enel Geothermal LLC	Wilmington (Delaware)	USA	Holding company		- USD	Essex Company	100.00%	69.17%
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	Construction, operation and maintenance of plants	35,231,000.00	BGN	Enel Green Power International BV	100.00%	69.17%
Enel Green Power Calabria Srl	Cosenza	Italy	Electricity generation from renewable resources	10,000.00	EUR	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	Holding company	1,757,364.00	CAD	Chi Finance LLC	100.00%	69.17%
Enel Green Power Cristal Eolica SA	Rio de Janeiro	Brazil	Electricity generation from renewable resources and sale		- BRL	Parque Eólico Cristal Ltda	1.00%	69.17%
						Enel Brasil Participações Ltda	99.00%	
Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	Madrid	Spain	Electricity generation from renewable resources	11,152.74	EUR	Enel Green Power International BV	60.00%	78.32%
						Endesa Generación SA	40.00%	
Enel Green Power Extremadura	Merida (Badajoz)	Spain	Electricity generation from renewable resources	3,012.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Enel Green Power France Sas (formerly Enel Erelis Sas)	Lyon	France	Electricity generation from renewable resources	80,200,000.00	EUR	Enel Green Power International BV	100.00%	69.17%
Enel Green Power Hellas SA	Maroussi	Greece	Holding company, energy services	2,060,000.00	EUR	Enel Green Power International BV	100.00%	69.17%
Enel Green Power International BV	Amsterdam	Netherlands	Holding company	244,532,298.00	EUR	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Portoscuso Srl (formerly Portoscuso Energia Srl)	Rome	Italy	Electricity generation from renewable resources	10,000.00	EUR	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Primavera SA	Rio de Janeiro	Brazil	Electricity generation from renewable resources and sale	16,506,000.00	BRL	Parque Eólico Cristal Ltda	1.00%	69.17%
						Enel Brasil Participações Ltda	99.00%	
Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	Melissano	Italy	Electricity generation from renewable resources	1,000,000.00	EUR	Enel Green Power SpA	100.00%	69.17%
Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	Sat Rusu de Sus Nusen	Romania	Electricity generation from renewable resources	128,000,000.00	RON	Enel Green Power International BV	100.00%	69.17%
Enel Green Power SAO Judas Eolica SA	Rio de Janeiro	Brazil	Electricity generation from renewable resources and sale	17,256,000.00	BRL	Enel Brasil Participações Ltda	99.00%	69.17%
						Parque Eólico Cristal Ltda	1.00%	
Enel Green Power Strambino Solar Srl	Turin	Italy	Electricity generation from renewable resources	250,000.00	EUR	Enel Green Power SpA	60.00%	41.50%
Enel Green Power TSS Srl (formerly Anemos 1 Srl)	Melissano	Italy	Electricity generation from renewable resources	1,000,000.00	EUR	Enel Green Power Puglia Srl (formerly Italgest Wind Srl)	100.00%	69.17%
Enel Guatemala SA	Guatemala	Guatemala	Electricity generation from renewable resources	5,000.00	GTQ	Enel Latin America BV	98.00%	69.17%
						Enel Green Power International BV	2.00%	
Enel Kansas LLC	Wilmington (Delaware)	USA	Holding company		- USD	Enel North America Inc.	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Enel Latin America BV	Amsterdam	Netherlands	Electricity generation from renewable resources	244,450,298.00	EUR	Enel Green Power International BV	100.00%	69.17%
Enel Latin America (Chile) Ltda	Santiago	Chile	Electricity generation from renewable resources	20,455,970,775.00	CLP	Hydromac Energy BV	0.01%	69.17%
						Energía Alerce Ltda	99.99%	
Enel Nevkan Inc.	Wilmington (Delaware)	USA	Holding company		- USD	Enel North America Inc.	100.00%	69.17%
Enel North America Inc.	Wilmington (Delaware)	USA	Holding company	50.00	USD	Enel Green Power International BV	100.00%	69.17%
Enel Panama SA	Panama	Panama	Holding company	3,000.00	USD	Enel Latin America BV	100.00%	69.17%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Enel Geothermal LLC	100.00%	69.17%
Enel Stillwater LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Enel Geothermal LLC	100.00%	69.17%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Enel Geothermal LLC	100.00%	69.17%
Enel Texkan Inc.	Wilmington (Delaware)	USA	Holding company		- USD	Chi Power Inc.	100.00%	69.17%
Enel Washington Dc Lld	Wilmington (Delaware)	USA	Holding company		- USD	Chi Acquisitions Inc.	100.00%	69.17%
Enel.Si - Servizi Integrati Srl	Rome	Italy	Plant engineering and energy services	5,000,000.00	EUR	Enel Green Power SpA	100.00%	69.17%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	Electrical engineering	1,242,000.00	BRL	Enel Brasil Participações Ltda	99.99%	69.18%
						Enel Latin America BV	0.01%	
Enercampo - Produção de Energia Lda	Porto	Portugal	Cogeneration of electricity and heat	249,400.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
Energía Alerce Ltda	Santiago	Chile	Holding company	1,360,670.00	CLP	Hydromac Energy BV	99.90%	69.17%
						Enel Green Power International BV	0.10%	
Energía Eolica Srl	Rome	Italy	Electricity generation from renewable resources	4,840,000.00	EUR	Enel Green Power SpA	51.00%	35.28%
Energía Global de Mexico (Enermex) SA de Cv	Mexico City	Mexico	Electricity generation from renewable resources	50,000.00	MXN	Enel Latin America BV	99.00%	68.48%
Energía Global Operaciones SA	San José	Costa Rica	Electricity generation from renewable resources	10,000.00	CRC	Enel de Costa Rica SA	100.00%	69.17%
Energía Nueva Energía Limpia Mexico Srl de Cv	Mexico City	Mexico	Electricity generation from renewable resources	5,339,650.00	MXN	Enel Guatemala SA	0.01%	69.17%
						Enel Latin America BV	99.99%	
Energía Nueva de Iggu Srl de CV	Mexico City	Mexico	Electricity generation from renewable resources	3,000.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.90%	69.17%
						Energía Nueva Energía Limpia Mexico Srl de Cv	0.10%	
Energética Mataró SA	Barcelona	Spain	Construction and operation of industrial waste disposal plant	484,150.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	85.00%	66.58%
Energías de Aragón II SL	Zaragoza	Spain	Electricity generation	18,500,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Energías de Graus SL	Barcelona	Spain	Hydroelectric plants	1,298,160.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	66.67%	52.22%
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	Biomass	279,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	68.42%	53.59%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Enerlive Srl	Cosenza	Italy	Electricity generation from renewable resources	6,520,000.00	EUR	Maicor Wind Srl	100.00%	41.50%
Enernisa - Produção de Energia Lda	Porto	Portugal	Cogeneration of electricity and heat	249,400.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
Enerviz - Produção de Energia de Vizela Lda	Porto	Portugal	Cogeneration of electricity and heat	673,380.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
Eol Verde Energia Eólica SA	Porto	Portugal	Water treatment and distribution	50,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	75.00%	58.75%
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	51.00%	39.95%
Eolflor - Produção de Energia Eólica Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	51.00%	39.95%
Essex Company	Boston (Massachusetts)	USA	Electricity generation from renewable resources	-	USD	Enel North America Inc.	100.00%	69.17%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	Electricity generation from renewable resources	3,505,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	70.00%	54.83%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	Electricity generation from renewable resources	3,230,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	73.60%	57.65%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	Electricity generation from renewable resources	5,488,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	70.00%	54.83%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	Electricity generation from renewable resources	8,046,800.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	70.49%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	Electricity generation from renewable resources	4,200,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	70.49%
Eólica de La Cuenca Central Asturiana SL	Asturias	Spain	Wind plant development	30,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Eólica del Noroeste SL	La Coruña	Spain	Wind plant development	36,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	39.95%
Eólica Valle del Ebro SA	Zaragoza	Spain	Electricity generation from renewable resources	5,559,340.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.50%	39.56%
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	240,400.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	62.66%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	216,360.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	55.00%	43.08%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	-	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	60.00%	46.99%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Eólicos Touriñán SA	La Coruña	Spain	Electricity generation from renewable resources	601,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Fermicalse SA de Cv	Distrito Federal	Mexico	Cogeneration of electricity and heat	7,667,000.00	MXN	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	99.99%	78.32%
Finerge - Gestao de Projectos Energéticos SA	Porto	Portugal	Cogeneration of electricity, heat and from renewable resources	750,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Fisterra Eólica SL	La Coruña	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Florence Hills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Fulcrum Inc.	Boise (Idaho)	USA	Electricity generation from renewable resources	1,002.50	USD	Consolidated Hydro Mountain States Inc.	100.00%	69.17%
Garden Heights Wind Project LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Padoma Wind Power LLC	100.00%	69.17%
Gauley Hydro LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Essex Company	100.00%	69.17%
Gauley River Management Corporation	Willison (Vermont)	USA	Electricity generation from renewable resources	-	USD	Chi Finance LLC	100.00%	69.17%
Gauley River Power Partners LP	Willison (Vermont)	USA	Electricity generation from renewable resources	-	USD	Gauley River Management Corporation	100.00%	69.17%
Generadora de Occidente Ltda	Guatemala	Guatemala	Electricity generation from renewable resources	16,261,697.33	GTQ	Enel Guatemala SA	1.00%	69.17%
Generadora Montecristo SA	Guatemala	Guatemala	Electricity generation from renewable resources	3,820,000.00	GTQ	Enel Latin America BV	99.00%	69.17%
						Enel Latin America BV	99.99%	
						Enel Guatemala SA	0.01%	
Geotermica del Norte	Santiago	Chile	Electricity generation from renewable resources	-	CLP	Enel Latin America (Enel Chile) Ltda	51.00%	35.28%
Geotermica Nicaraguense SA	Managua	Nicaragua	Electricity generation from renewable resources	92,050,000.00	NIO	Enel Green Power SpA	60.00%	41.50%
Glafkos Hydroelectric Station SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	4,690,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Gresaise SA de Cv	Distrito Federal	Mexico	Cogeneration of electricity and heat	7,647,000.00	MXN	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	99.99%	78.32%
Grupo Egi SA de Cv	San Salvador	El Salvador	Electricity generation from renewable resources	3,448,800.00	SVC	Enel Latin America BV	99.99%	69.17%
						Enel Green Power International BV	0.01%	
Guadarranque Solar 1 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 10 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 11 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 12 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Guadarranque Solar 13 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 14 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 15 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 16 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 17 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 18 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 19 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 2 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 3 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 6 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 7 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 8 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Guadarranque Solar 9 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Hidroelectricidad del Pacífico Srl de Cv	Mexico City	Mexico	Electricity generation from renewable resources	30,891,536.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	69.17%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Chi Finance LLC	100.00%	69.17%
Hispano Generación de Energía Solar SL	Jerez de Los Caballeros (Badajoz)	Spain	Photovoltaic plants	3,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	39.95%
Hope Creek LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Hosiery Mills Hydro Company Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Chi Acquisitions Inc.	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Hydro Constructional SA	Maroussi	Greece	Electrical engineering, energy trading and services	3,630,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Hydro Development Group Inc.	Albany (New York)	USA	Electricity generation from renewable resources	12.25	USD	Chi Acquisitions II Inc.	100.00%	69.17%
Hydro Energies Corporation	Williston (Vermont)	USA	Electricity generation from renewable resources	5,000.00	USD	Chi Finance LLC	100.00%	69.17%
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Hydrodev Inc.	Montreal (Quebec)	Canada	Holding company	7,587,320.00	CAD	Enel Green Power Canada Inc.	100.00%	69.17%
Hydrodev Limited Partnership	Montreal (Quebec)	Canada	Electricity generation from renewable resources	-	CAD	Hydrodev Inc.	100.00%	69.17%
Hydromac Energy BV	Amsterdam	Netherlands	Holding company	18,000.00	EUR	Enel Latin America BV	100.00%	69.17%
Impulsora Nacional de Electricidad Srl de Cv	Mexico City	Mexico	Holding company	308,628,665.00	MXN	Enel Green Power International BV	0.01%	69.17%
						Enel Latin America BV	99.99%	
International Eolian of Korinthia SA	Maroussi	Greece	Electricity generation from renewable resources	6,468,500.00	EUR	Enel Green Power Hellas SA	80.00%	55.34%
International Wind Parks of Achaia SA	Maroussi	Greece	Electricity generation from renewable resources	8,121,000.00	EUR	Enel Green Power International BV	100.00%	69.17%
International Wind Parks of Crete SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	3,093,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Parks of Rhodes SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	5,070,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Parks of Thrace SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	6,454,980.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
International Wind Power SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	6,615,300.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	Electricity generation and sale	82,974,475.77	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Italaise SA de Cv	Distrito Federal	Mexico	Cogeneration of electricity and heat	7,481,000.00	MXN	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	99.99%	78.32%
Jack River LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Julia Hills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Enel North America Inc.	100.00%	69.17%
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Enel North America Inc.	100.00%	69.17%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	Electricity generation from renewable resources	-	USD	Essex Company	92.50%	63.98%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	Electricity generation from renewable resources	-	USD	Hydro Development Group Inc.	100.00%	69.17%
Lower Saranac Corporation	New York (New York)	USA	Electricity generation from renewable resources	2.00	USD	Twin Saranac Holdings LLC	100.00%	69.17%
Lower Saranac Hydro Partners	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Lower Saranac Corporation	100.00%	69.17%
Maicor Wind Srl	Cosenza	Italy	Electricity generation from renewable resources	20,850,000.00	EUR	Enel Green Power SpA	60.00%	41.50%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	Electricity generation from renewable resources	-	USD	Chi Acquisitions II Inc.	100.00%	69.17%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Padoma Wind Power LLC	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Mataró Tractament Térmic Eficient SA	Barcelona	Spain	Environmental studies	1,878,000.00	EUR	Energética Mataró SA	80.00%	53.26%
Metro Wind LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources		- USD	Chi Minnesota Wind LLC	49.00%	33.89%
Mexicana de Hidroelectricidad Mexhidro Srl de Cv	Mexico City	Mexico	Electricity generation from renewable resources	181,728,201.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	69.17%
Micase SA de Cv	Distrito Federal	Mexico	Cogeneration of electricity and heat	47,132,000.00	MXN	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	51.00%	39.95%
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
Minnewawa Hydro Company Inc.	Wilmington (Delaware)	USA	Holding company	100.00	USD	Enel North America Inc.	100.00%	69.17%
Missisquoi Associates	Los Angeles (California)	USA	Electricity generation from renewable resources		- USD	Sheldon Vermont Hydro Company Inc.	1.00%	69.17%
						Sheldon Springs Hydro Associates LP	99.00%	
Molinos de Viento del Arenal SA	San José	Costa Rica	Electricity generation from renewable resources	9,709,200.00	USD	Enel de Costa Rica SA	49.00%	33.89%
Motherlode Hydro Inc.	Los Angeles (California)	USA	Electricity generation from renewable resources		- USD	Chi West Inc.	100.00%	69.17%
Myhs Kastaniotiko SA	Athens	Greece	Electricity generation from renewable resources	2,560,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Myhs Pougakia SA	Athens	Greece	Electricity generation from renewable resources	1,250,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources		- USD	Enel Nevkan Inc.	100.00%	69.17%
Newbury Hydro Company	Burlington (Vermont)	USA	Electricity generation from renewable resources		- USD	Sweetwater Hydroelectric Inc.	100.00%	69.17%
Newind Group Inc.	St. John (Newfoundland)	Canada	Holding company	578,192.00	CAD	Enel Green Power Canada Inc.	100.00%	69.17%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi West Inc.	100.00%	69.17%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
O&M Cogeneration Inc.	Montreal (Quebec)	Canada	Electricity generation from renewable resources	15.00	CAD	Hydrodev Inc.	66.66%	46.11%
Olympe Inc.	Los Angeles (California)	USA	Electricity generation from renewable resources		- USD	Chi West Inc.	100.00%	69.17%
Operacion y Mantenimiento Tierras Morenas SA	San José	Costa Rica	Electricity generation from renewable resources	30,000.00	CRC	Enel de Costa Rica SA	85.00%	58.79%
Ottawaquechee Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Finance LLC	100.00%	69.17%
PH Chucas SA	San José	Costa Rica	Electricity generation from renewable resources	100,000.00	CRC	Inversiones Eólicas La Esperanza SA	71.43%	44.96%
						Enel de Costa Rica SA	28.57%	
PH Don Pedro SA	San José	Costa Rica	Electricity generation from renewable resources	100,001.00	CRC	Enel de Costa Rica SA	33.44%	23.13%
PH Guacimo SA	San José	Costa Rica	Electricity generation from renewable resources	50,000.00	CRC	Enel de Costa Rica SA	40.00%	27.67%
PH Rio Volcan SA	San José	Costa Rica	Electricity generation from renewable resources	100,001.00	CRC	Enel de Costa Rica SA	34.32%	23.74%
Padoma Wind Power LLC	Los Angeles	USA	Holding company		- USD	EGP Padoma Holding Company Inc.	100.00%	69.17%
Paravento SL	Lugo	Spain	Electricity generation from renewable resources	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	70.49%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parc Eolien de Beauséjour Sasu	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien de Bouville Sasu	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien de La Grande Epine Sasu	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parc Eolien de La Vallière Sasu	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	49.00%	33.89%
Parc Eolien Des Ramiers Sasu	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Parque Eólico Cristal Ltda	Rio de Janeiro	Brazil	Electricity generation from renewable resources and sale	1,000,000.00	BRL	Enel Latin America BV Enel Brasil Participações Ltda	0.01% 99.99%	69.18%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	1,007,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	62.66%
Parque Eólico de Aragón AIE	Zaragoza	Spain	Electricity generation from renewable resources	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	80.00%	62.66%
Parque Eólico de Enix SA	Seville	Spain	Electricity generation from renewable resources	3,005,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	95.00%	74.41%
Parque Eólico de Gevancas SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	901,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	65.67%	51.43%
Parque Eólico do Alto da Vaca Lda	Porto	Portugal	Electricity generation from renewable resources	125,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	65.00%	50.92%
Parque Eólico do Vale do Abade Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	51.00%	39.95%
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	Wind plant construction and operation	3,810,340.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	90.00%	70.49%
Parque Eólico Punta de Teno SA	Tenerife	Spain	Electricity generation from renewable resources	528,880.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	52.00%	40.73%
Parque Eólico Sierra del Madero SA	Soria	Spain	Electricity generation from renewable resources	7,193,970.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	58.00%	45.43%
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Consolidated Hydro Southeast Inc.	100.00%	69.17%
Planta Eólica Europea SA	Seville	Spain	Electricity generation from renewable resources	1,198,530.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	56.12%	43.96%
Primavera Energia SA	Rio de Janeiro	Brazil	Electricity generation and sale	41,965,444.64	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Productor Regional de Energía Renovable I SA	Valladolid	Spain	Wind plant development and construction	60,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Productor Regional de Energía Renovable SA	Valladolid	Spain	Wind plant development and construction	711,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	85.00%	66.58%
Productor Regional de Energía Renovable II SA	Valladolid	Spain	Wind plant development and construction	60,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	75.00%	58.75%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	Wind plant development and construction	60,500.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	75.00%	58.75%
Proveedora de Electricidad de Occidente Srl de Cv	Mexico City	Mexico	Electricity generation from renewable resources	89,707,935.00	MXN	Impulsora Nacional de Electricidad Srl de Cv	99.99%	69.17%
Proyectos Eólicos Valencianos SA	Valencia	Spain	Electricity generation	2,550,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
Pyrites Associates	New York (New York)	USA	Electricity generation from renewable resources	-	USD	Chi Dexter Inc.	50.00%	69.18%
						Hydro Development Group Inc.	50.00%	
Quatiara Energia SA	Rio de Janeiro	Brazil	Electricity generation	12,148,511.80	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Renovables de Guatemala SA	Guatemala	Guatemala	Electricity generation from renewable resources	1,924,465,600.00	GTQ	Enel Guatemala SA	0.01%	64.92%
						Enel Latin America BV	42.83%	
						Enel Green Power SpA	51.00%	
Rock Creek Limited Partnership	Los Angeles (California)	USA	Electricity generation from renewable resources	-	USD	El Dorado Hydro	100.00%	69.17%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Padoma Wind Power LLC	100.00%	69.17%
Se Hazelton A LP	Los Angeles (California)	USA	Electricity generation from renewable resources	-	USD	Bypass Limited	100.00%	69.17%
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	100.00%	78.32%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Sheldon Vermont Hydro Company Inc.	100.00%	69.17%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Boott Sheldon Holdings LLC	100.00%	69.17%
Sisconer - Exploração de Sistemas de Conversao de Energia Lda	Porto	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	55.00%	43.08%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	Electricity generation from renewable resources	-	USD	Slate Creek Hydro Company Inc.	100.00%	69.17%
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Acquisitions II Inc.	100.00%	69.17%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	Electricity generation from renewable resources	-	USD	Texkan Wind LLC	100.00%	69.17%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	Electricity generation from renewable resources	-	USD	Nevkan Renewables LLC	100.00%	69.17%
Snyder Wind Farm LLC	Dallas (Texas)	USA	Electricity generation from renewable resources	-	USD	Texkan Wind LLC	100.00%	69.17%
Socibe Energia SA	Rio de Janeiro	Brazil	Electricity generation and sale	33,969,032.25	BRL	Enel Brasil Participações Ltda	100.00%	69.17%
Société Armoricaïne d'Energie Eolienne Sarl	Lyon	France	Electricity generation from renewable resources	1,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Société d'Expl. du parc Eolien de La Bouleste	Lyon	France	Electricity generation from renewable resources	37,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Société du Parc Eolien de Family Sarl	Paris	France	Electricity generation from renewable resources	10,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Société du Parc Eolien des Champs d'Eole Sarl	Lyon	France	Electricity generation from renewable resources	1,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Société du Parc Eolien du Chemin de La Ligue Snc	Meyzieu	France	Electricity generation from renewable resources	1,000.00	EUR	Enel Green Power France Sas (formerly Enel Erelis Sas)	100.00%	69.17%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	100.00	USD	Chi Universal Inc.	100.00%	69.17%
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
St-Félicien Cogeneration	Montreal (Quebec)	Canada	Electricity generation from renewable resources	-	CAD	Chi S F LP	96.00%	66.40%
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	Holding company	8,200.00	USD	Enel North America Inc.	75.00%	51.88%
Sun River LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	Electricity generation from renewable resources	250.00	USD	Chi Acquisitions II Inc.	100.00%	69.17%
Taranto Solar Srl	Rome	Italy	Electricity generation from renewable resources	100,000.00	EUR	Enel Green Power SpA	51.00%	35.28%
Tecnoguat SA	Guatemala	Guatemala	Electricity generation from renewable resources	30,948,000.00	GTQ	Enel Latin America BV	75.00%	51.88%
Texkan Wind LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel Texkan Inc.	100.00%	69.17%
Tko Power Inc.	Los Angeles (California)	USA	Electricity generation from renewable resources	-	USD	Chi West Inc.	100.00%	69.17%
Transmisora de Energía Renovable SA	Guatemala	Guatemala	Electricity generation from renewable resources	5,000.00	GTQ	Enel Guatemala SA	98.00%	69.17%
						Generadora Montecristo SA	2.00%	
Triton Power Company	New York (New York)	USA	Electricity generation from renewable resources	-	USD	Highfalls Hydro Company Inc.	98.00%	69.17%
						Chi Highfalls Inc.	2.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Twin Falls Hydro Associates	Seattle (Washington)	USA	Electricity generation from renewable resources	-	USD	Twin Falls Hydro Company Inc.	51.00%	35.28%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	Electricity generation from renewable resources	10.00	USD	Twin Saranac Holdings LLC	100.00%	69.17%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	USD	Enel North America Inc.	100.00%	69.17%
Unelco Cogeneraciones Sanitarias del Archipiélago SA	Las Palmas de Gran Canaria	Spain	Cogeneration of electricity and heat	1,202,020.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	100.00%	78.32%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
WP Bulgaria 11 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000.00	BGN	Enel Green Power Bulgaria EAD	100.00%	69.17%
Western New York Wind Corporation	Albany (New York)	USA	Electricity generation from renewable resources	300.00	USD	Enel North America Inc.	100.00%	69.17%
Willimantic Power Corporation	Hartford (Connecticut)	USA	Electricity generation from renewable resources	-	USD	Chi Acquisitions Inc.	100.00%	69.17%
Wind Park Kouloukonas SA	Maroussi	Greece	Electricity generation from renewable resources	2,700,018.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Wind Park of Koryfao SA	Maroussi	Greece	Electricity generation from renewable resources	60,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Wind Park of West Ktenias SA	Maroussi	Greece	Electricity generation from renewable resources	70,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Wind Parks of Korinthia SA	Maroussi	Greece	Electricity generation from renewable resources	3,279,500.00	EUR	Enel Green Power Hellas SA	80.00%	55.34%
Wind Parks of Thrace SA	Maroussi	Greece	Construction, operation and maintenance of plants, energy trading and services	4,032,210.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	Chi Minnesota Wind LLC	49.00%	33.89%

(1) In many cases, the subsidiaries are formed as entities that do not require the payment of share capital.

(2) For companies in which the holding is less than 50% Enel North America Inc. holds preference shares that enable it to determine the financial and operational policies of the company and therefore to exercise a dominant influence.

Subsidiaries held by Endesa SA consolidated on a line-by-line basis at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Endesa SA	Madrid	Spain	Holding company	1,270,502,540.40	EUR	Enel Energy Europe SL	92.06%	92.06%
Subsidiaries								
Agrícola e Inmobiliaria Pastos Verdes Ltda	Santiago	Chile	Financial investments	37,029,389,730.00	CLP	Inmobiliaria Manso de Velasco Ltda	55.00%	30.69%
Aguas Santiago Poniente SA	Santiago	Chile	Water services	6,601,120,747.00	CLP	Inmobiliaria Manso de Velasco Ltda	25.82%	30.70%
						Agrícola e Inmobiliaria Pastos Verdes Ltda	53.06%	
Aioliki Martinou SA	Athens	Greece	Electricity generation from renewable resources	3,950,000.00	EUR	Enel Green Power Hellas SA	100.00%	69.17%
Ampla Energia e Serviços SA	Rio de Janeiro	Brazil	Electricity generation, transmission and distribution	998,230,000.00	BRL	Enersis SA	13.68%	50.76%
						Chilectra Inversud SA	21.02%	
						Chilectra SA	10.34%	
						Endesa Brasil SA	46.89%	
Ampla Investimentos e Serviços SA	Rio de Janeiro	Brazil	Electricity generation, transmission and distribution	120,000,000.00	BRL	Chilectra Inversud SA	21.02%	50.76%
						Chilectra SA	10.34%	
						Endesa Brasil SA	46.89%	
						Enersis SA	13.68%	
Andorra Desarrollo SA	Teruel	Spain	Regional development	901,520.00	EUR	Endesa Generación SA	100.00%	92.06%
Apamea 2000 SL	Madrid	Spain	Services	3,000.00	EUR	Endesa SA	100.00%	92.06%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	Electricity generation	60,100.00	EUR	Endesa Generación SA	100.00%	92.06%
Asin Carbono Usa Inc.	Wilmington (Delaware)	USA	Electricity generation		- USD	Endesa Carbono Usa LLC	100.00%	75.95%
Bolonia Real Estate SL	Madrid	Spain	Real estate	3,008.00	EUR	Endesa SA	100.00%	92.06%
Carboex SA	Madrid	Spain	Fuel supply	24,040,480.00	EUR	Endesa Generación SA	100.00%	92.06%
Carbones de Berga SA	Barcelona	Spain	Mining	649,080.00	EUR	Minas y Ferrocarril de Utrillas SA	100.00%	92.06%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	Electricity generation and sale	289,060,000.00	BRL	Endesa Brasil SA	99.61%	54.79%
Central Dock Sud SA	Capital Federal	Argentina	Electricity generation, transmission and distribution	355,950,000.00	ARS	Sociedad Inversora Dock Sud SA	69.99%	36.82%
Central Eólica Canela SA	Santiago	Chile	Electricity generation from renewable resources	12,284,740,000.00	CLP	Endesa Eco SA	75.00%	25.10%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	Thermal generation plants	151,940,000.00	BRL	Endesa Brasil SA	100.00%	54.99%
Chilectra Inversud SA	Santiago	Chile	Holding company	569,020,000.00	USD	Chilectra SA	100.00%	55.30%
Chilectra SA	Santiago	Chile	Holding company. Electricity distribution	367,928,682,000.00	CLP	Inmobiliaria Manso de Velasco Ltda	0.01%	55.30%
						Enersis SA	99.08%	
Chinango SAC	Lima	Peru	Electricity generation, sale and transmission	294,249,298.00	PEN	Edegel SA	80.00%	16.72%
Codensa SA ESP	Bogotá D.C.	Colombia	Electricity distribution and sales	13,209,330,000.00	COP	Endesa Latinoamerica SA	26.66%	36.67%
						Chilectra SA	9.35%	
						Enersis SA	12.47%	

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Companhia Energética do Ceará SA	Fortaleza	Brazil	Electricity generation, transmission and distribution	442,950,000.00	BRL	Endesa Brasil SA	2.27%	31.50%
						Investluz SA	56.59%	
Compañía Americana de Multiservicios del Perú Ltda	Lima	Peru	Services	5,220,000.00	PEN	Compañía Americana de Multiservicios Ltda	100.00%	55.81%
Compañía Americana de Multiservicios Ltda	Santiago	Chile	Services	2,572,038,000.00	CLP	Enersis SA	99.99%	55.81%
						Synapsis Soluciones y Servicios It Ltda	0.01%	
Compañía Americana de Multiservicios Ltda (Brasil)	Rio de Janeiro	Brazil	Purchase and resale of electrical products	14,327,826.00	BRL	Compañía Americana de Multiservicios Ltda	100.00%	55.81%
Compañía Americana de Multiservicios Ltda (Colombia)	Bogotá D.C.	Colombia	Services	1,615,500,000.00	COP	Compañía Americana de Multiservicios Ltda	100.00%	55.81%
Compañía Americana de Multiservicios Srl (Argentina)	Capital Federal	Argentina	Services	18,000,000.00	ARS	Inmobiliaria Manso de Velasco Ltda	5.00%	55.81%
						Compañía Americana de Multiservicios Ltda	95.00%	
Compañía de Interconexión Energética SA	Rio de Janeiro	Brazil	Electricity generation, transmission and distribution	285,050,000.00	BRL	Endesa Brasil SA	100.00%	54.99%
Compañía de Transmisión del Mercosur SA	Capital Federal	Argentina	Electricity generation, transmission and distribution	14,175,999.00	ARS	Compañía de Interconexión Energética SA	100.00%	54.99%
Compañía Eléctrica San Isidro SA	Santiago	Chile	Electricity generation, transmission and distribution	39,005,900,000.00	CLP	Empresa Nacional de Electricidad SA	100.00%	33.47%
Compañía Eléctrica Tarapacá SA	Santiago	Chile	Electricity generation, transmission and distribution	103,099,640,000.00	CLP	Empresa Nacional de Electricidad SA	99.94%	33.47%
						Endesa Inversiones Generales SA	0.06%	
Compostilla Re SA	Luxembourg	Luxembourg	Reinsurance	12,000,000.00	EUR	Endesa SA	100.00%	92.06%
Construcciones y Proyectos Los Maitenes SA	Santiago	Chile	Engineering and construction	4,712,875,471.00	CLP	Inmobiliaria Manso de Velasco Ltda	55.00%	30.69%
Desaladora de Carboneras UTE	Carboneras (Almeria)	Spain	Construction and management of a desalinization plant	6,010.00	EUR	Endesa Generación SA	75.00%	69.05%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	Electricity distribution and sales	108,240.00	EUR	Hidroeléctrica de Catalunya SL	45.00%	92.06%
						Endesa Red SA	55.00%	
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	Electricity purchasing, transmission and distribution	12,621,210.00	EUR	Endesa Red SA	100.00%	92.06%
Distribuidora Regional de Gas SA	Medina del Campo (Valladolid)	Spain	Gas distribution and sale	3,606,070.00	EUR	Endesa Gas SAU	100.00%	92.06%
Distrilec Inversora SA	Capital Federal	Argentina	Holding company	497,610,000.00	ARS	Empresa Nacional de Electricidad SA	0.89%	28.42%
						Enersis SA	27.19%	
						Chilectra SA	23.42%	
Edegel SA	Lima	Peru	Electricity generation, distribution and sale	2,064,301,735.00	PEN	Generandes Perú SA	54.20%	20.91%
						Empresa Nacional de Electricidad SA	29.40%	

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Emgesa SA ESP	Bogotá D.C.	Colombia	Electricity generation and sale	655,222,310,000.00	COP	Empresa Nacional de Electricidad SA	26.88%	28.88%
						Endesa Latinoamerica SA	21.60%	
Empresa Carbonífera del Sur SA	Madrid	Spain	Mining	18,030,000.00	EUR	Endesa Generación SA	100.00%	92.06%
Empresa de Distribución Eléctrica de Lima Norte SAA	Lima	Peru	Electricity distribution and sales	638,560,000.00	PEN	Inversiones Distrilima SA	51.68%	48.68%
						Enersis SA	24.00%	
Empresa de Ingeniería Ingendesa SA	Santiago	Chile	Engineering services	2,600,176,000.00	CLP	Empresa Nacional de Electricidad SA	98.75%	33.47%
						Endesa Inversiones Generales SA	1.25%	
Empresa Distribuidora Sur SA	Capital Federal	Argentina	Electricity distribution and sales	898,590,000.00	ARS	Chilectra SA	20.85%	42.22%
						Endesa Latinoamerica SA	6.22%	
						Enersis SA	16.02%	
						Distrilec Inversora SA	56.36%	
Empresa Eléctrica Cabo Blanco SA	Lima	Peru	Holding company	46,508,170.00	PEN	Endesa Latinoamerica SA	80.00%	73.65%
Empresa Eléctrica de Colina Ltda	Santiago	Chile	Electricity generation, transmission and distribution	82,222,000.00	CLP	Chilectra SA	100.00%	55.30%
Empresa Eléctrica de Piura SA	Lima	Peru	Electricity generation	73,982,594.00	PEN	Generalima SA	36.50%	77.79%
						Empresa Eléctrica Cabo Blanco SA	60.00%	
Empresa Eléctrica Pangue SA	Santiago	Chile	Electricity generation, transmission and distribution	91,041,497,037.00	CLP	Empresa Nacional de Electricidad SA	94.98%	36.40%
						Endesa Inversiones Generales SA	0.01%	
						Endesa Latinoamerica SA	5.01%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	Electricity generation, transmission and distribution	200,319,020,730.00	CLP	Empresa Nacional de Electricidad SA	92.65%	31.01%
Empresa Nacional de Electricidad SA	Santiago	Chile	Electricity generation, transmission and distribution	1,331,714,090,000.00	CLP	Enersis SA	59.98%	33.47%
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	Electricity	10,000.00	BRL	Endesa Brasil SA	99.99%	54.98%
Endesa Argentina SA	Capital Federal	Argentina	Holding company	514,530,000.00	ARS	Empresa Nacional de Electricidad SA	99.66%	33.47%
						Endesa Inversiones Generales SA	0.34%	
Endesa Brasil SA	Rio de Janeiro	Brazil	Holding company	916,880,000.00	BRL	Endesa Latinoamerica SA	27.71%	54.99%
						Enersis SA	21.46%	
						Chilectra Inversud SA	4.23%	
						Chilectra SA	4.53%	
						Edegel SA	4.07%	
						Empresa Nacional de Electricidad SA	35.29%	

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Endesa Capital Finance LLC	Wilmington (Delaware)	USA	Finance	100.00	USD	International Endesa BV	100.00%	92.06%
Endesa Capital SA	Madrid	Spain	Finance	60,200.00	EUR	Endesa SA	100.00%	92.06%
Endesa Carbono SL	Madrid	Spain	Sales of emission rights	17,200.00	EUR	Endesa SA	82.50%	75.95%
Endesa Carbono Usa LLC	Virginia	USA	Electricity sales	20,000.00	USD	Endesa Carbono SL	100.00%	75.95%
Endesa Cemsa SA	Capital Federal	Argentina	Electricity sales	14,010,014.00	ARS	Endesa Argentina SA	45.00%	65.69%
						Endesa Latinoamerica SA	55.00%	
Endesa Comercialização de Energia SA	Porto	Portugal	Electricity generation and sale	250,000.00	EUR	Endesa Energía SA	100.00%	92.06%
Endesa Costanera SA	Capital Federal	Argentina	Electricity generation and sale	146,990,000.00	ARS	Empresa Nacional de Electricidad SA	12.33%	23.35%
						Southern Cone Power Argentina SA	5.50%	
						Endesa Argentina SA	51.93%	
Endesa Desarrollo SL	Madrid	Spain	Holding company	3,010.00	EUR	Endesa SA	100.00%	92.06%
Endesa Distribución Eléctrica SL	Barcelona	Spain	Electricity distribution	1,204,540,060.00	EUR	Endesa Red SA	100.00%	92.06%
Endesa Eco SA	Santiago	Chile	Studies and projects in the renewable resources field	681,850,000.00	CLP	Empresa Nacional de Electricidad SA	99.99%	33.47%
						Endesa Inversiones Generales SA	0.01%	
Endesa Energía SA	Madrid	Spain	Marketing of energy products	12,981,860.00	EUR	Endesa SA	100.00%	92.06%
Endesa Energía XXI SL	Madrid	Spain	Electricity marketing and services	2,000,000.00	EUR	Endesa Energía SA	100.00%	92.06%
Endesa Financiación Filiales SA	Madrid	Spain	Finance	4,621,003,000.00	EUR	Endesa SA	100.00%	92.06%
Endesa Gas SAU	Zaragoza	Spain	Gas production, transmission and distribution	45,261,350.00	EUR	Endesa Red SA	100.00%	92.06%
Endesa Generación II SA	Seville	Spain	Electricity generation	63,107.00	EUR	Endesa SA	100.00%	92.06%
Endesa Generación Portugal SA	Paço de Arcos-Oeiras	Portugal	Electricity generation	50,000.00	EUR	Endesa Generación SA	99.20%	91.95%
						Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	0.20%	
						Energías de Aragón II SL	0.20%	
						Finerge - Gestao de Projectos Energéticos SA	0.20%	
						Endesa Energía SA	0.20%	
Endesa Generación SA	Seville	Spain	Electricity generation and sale	1,945,329,830.00	EUR	Endesa SA	100.00%	92.06%
Endesa Ingeniería SLU	Seville	Spain	Engineering and consulting services	1,000,000.00	EUR	Endesa Red SA	100.00%	92.06%
Endesa Inversiones Generales SA	Santiago	Chile	Holding company	3,055,837,927.00	CLP	Empresa Eléctrica Pehuenche SA	0.49%	33.46%
						Empresa Nacional de Electricidad SA	99.51%	

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Endesa Ireland LTD	Dublin	Ireland	Electricity generation, transmission and distribution	439,733,778.00	EUR	Endesa Generación SA	100.00%	92.06%
Endesa Latinoamérica SA	Madrid	Spain	Holding company	1,500,000,000.00	EUR	Endesa SA	100.00%	92.06%
Endesa Network Factory SL	Barcelona	Spain	New technologies	23,149,170.00	EUR	Endesa Servicios SL	100.00%	92.06%
Endesa North América Inc.	New York (New York)	USA	Representative office	1.00	USD	Endesa Desarrollo SL	100.00%	92.06%
Endesa Operaciones y Servicios Comerciales SL	Barcelona	Spain	Services	10,138,580.00	EUR	Endesa Energía SA	100.00%	92.06%
Endesa Power Trading Ltd	London	United Kingdom	Trading	1,000.00	GBP	Endesa SA	100.00%	92.06%
Endesa Red SA	Barcelona	Spain	Electricity distribution	729,555,911.85	EUR	Endesa SA	100.00%	92.06%
Endesa Servicios SL	Madrid	Spain	Services	89,999,790.00	EUR	Endesa SA	100.00%	92.06%
Endesa Trading SA	Madrid	Spain	Trading	800,000.00	EUR	Endesa Desarrollo SL	100.00%	92.06%
Energías de Aragón I SL	Zaragoza	Spain	Electricity transmission, distribution and sale	3,200,000.00	EUR	Endesa Generación SA	100.00%	92.06%
Enersis SA	Santiago	Chile	Electricity generation and distribution	2,824,882,830,000.00	CLP	Endesa Latinoamérica SA	60.62%	55.81%
Eólica Fazenda Nova - Geração e Comercialização de Energia SA	Rio Grande do Norte	Brazil	Wind plants	1,839,000.00	BRL	Endesa Brasil SA	99.95%	54.97%
Gas Aragón SA	Zaragoza	Spain	Gas distribution	5,889,920.00	EUR	Endesa Gas SAU	60.67%	55.85%
Gas y Electricidad Generación SAU	Palma de Mallorca	Spain	Electricity generation	213,775,700.00	EUR	Endesa Generación SA	100.00%	92.06%
Gasificadora Regional Canaria SA	Las Palmas de Gran Canaria	Spain	Gas distribution	238,320.00	EUR	Endesa Gas SAU	72.00%	66.28%
Generalima SA	Lima	Peru	Holding company	3,060,000.00	PEN	Endesa Latinoamérica SA	100.00%	92.06%
Generandes Perú SA	Lima	Peru	Holding company	853,429,020.00	PEN	Empresa Nacional de Electricidad SA	61.00%	20.42%
Gesa Gas SAU	Palma de Mallorca	Spain	Gas distribution	17,128,500.00	EUR	Endesa Gas SAU	100.00%	92.06%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Endesa Generación II SA	100.00%	92.06%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	Electricity transmission and distribution	126,210.00	EUR	Endesa Red SA	100.00%	92.06%
Hidroeléctrica El Chocón SA	Capital Federal	Argentina	Electricity generation and sale	298,584,050.00	ARS	Empresa Nacional de Electricidad SA	2.48%	21.88%
						Hidroinvest SA	59.00%	
						Endesa Argentina SA	6.19%	
Hidroflamicell SL	Barcelona	Spain	Electricity distribution and sales	78,120.00	EUR	Hidroeléctrica de Catalunya SL	75.00%	69.05%
Hidroinvest SA	Capital Federal	Argentina	Holding company	55,312,093.00	ARS	Endesa Argentina SA	54.16%	32.17%
						Empresa Nacional de Electricidad SA	41.94%	
Ict Servicios Informáticos Ltda	Santiago	Chile	Electricity generation from renewable resources	500,000,000.00	CLP	Enersis SA	99.00%	55.80%
						Chilectra SA	1.00%	
Ingendesa do Brasil Ltda	Rio de Janeiro	Brazil	Design, engineering and consulting	500,000.00	BRL	Empresa Nacional de Electricidad SA	1.00%	33.46%
						Empresa de Ingeniería Ingendesa SA	99.00%	
Inmobiliaria Manso de Velasco Ltda	Santiago	Chile	Engineering and construction	25,916,800,510.00	CLP	Enersis SA	100.00%	55.81%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
International Endesa BV	N.A.	Netherlands	Holding company	15,882,308.00	EUR	Endesa SA	100.00%	92.06%
Inversiones Distrilima SA	Lima	Peru	Holding company	287,837,245.00	PEN	Chilectra SA	30.15%	68.27%
						Enersis SA	35.02%	
						Endesa Latinoamerica SA	34.83%	
Inversiones Endesa Norte SA	Santiago	Chile	Investments in energy projects	92,571,641,874.00	CLP	Empresa Nacional de Electricidad SA	100.00%	33.47%
Inversora Codensa Ltda U	Bogotá D.C.	Colombia	Electricity transmission and distribution	5,000,000.00	COP	Codensa SA ESP	100.00%	36.67%
Investluz SA	Fortaleza	Brazil	Holding company	954,620,000.00	BRL	Ampla Investimentos e Serviços SA	36.43%	53.46%
						Endesa Brasil SA	63.57%	
Luz Andes Ltda	Santiago	Chile	Electricity transmission, distribution and sale e combustible	1,224,348.00	CLP	Chilectra SA	99.90%	55.31%
						Synapsis Soluciones y Servicios It Ltda	0.10%	
Minas de Estercuel SA	Madrid	Spain	Mineral deposits	93,160.00	EUR	Minas Gargallo SL	99.65%	91.66%
Minas Gargallo SL	Madrid	Spain	Mineral deposits	150,000.00	EUR	Endesa Generación SA	99.91%	91.98%
Minas y Ferrocarril de Utrillas SA	Barcelona	Spain	Mineral deposits	3,850,320.00	EUR	Endesa Generación SA	100.00%	92.06%
Nueva Compañía de Distribución Eléctrica 4 SL	Madrid	Spain	Electricity generation	3,000.00	EUR	Endesa SA	100.00%	92.06%
Nueva Marina Real Estate SL	Madrid	Spain	Real estate	3,200.00	EUR	Endesa SA	60.00%	55.24%
Pereda Power SL	La Pereda (Mieres)	Spain	Development of generation activities	5,000.00	EUR	Endesa Generación II SA	70.00%	64.44%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	Financial investments	5,738,046,495.00	CLP	Inmobiliaria Manso de Velasco Ltda	57.50%	32.09%
Sociedad Concesionaria Túnel El Melón SA	Santiago	Chile	Engineering	46,709,640,176.00	CLP	Endesa Inversiones Generales SA	0.01%	33.47%
						Empresa Nacional de Electricidad SA	99.99%	
Sociedad Inversora Dock Sud SA	Capital Federal	Argentina	Holding company	241,490,000.00	ARS	Endesa Latinoamerica SA	57.14%	52.60%
Sociedad Portuaria Central Cartagena SA	Bogotá D.C.	Colombia	Port construction and operation	5,800,000.00	COP	Inversora Codensa Ltda U	4.90%	29.21%
						Emgesa SA ESP	94.95%	
Southern Cone Power Argentina SA	Capital Federal	Argentina	Holding company	19,870,000.00	ARS	Endesa Inversiones Generales SA	1.97%	33.47%
						Empresa Nacional de Electricidad SA	98.03%	
Suministro de Luz y Fuerza SL	Torroella de Montgri (Girona)	Spain	Electricity distribution	2,800,000.00	EUR	Hidroeléctrica de Catalunya SL	60.00%	55.24%
Synapsis Argentina Ltda	Buenos Aires	Argentina	IT services	466,129.00	ARS	Enersis SA	5.00%	55.81%
						Synapsis Soluciones y Servicios It Ltda	95.00%	
Synapsis Brasil Ltda	Rio de Janeiro	Brazil	IT services	4,241,890.00	BRL	Synapsis Argentina Ltda	99.95%	55.81%
						Synapsis Soluciones y Servicios It Ltda	0.05%	

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Synapsis Colombia Ltda	Bogotá D.C.	Colombia	IT services	238,450,000.00	COP	Synapsis Brasil Ltda	2.40%	55.82%
						Enersis SA	0.20%	
						Synapsis Soluciones y Servicios It Ltda	94.90%	
						Synapsis Argentina Ltda	2.50%	
Synapsis Perú Ltda	Lima	Peru	IT services	609,200.00	PEN	Synapsis Soluciones y Servicios It Ltda	100.00%	55.81%
Synapsis Soluciones y Servicios It Ltda	Santiago	Chile	IT services	3,943,579,923.00	CLP	Chilectra SA	0.01%	55.81%
						Enersis SA	99.99%	
Transportadora de Energía SA	Capital Federal	Argentina	Electricity generation, transmission and distribution	55,512,000.00	ARS	Compañía de Interconexión Energética SA	100.00%	54.99%
Transportes y Distribuciones Eléctricas SA	Olot (Girona)	Spain	Electricity transmission	72,120.00	EUR	Endesa Distribución Eléctrica SL	73.33%	67.51%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	Electricity generation	190,171,520.00	EUR	Endesa Generación SA	100.00%	92.06%

Enel SpA companies consolidated on a proportionate basis at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Enel SpA	Rome	Italy	Holding company	9,403,357,795.00	EUR			
Subsidiaries								
Adria Link Srl	Gorizia	Italy	Design, construction and operation of merchant lines	325,000.00	EUR	Enel Produzione SpA	33.33%	33.33%
Artic Russia BV (formerly Eni Russia Bv)	Amsterdam	Netherlands	Holding company	100,000.00	EUR	Enel Investment Holding BV	40.00%	40.00%
Enel Stoccaggi Srl	Rome	Italy	Construction and operation of storage fields. Storage of natural gas	3,030,000.00	EUR	Enel Trade SpA	51.00%	51.00%
Sviluppo Nucleare Italy Srl	Rome	Italy	Development, construction and operation of EPR nuclear reactors	200,000.00	EUR	Enel SpA	50.00%	50.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Res Holdings BV	Amsterdam	Netherlands	Holding company	18,000.00	EUR	Enel Investment Holding BV	49.50%	49.50%
Subsidiaries								
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	Electricity sales	7,500.00	RUB	Res Holdings BV	75.00%	37.13%
RusEnergoSbyt LLC	Moscow	Russian Federation	Electricity trading	2,760,000.00	RUB	Res Holdings BV	100.00%	49.50%
RusEnergoSbyt S LLC	Khanty-Mansiyskiy	Russian Federation	Electricity sales	5,100.00	RUB	Res Holdings BV	51.00%	25.25%
RusEnergoSbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	Electricity sales	4,600.00	RUB	Res Holdings BV	50.00%	24.75%

Enel Green Power SpA companies consolidated on a proportionate basis at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Enel Green Power SpA	Rome	Italy	Electricity generation from renewable resources	1,000,000,000.00	EUR	Enel SpA	69.17%	69.17%
Subsidiaries								
3Sun Srl	Agrate Brianza (MB)	Italy	Development, design, construction and operation of plants manufacturing solar panels	180,030,000.00	EUR	Enel Green Power SpA	33.33%	23.05%
Altomonte Fv Srl	Lamezia Terme	Italy	Electricity generation from renewable resources	10,000.00	EUR	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.59%
Andaluza de Energía Solar Cuarta SL	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Energías Especiales de Andalucía SL	76.00%	25.30%
Andaluza de Energía Solar Primera SL	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Energías Especiales de Andalucía SL	76.00%	25.30%
Andaluza de Energía Solar Quinta SL	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Energías Especiales de Andalucía SL	75.00%	24.97%
Andaluza de Energía Solar Tercera SL	Seville	Spain	Electricity generation from renewable resources	3,006.00	EUR	Energías Especiales de Andalucía SL	75.00%	24.97%
Aprovechamientos Eléctricos SA	Madrid	Spain	Electricity generation from renewable resources	420,705.40	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Aridos Energías Especiales SL	Villalbilla	Spain	Electricity generation from renewable resources	600,000.00	EUR	Enel Unión Fenosa Renovables SA	41.05%	16.08%
Atelgen - Produção de Energia ACE	Barcelos	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	51.00%	19.97%
Azucarera Energías SA	Madrid	Spain	Electricity generation from renewable resources	570,600.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Barbao SA	Madrid	Spain	Electricity generation from renewable resources	284,878.74	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Boiro Energía SA	Boiro	Spain	Electricity generation from renewable resources	601,010.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Campos - Recursos Energéticos ACE	Barroselas	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	37.20%
Cogeneracion del Noroeste SL	Santiago de Compostela	Spain	Electricity generation from renewable resources	3,606,000.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Colina - Produção de Energia Eléctrica Lda	Lisbon	Portugal	Electricity generation	5,486.78	EUR	Parque Eólico do Moinho do Céu SA	90.00%	39.17%
Companhia Térmica do Beato ACE	Lisbon	Portugal	Electricity generation	-	EUR	Pp - Co-Geração SA TP - Sociedade Térmica Portuguesa SA	10.00% 65.00%	25.46%
Companhia Térmica do Serrado ACE	Paços de Brandão	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	51.00%	19.97%
Companhia Térmica Hectare ACE	Alcochete	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	60.00%	23.50%
Companhia Térmica Lusol ACE	Barreiro	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	37.20%
Companhia Térmica Oliveira Ferreira ACE	Riba de Ave	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	37.20%
Companhia Térmica Ponte da Pedra ACE	Maia	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	37.20%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Companhia Térmica Ribeira Velha ACE	S. Paio de Oleiros	Portugal	Electricity generation	-	EUR	Pp - Co-Geração SA	49.00%	39.16%
						TP - Sociedade Térmica Portuguesa SA	51.00%	
Companhia Térmica Tagol Lda	Algés	Portugal	Electricity generation	5,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	37.20%
Concentrasolar SL	Seville	Spain	Photovoltaic plants	10,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Depuracion Destilacion Reciclaje SL	Boiro	Spain	Electricity generation from renewable resources	600,000.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Empreendimentos Eólicos da Serra do Sicó SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	52.38%	20.51%
Empreendimentos Eólicos Cerveirenses SA	Vila Nova de Cerveira	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	84.99%	24.97%
Empreendimentos Eólicos da Espiga Sa	Caminha	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	100.00%	29.37%
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	Development, design, construction and operation of photovoltaic plants	10,000.00	EUR	Enel Green Power SpA	50.00%	34.59%
Enel Unión Fenosa Renovables SA	Madrid	Spain	Electricity generation from renewable resources	32,505,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Enercor - Produção de Energia ACE	Montijo	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	70.00%	27.42%
Energía Termosolar de Los Monegros SL	Zaragoza	Spain	Electricity generation from renewable resources	400,000.00	EUR	Enel Unión Fenosa Renovables SA	80.00%	31.33%
Energías Ambientales de Somozas SA	La Coruña	Spain	Electricity generation from renewable resources	1,250,000.00	EUR	Enel Unión Fenosa Renovables SA	19.40%	17.73%
						Energías Ambientales Easa SA	77.60%	
Energías Ambientales Easa SA	La Coruña	Spain	Electricity generation from renewable resources	15,491,460.00	EUR	Enel Unión Fenosa Renovables SA	33.34%	13.06%
Energías Ambientales Novo SA	Madrid	Spain	Electricity generation from renewable resources	1,480,000.00	EUR	Energías Ambientales Easa SA	99.99%	13.06%
Energías Ambientales de Vimianzo SA	Madrid	Spain	Electricity generation from renewable resources	5,240,000.00	EUR	Energías Ambientales Easa SA	99.99%	13.06%
Energías Especiales Alcohólicas SA	Madrid	Spain	Electricity generation from renewable resources	232,002.00	EUR	Enel Unión Fenosa Renovables SA	82.33%	32.24%
Energías Especiales de Andalucía SL	Seville	Spain	Electricity generation from renewable resources	800,000.00	EUR	Eufer Renovables Ibéricas 2004 SA	85.00%	33.29%
Energías Especiales de Careon SA	La Coruña	Spain	Electricity generation from renewable resources	270,450.00	EUR	Enel Unión Fenosa Renovables SA	77.00%	30.16%
Energías Especiales de Extremadura SL	Badajoz	Spain	Electricity generation from renewable resources	106,000.00	EUR	Enel Unión Fenosa Renovables SA	78.33%	30.67%
Energías Especiales de Pena Armada SA	Madrid	Spain	Electricity generation from renewable resources	963,300.00	EUR	Enel Unión Fenosa Renovables SA	80.00%	31.33%
Energías Especiales del Alto Ulla SA	Madrid	Spain	Electricity generation from renewable resources	1,722,600.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	Electricity generation from renewable resources	1,635,000.00	EUR	Enel Unión Fenosa Renovables SA	50.00%	19.59%
Energías Especiales del Noroeste SA	Madrid	Spain	Electricity generation from renewable resources	6,812,040.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Especiales Montes Castellanos SL	Madrid	Spain	Electricity generation from renewable resources	6,241,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Especiales Valencianas SL	Valencia	Spain	Electricity generation from renewable resources	60,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Renovables Montes de San Sebastián SL	Madrid	Spain	Electricity generation from renewable resources	1,305,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	301,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Energías Especiales de Gata SL	Badajoz	Spain	Electricity generation	3,100.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Especiales de Padul SL	Madrid	Spain	Electricity generation	3,100.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Especiales Montes de Andalucía SL	Seville	Spain	Electricity generation	3,100.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Energías Especiales Santa Barbara SL	Badajoz	Spain	Electricity generation	3,100.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Enerlousado Lda	Porto	Portugal	Combined-cycle generation plant	5,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	50.00%	58.75%
						TP - Sociedade Térmica Portuguesa SA	50.00%	
Ercasa Cogeneración SA	Zaragoza	Spain	Cogeneration of electricity and heat	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Eufer - Caetano Energias Renovaveis Lda	Lapa (Lisbon)	Portugal	Electricity generation from renewable resources	5,010.00	EUR	Eufer - Energias Especiais de Portugal Unipessoal Lda	51.00%	19.97%
Eufer - Energias Especiais de Portugal Unipessoal Lda	Lapa (Lisbon)	Portugal	Electricity generation from renewable resources	5,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Eufer Operación SL (formerly Eufer Comercializadora SL)	Madrid	Spain	Electricity generation from renewable resources	60,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Eufer Renovables Ibéricas 2004 SA	Madrid	Spain	Electricity generation from renewable resources	15,653,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Explotaciones Eólicas de Aldehuelas SL	Oviedo	Spain	Electricity generation from renewable resources	480,800.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	47.50%	37.20%
Eólica del Cordal de Montouto SL	Madrid	Spain	Electricity generation from renewable resources	160,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Eólica El Molar SL	Fuente Alamo	Spain	Electricity generation from renewable resources	1,235,300.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Eólica Galaociasturiana SA	La Coruña	Spain	Electricity generation from renewable resources	64,999.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	Electricity generation from renewable resources	480,930.00	ARS	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	Electricity generation from renewable resources	210,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	Electricity generation	500,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	50.00%	39.16%
Gallega de Cogeneracion SA	Santiago de Compostela	Spain	Electricity generation from renewable resources	1,803,000.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Hidroribeira - Emp Hidricos e Eólicos Lda	Paço de Arcos	Portugal	Electricity generation from renewable resources	7,481.96	EUR	Parque Eólico do Moinho do Céu SA	100.00%	39.16%
Hídricas de Viseu SA	Viseu	Portugal	Hydroelectric plants	986,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	67.00%	52.09%
						Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	
Infraestructuras de Aldehuelas SA	Soria	Spain	Construction, operation and maintenance of electrical stations	425,000.00	EUR	Explotaciones Eólicas de Aldehuelas SL	60.82%	22.63%
Parque Eólico de Belmonte SA	Madrid	Spain	Electricity generation from renewable resources	120,400.00	EUR	Barbao SA	50.16%	19.65%
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	Electricity generation from renewable resources	5,857,586.40	EUR	Enel Unión Fenosa Renovables SA	50.00%	58.75%
						Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	
Parque Eólico Cabo Villano SL	Madrid	Spain	Electricity generation from renewable resources	6,625,792.44	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Parque Eólico Corullón SL	Madrid	Spain	Electricity generation from renewable resources	60,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Parque Eólico de Barbanza SA	La Coruña	Spain	Electricity generation from renewable resources	3,606,000.00	EUR	Enel Unión Fenosa Renovables SA	11.60%	54.23%
						Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	63.43%	
Parque Eólico de Malpica SA	La Coruña	Spain	Electricity generation from renewable resources	950,000.00	EUR	Enel Unión Fenosa Renovables SA	35.42%	13.87%
Parque Eólico de Padul SA	Madrid	Spain	Electricity generation from renewable resources	240,000.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Parque Eólico de San Andrés SA	La Coruña	Spain	Electricity generation from renewable resources	552,920.00	EUR	Enel Unión Fenosa Renovables SA	82.00%	32.12%
Parque Eólico do Moinho do Céu SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	100.00%	39.16%
Parque Eólico Espina SA	Madrid	Spain	Electricity generation from renewable resources	3,200.00	EUR	Parque Eólico de Padul SA	100.00%	39.16%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	Wind plant construction and operation	6,540,000.00	EUR	Enel Unión Fenosa Renovables SA	20.00%	51.30%
						Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	55.50%	
Parque Eólico Serra da Capucha SA	Porto	Portugal	Electricity generation from renewable resources	50,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	50.00%	58.75%
						Finerge - Gestao de Projectos Energéticos SA	50.00%	
Parque Eólico Sierra del Merengue SL	Cáceres	Spain	Electricity generation from renewable resources	30,000.00	EUR	Enel Unión Fenosa Renovables SA	50.00%	19.59%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Pp - Co-Geração SA	S. Paio de Oleiros	Portugal	Cogeneration of electricity and heat	50,000.00	EUR	TP - Sociedade Térmica Portuguesa SA	100.00%	39.16%
Prius Energíca SL	Madrid	Spain	Electricity generation from renewable resources	3,600.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Promociones Energeticas del Bierzo SL	Ponferrada	Spain	Electricity generation from renewable resources	12,020.00	EUR	Enel Unión Fenosa Renovables SA	50.00%	19.59%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	Electricity generation from renewable resources	180,000.00	EUR	Enel Unión Fenosa Renovables SA	33.33%	13.06%
Punta de Las Olas Eólica Marina SL	La Coruña	Spain	Electricity generation from renewable resources	6,200.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Punta de Lens Eólica Marina SL	La Coruña	Spain	Electricity generation from renewable resources	6,200.00	EUR	Enel Unión Fenosa Renovables SA	100.00%	39.16%
Salto de San Rafael SL	Seville	Spain	Hydroelectric plants	461,410.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Sistemas Energeticos Mañón Ortigueira SA	La Coruña	Spain	Electricity generation from renewable resources	2,007,750.00	EUR	Enel Unión Fenosa Renovables SA	96.00%	37.60%
Sociedad Eólica El Puntal SL	Seville	Spain	Electricity generation from renewable resources	1,643,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Sociedad Eólica L'Enderrocada SA	Barcelona	Spain	Electricity generation from renewable resources	920,219.00	EUR	Energías Ambientales Easa SA	80.00%	10.44%
Sociedad Eólica Los Lances SA	Cádiz	Spain	Electricity generation from renewable resources	1,202,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Soternix - Produção de Energia ACE	Barcelos	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	51.00%	19.97%
Toledo Pv AEIE	Madrid	Spain	Photovoltaic plants	26,890.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.33%	26.10%
TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	Cogeneration of electricity and heat	3,750,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Ufeyfs SL	Aranjuez	Spain	Electricity generation from renewable resources	2,373,950.00	EUR	Enel Unión Fenosa Renovables SA	40.00%	15.66%
Ute Biogas Garraf	Barcelona	Spain	Electricity generation with biogas	3,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Ventominho Energias Renovaveis SA	Esposende	Portugal	Electricity generation from renewable resources	50,000.00	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	84.99%	24.97%
Vientos del Noroeste SA (formerly Martinez y Lanza SA)	Bajo Leòn	Spain	Electricity generation from renewable resources	60,101.21	EUR	Enel Unión Fenosa Renovables SA	99.70%	39.05%

Endesa SA companies consolidated on a proportionate basis at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company								
Endesa SA	Madrid	Italy	Holding company	1,270,502,540.40	EUR	Enel Energy Europe SL	92.06%	92.06%
Subsidiaries								
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	Operation and maintenance of generation plants	19,232,400.00	EUR	Endesa Generación SA	85.41%	78.63%
Atacama Finance Co	N.A.	Cayman Islands	Holding company	6,300,000.00	USD	Inversiones Gas Atacama Holding Ltda	99.90%	16.74%
						Gas Atacama SA	0.10%	
Aysén Transmisión SA	Santiago	Chile	Electricity generation and sale	22,368,000.00	CLP	Empresa Nacional de Electricidad SA	0.51%	17.07%
						Centrales Hidroeléctricas de Aysén SA	99.00%	
Aysén Energía SA	Santiago	Chile	Electricity	4,900,100.00	CLP	Centrales Hidroeléctricas de Aysén SA	99.00%	17.07%
						Empresa Nacional de Electricidad SA	0.51%	
Carbopego - Abastecimientos e Combustíveis SA	Abrantes	Portugal	Fuel supply	50,000.00	EUR	Endesa Generación Portugal SA	0.01%	46.03%
						Endesa Generación SA	49.99%	
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	Design	72,916,665,182.00	CLP	Empresa Nacional de Electricidad SA	51.00%	17.07%
Consorcio Ara-Ingendesa Ltda	Santiago	Chile	Design and consulting services	1,000,000.00	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Consorcio Ingendesa-Minmetal Ltda	Santiago	Chile	Engineering services	2,000,000.00	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Distribución y Comercialización de Gas Extremadura Dicogexsa SA	Badajoz	Spain	Gas distribution	21,632,400.00	EUR	Endesa Gas SAU	47.00%	43.27%
Distribuidora Eléctrica de Cundimarca SA ESP	Bogotá D.C.	Colombia	Electricity distribution and sales	1,000,000.00	COP	Codensa SA ESP	49.00%	17.97%
Elecgas SA	Santarem (Pego)	Portugal	Combined-cycle electricity generation	50,000.00	EUR	Endesa Generación Portugal SA	50.00%	45.99%
Electricidad de Puerto Real SA	Cádiz	Spain	Electricity distribution and sales	6,611,110.00	EUR	Endesa Distribución Eléctrica SL	50.00%	46.03%
Eléctrica de Lijar SL	Cádiz	Spain	Electricity transmission and distribution	1,081,820.00	EUR	Endesa Red SA	50.00%	46.03%
Empresa de Energía Cundinamarca SA ESP	Bogotá D.C.	Colombia	Electricity distribution and sales	39,699,630,000.00	COP	Distribuidora Eléctrica de Cundimarca SA ESP	82.34%	14.80%
Energex Co	Cayman Islands	Cayman Islands	Holding company	10,000.00	USD	Gas Atacama Chile SA	100.00%	16.74%
Energie Electrique de Tahaddart SA	Tangeri	Marocco	Combined-cycle generation plants	750,400,000.00	MAD	Endesa Desarrollo SL	32.00%	29.46%
Epresa Energía SA	Cádiz	Spain	Electricity generation and distribution	1,600,000.00	EUR	Electricidad de Puerto Real SA	100.00%	46.03%
Gas Atacama Chile SA	Santiago	Chile	Electricity generation	185,025,186.00	USD	Inversiones Endesa Norte SA	0.05%	16.74%
						Gas Atacama SA	99.90%	
Gas Atacama SA	Santiago	Chile	Holding company	291,484,088.00	USD	Inversiones Gas Atacama Holding Ltda	100.00%	16.74%
Gas Extremadura Transportista SL	Badajoz	Spain	Gas transport and storage	5,000,000.00	EUR	Endesa Gas SAU	40.00%	36.82%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Gasoducto Atacama Argentina SA	Santiago	Chile	Natural gas transport	208,173,124.00	USD	Energex Co	42.71%	16.74%
						Inversiones Endesa Norte SA	0.03%	
						Gas Atacama SA	57.23%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	Natural gas transport		- ARS	Gasoducto Atacama Argentina SA	100.00%	16.74%
Gasoducto Taltal SA	Santiago	Chile	Natural gas transport	17,141,400,000.00	CLP	Gasoducto Atacama Argentina SA	0.12%	16.74%
						Gas Atacama Chile SA	99.88%	
Hospital Juan Ramón Jiménez UTE	Madrid	Spain	Solar power generation	6,000.00	EUR	Endesa Energía SA	50.00%	46.03%
Iniciativas de Gas SL	Madrid	Spain	Natural gas and related services	1,300,010.00	EUR	Endesa Generación SA	40.00%	36.82%
Instalaciones Inabensa SA - Endesa Ingeniería SLU UTE	Seville	Spain	Energy services		- EUR	Endesa Ingeniería SLU	50.00%	46.03%
Inversiones Gas Atacama Holding Ltda	Santiago	Chile	Natural gas transport	333,520,000.00	USD	Inversiones Endesa Norte SA	50.00%	16.74%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	Environmental studies	60,100.00	EUR	Nuclenor SA	50.00%	23.02%
Nuclenor SA	Burgos	Spain	Nuclear plant	102,000,000.00	EUR	Endesa Generación SA	50.00%	46.03%
Parque Fotovoltaico Aricoute I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008.00	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008.00	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008.00	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008.00	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008.00	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Pegop - Energía Eléctrica SA	Abrantes	Portugal	Electricity generation	50,000.00	EUR	Endesa Generación SA	50.00%	46.03%
Planta de Regasificación de Sagunto SA	Madrid	Spain	Sale of gas and fuel	1,500,000.00	EUR	Iniciativas de Gas SL	50.00%	18.41%
Progas SA	Santiago	Chile	Gas distribution	1,404,000.00	CLP	Gas Atacama Chile SA	99.90%	16.74%
						Gas Atacama SA	0.10%	
Sacme SA	Capital Federal	Argentina	Monitoring of electricity system	12,000.00	ARS	Empresa Distribuidora Sur SA	50.00%	21.10%
Sociedad Consorcio Ingendesa-Ara Limitada	Santiago	Chile	Engineering services	1,000,000.00	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Spark Ibérica SA - Endesa Energía SAU UTE	Barcelona	Spain	Electrical construction plant	4,000.00	EUR	Endesa Energía SA	50.00%	46.03%
Tejo Energia Produção e Distribuição de Energia Eléctrica SA	Paço de Arcos	Portugal	Electricity generation, transmission and distribution	5,025,000.00	EUR	Endesa Generación SA	38.89%	35.80%
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	Electricity transmission and distribution	2,202,223.00	CLP	Compañía Eléctrica San Isidro SA	50.00%	16.74%

Associated companies accounted for using the equity method at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
P.N. Enel SpA								
Alpe Adria Energia SpA	Udine	Italy	Engineering, construction and management of interconnection power lines	450,000.00	EUR	Enel Produzione SpA	40.50%	40.50%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	Research and testing	8,550,000.00	EUR	Enel SpA	25.92%	25.92%
Chladiace Veze Bohunice Spol Sro	Bohunice	Slovakia	Engineering and construction	16,598.00	EUR	Slovenské elektrárne AS	35.00%	23.10%
Compagnia Porto Di Civitavecchia SpA	Rome	Italy	Port infrastructure	20,516,000.00	EUR	Enel Produzione SpA	25.00%	25.00%
Enel Rete Gas SpA	Milan	Italy	Gas distribution	54,139,160.00	EUR	Enel Distribuzione SpA	19.88%	19.88%
Idrosicilia SpA	Milan	Italy	Water sector	22,520,000.00	EUR	Enel SpA	1.00%	1.00%
Reaktortest Sro	Trnava	Slovakia	Nuclear power research	66,389.00	EUR	Slovenské elektrárne AS	49.00%	32.34%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	Studies, design and research in thermal generation	697,820.00	EUR	Enel.NewHydro Srl	41.55%	41.55%
U'stav Jaderného Výzkumu Rez AS	Rez	Czech Republic	Nuclear power research and development	524,139,000.00	CZK	Slovenské elektrárne AS	27.77%	18.33%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
P.N. Enel Green Power SpA								
Aes Distribuidores Salvadoreños Ltda de Cv	San Salvador	El Salvador	Electricity generation from renewable resources	200,000.00	SVC	Grupo Egi SA de Cv	20.00%	13.83%
Aes Distribuidores Salvadoreños y Compania S En C de Cv	San Salvador	El Salvador	Electricity generation from renewable resources	200,000.00	SVC	Grupo Egi SA de Cv	20.00%	13.83%
Aplicações Hidroelectricas da Beira Alta Ltda	Lisbon	Portugal	Hydroelectric plants	399,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.71%	27.97%
Calizas Elycar SL	Huesca	Spain	Combined-cycle generation plants	1,803,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	19.59%
Central Hidroeléctrica Casillas SA	Seville	Spain	Hydroelectric plant operation	301,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	49.00%	38.38%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	Hydroelectric plant operation	364,210.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.30%	26.08%
Cogeneración El Salto SL	Zaragoza	Spain	Cogeneration of electricity and heat	36,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	20.00%	15.66%
Cogeneración Hostalrich AIE	Girona	Spain	Cogeneration of electricity and heat	781,300.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	25.85%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Cogeneración Lipsa SL	Barcelona	Spain	Cogeneration of electricity and heat	720,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	20.00%	15.66%
Companhia Térmica Mundo Têxtil ACE	Caldas de Vizela	Portugal	Electricity generation	1,003,476.00	EUR	TP - Sociedade Térmica Portuguesa SA	10.00%	3.92%
Compañía Eólica Tierras Altas SA	Soria	Spain	Wind plants	13,222,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.63%	27.91%
Confirael AIE	Girona	Spain	Cogeneration of electricity and heat	30,050.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cádiz	Spain	Wind plants	200,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	50.00%	39.16%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	Electricity generation from renewable resources	2,524,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	19.59%
EEVM - Empreendimentos Eólicos Vale do Minho SA	Porto	Portugal	Electricity generation from renewable resources	200,000.00	EUR	Eol Verde Energia Eólica SA	50.00%	29.37%
Empreendimentos Eólicos de Alvadia Lda	Porto	Portugal	Electricity generation from renewable resources	1,150,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	48.00%	37.60%
Eneop-Eólicas de Portugal SA	Lisbon	Portugal	Electricity generation from renewable resources	5,000,000.00	EUR	TP - Sociedade Térmica Portuguesa SA Finerge - Gestao de Projectos Energéticos SA	17.98% 17.98%	14.92%
Energética de Rosselló AIE	Barcelona	Spain	Cogeneration of electricity and heat	3,606,060.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	21.15%
Energías de Villarrubia SL	Barcelona	Spain	Electricity generation from renewable resources	3,010.00	EUR	Enel Unión Fenosa Renovables SA	20.00%	7.83%
Energía de La Loma SA	Jean	Spain	Biomass	4,450,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%
Enerlasa SA	Madrid	Spain	Electricity generation from renewable resources	1,021,700.00	EUR	Enel Unión Fenosa Renovables SA	45.00%	17.63%
Ercetesa SA	Zaragoza	Spain	Cogeneration of electricity and heat	294,490.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	35.00%	27.42%
Erecosalz SL	Zaragoza	Spain	Cogeneration of electricity and heat	18,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.00%	25.85%
Eólica del Principado SAU	Oviedo	Spain	Electricity generation from renewable resources	90,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	Electricity generation from renewable resources	-	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	Electricity generation and distribution	1,758,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Erfei AIE	Tarragona	Spain	Cogeneration of electricity and heat	720,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	42.00%	32.90%
Eurohueco Cogeneración AIE	Barcelona	Spain	Cogeneration of electricity and heat	2,606,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Feneralt - Produção de Energia ACE	Barcelos	Portugal	Electricity generation	-	EUR	TP - Sociedade Térmica Portuguesa SA	25.00%	9.79%
Garofeica SA	Barcelona	Spain	Cogeneration of electricity and heat	721,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	21.15%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	USD	EGP Geronimo Holding Company Inc.	25.00%	17.29%
Green Fuel Corporacion SA	Santader	Spain	Biodiesel development, construction and operation	121,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	16.51%	21.06%
						Endesa Generación SA	8.83%	
Hidroeléctrica de Ourol SL	Lugo	Spain	Electricity generation from renewable resources	1,608,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Hidroeléctrica del Piedra SL	Zaragoza	Spain	Electricity generation and sale	160,470.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	19.59%
Hipotecaria de Santa Ana Ltda de Cv	San Salvador	El Salvador	Electricity generation from renewable resources	100,000.00	SVC	Grupo Egi SA de Cv	20.00%	13.83%
International Eolian of Grammatiko SA	Maroussi	Greece	Electricity generation from renewable resources	233,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	Electricity generation from renewable resources	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	Electricity generation from renewable resources	174,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	Electricity generation from renewable resources	153,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	Electricity generation from renewable resources	165,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	Electricity generation from renewable resources	174,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	Electricity generation from renewable resources	152,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	Electricity generation from renewable resources	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	Electricity generation from renewable resources	148,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
International Eolian of Skopelos SA	Maroussi	Greece	Electricity generation from renewable resources	159,000.00	EUR	Enel Green Power International BV	30.00%	20.75%
LaGeo SA de Cv	Ahuachapan	El Salvador	Electricity generation from renewable resources	2,562,826,700.00	SVC	Enel Green Power SpA	36.20%	25.04%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	Hydroelectric plants	1,820,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	36.50%	28.59%
Oxagesa AIE	Teruel	Spain	Cogeneration of electricity and heat	6,010.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	33.33%	26.10%
Papeleira Portuguesa SA	Sao Paio de Oleiros	Portugal	Paper manufacturing	916,229.00	EUR	TP - Sociedade Térmica Portuguesa SA	13.16%	5.15%

Company name	Registered Office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parc Eòlic Els Aligars SL	Barcelona	Spain	Electricity generation from renewable resources	1,313,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Parc Eòlic La Tossa-La Mola d'en Pascual SL	Barcelona	Spain	Electricity generation from renewable resources	1,183,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Powercer - Sociedade de Cogeração de Vialonga SA	Loures	Portugal	Cogeneration of electricity and heat	50,000.00	EUR	Finerge - Gestao de Projectos Energéticos SA	30.00%	23.50%
Productora de Energías SA	Barcelona	Spain	Hydroelectric plants	30,050.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Puignerel AIE	Barcelona	Spain	Cogeneration of electricity and heat	11,299,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	25.00%	19.59%
Rofeica d'Energía SA	Barcelona	Spain	Cogeneration of electricity and heat	1,983,300.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	21.15%
Santo Rostro Cogeneración SA	Seville	Spain	Cogeneration of electricity and heat	207,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	45.00%	35.25%
Sati Cogeneración AIE	Barcelona	Spain	Cogeneration of electricity and heat	66,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.50%	21.54%
Serra do Moncoso Cambas SL	La Coruña	Spain	Electricity generation from renewable resources	3,125.00	EUR	Eólicos Touriñán SA	49.04%	38.41%
Sistemas Energéticos La Muela SA	Zaragoza	Spain	Electricity generation from renewable resources	3,065,100.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	30.00%	23.50%
Sistemas Energéticos Más Garullo SA	Zaragoza	Spain	Electricity generation from renewable resources	1,503,410.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	21.15%
Sociedad Eólica de Andalucía SA	Seville	Spain	Electricity generation	4,507,580.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	46.67%	36.56%
Sotavento Galicia SA	Santiago de Compostela	Spain	Electricity generation from renewable resources	601,000.00	EUR	Enel Unión Fenosa Renovables SA	18.00%	7.05%
Star Lake Hydro Partnership	St. John (Newfoundland)	Canada	Electricity generation from renewable resources		- CAD	Chi Hydroelectric Company Inc.	49.00%	33.89%
Termotec Energía AIE	Valencia	Spain	Cogeneration of electricity and heat	481,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	45.00%	35.25%
Thracian Eolian 1 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 2 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 3 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 4 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 5 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 6 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 7 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Thracian Eolian 8 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Thracian Eolian 9 SA	Maroussi	Greece	Electricity generation from renewable resources	124,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Tirmadrid SA	Valdemingómez	Spain	Electricity generation from renewable resources	16,828,000.00	EUR	Enel Unión Fenosa Renovables SA	18.64%	7.30%
Tirme SA	Palma de Mallorca	Spain	Waste treatment and disposal	7,662,750.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%
Trade Wind Energy LLC	Topeka (Kansas)	USA	Electricity generation from renewable resources	-	USD	Enel Kansas LLC	45.00%	31.13%
Urgell Energía SA	Lleida	Spain	Cogeneration of electricity and heat	601,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	27.00%	21.15%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	Electricity generation from renewable resources	225,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Bolibas SA	Maroussi	Greece	Electricity generation from renewable resources	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Distomos SA	Maroussi	Greece	Electricity generation from renewable resources	176,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Drimonakia SA	Maroussi	Greece	Electricity generation from renewable resources	329,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Folia SA	Maroussi	Greece	Electricity generation from renewable resources	144,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Gagari SA	Maroussi	Greece	Electricity generation from renewable resources	134,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Goraki SA	Maroussi	Greece	Electricity generation from renewable resources	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Gourles SA	Maroussi	Greece	Electricity generation from renewable resources	175,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Grammatikaki SA	Maroussi	Greece	Electricity generation from renewable resources	165,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Kafoutsi SA	Maroussi	Greece	Electricity generation from renewable resources	171,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Kathara SA	Maroussi	Greece	Electricity generation from renewable resources	296,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Kerasia SA	Maroussi	Greece	Electricity generation from renewable resources	252,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Korfovouni SA	Maroussi	Greece	Electricity generation from renewable resources	201,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Makriakkoma SA	Maroussi	Greece	Electricity generation from renewable resources	254,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Megavouni SA	Maroussi	Greece	Electricity generation from renewable resources	208,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Milia SA	Maroussi	Greece	Electricity generation from renewable resources	399,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Mirovigli SA	Maroussi	Greece	Electricity generation from renewable resources	95,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Mitika SA	Maroussi	Greece	Electricity generation from renewable resources	255,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Organi SA	Maroussi	Greece	Electricity generation from renewable resources	287,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Paliopirgos SA	Maroussi	Greece	Electricity generation from renewable resources	200,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Pelagia SA	Maroussi	Greece	Electricity generation from renewable resources	193,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Petalo SA	Maroussi	Greece	Electricity generation from renewable resources	175,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Platanos SA	Maroussi	Greece	Electricity generation from renewable resources	179,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Politis SA	Maroussi	Greece	Electricity generation from renewable resources	136,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Sagias SA	Maroussi	Greece	Electricity generation from renewable resources	271,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Wind Parks of Skoubi SA	Maroussi	Greece	Electricity generation from renewable resources	152,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Spilia SA	Maroussi	Greece	Electricity generation from renewable resources	291,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Stroboulas SA	Maroussi	Greece	Electricity generation from renewable resources	176,500.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Trikorfo SA	Maroussi	Greece	Electricity generation from renewable resources	152,500.00	EUR	Enel Green Power Hellas SA	29.25%	20.23%
Wind Parks of Vitalio SA	Maroussi	Greece	Electricity generation from renewable resources	161,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Wind Parks of Vourlas SA	Maroussi	Greece	Electricity generation from renewable resources	174,000.00	EUR	Enel Green Power Hellas SA	30.00%	20.75%
Yedesa-Cogeneración SA	Almería	Spain	Cogeneration of electricity and heat	234,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	40.00%	31.33%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
P.N. Endesa SA								
Central Térmica de Anllares AIE	Madrid	Spain	Management of thermal plants	595,000.00	EUR	Endesa Generación SA	33.33%	30.68%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	Management of nuclear plants		- EUR	Endesa Generación SA	23.57%	22.02%
						Nuclenor SA	0.69%	
Comercializadora Eléctrica de Cádiz SA	Cádiz	Spain	Electricity generation and sale	600,000.00	EUR	Suministradora Eléctrica de Cádiz SA	100.00%	30.84%
Compañía Transportista de Gas de Canarias SA	Las Palmas de Gran Canaria	Spain	Natural gas transport	1,907,000.00	EUR	Unión Eléctrica de Canarias Generación SAU	47.18%	43.43%
Consortio Ara-Ingendesa Sener Ltda	Santiago	Chile	Design and consulting services	1,000,000.00	CLP	Empresa de Ingeniería Ingendesa SA	33.33%	11.16%
Detelca UTE	Las Palmas de Gran Canaria	Spain	Engineering and construction	6,000.00	EUR	Endesa SA	24.90%	22.92%
Elcogas SA	Puertollano	Spain	Electricity generation	38,162,420.00	EUR	Enel SpA	4.31%	41.93%
						Endesa Generación SA	40.87%	
Electrogas SA	Santiago	Chile	Holding company	21,266,155.00	USD	Inversiones Electrogas SA	99.95%	14.23%
						Empresa Nacional de Electricidad SA	0.02%	
Eléctrica de Jafre SA	Girona	Spain	Electricity distribution and sales	165,880.00	EUR	Hidroeléctrica de Catalunya SL	47.46%	43.69%
Endesa Gas Distribución SAU	Madrid	Spain	Gas distribution	14,610,970.00	EUR	Nubia 2000 SL	100.00%	18.41%
Endesa Gas Transportista SLU	Zaragoza	Spain	Regasification and gas storage	5,445,000.00	EUR	Nubia 2000 SL	100.00%	18.41%
Energía Solar Onda UTE	Castellón	Spain	Photovoltaic plants	1,000.00	EUR	Endesa Energía SA	25.00%	23.02%
Ensafeca Holding Empresarial SL	Barcelona	Spain	IT services	7,721,330,000.00	EUR	Endesa SA	32.43%	29.86%
GNL Chile SA	Santiago	Chile	Design and LNG supply	3,026,160.00	USD	Empresa Nacional de Electricidad SA	33.33%	11.16%
GNL Quintero SA	Santiago	Chile	Design and LNG supply	195,882,353.00	USD	Empresa Nacional de Electricidad SA	20.00%	6.69%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	Development and maintenance of El Hierro generation plant	23,937,000.00	EUR	Unión Eléctrica de Canarias Generación SAU	30.00%	27.62%
Inkolan Informacion y Coordinacion de obras AIE	Bilbao	Spain	Infrastructure information	84,140.00	EUR	Endesa Distribución Eléctrica SL	14.29%	13.16%
Inversiones Electrogas SA	Santiago	Chile	Holding company	12,892,910.00	CLP	Empresa Nacional de Electricidad SA	42.50%	14.23%
Konecta Chile SA	Santiago	Chile	IT services	1,000,000.00	CLP	Synapsis Soluciones y Servicios It Ltda	26.20%	14.62%
Kromschroeder SA	L` Hospitalet de Llobregat (Barcelona)	Spain	Services	657,000.00	EUR	Endesa Gas SAU	27.93%	25.71%
La Pereda Co2 AIE	Oviedo	Spain	Services	224,286.00	EUR	Endesa Generación SA	33.33%	30.68%
Nubia 2000 SL	Madrid	Spain	Electricity generation	100,000,000.00	EUR	Endesa Gas SAU	20.00%	18.41%
Promociones y Desarrollos Sector Levante SL	Madrid	Spain	Real estate	6,000.00	EUR	Bolonia Real Estate SL	45.00%	41.43%
Proyecto Almería Mediterraneo SA	Madrid	Spain	Desalinization and water supply	601,000.00	EUR	Endesa SA	45.00%	41.43%
Sadiel Tecnologías de La Información SA	Seville	Spain	IT services	663,520.00	EUR	Endesa Servicios SL	37.50%	34.52%
Sistemas Sec SA	Santiago	Chile	Communications and signaling systems	2,037,480,000.00	CLP	Compañía Americana de Multiservicios Ltda	49.00%	27.34%
Sodesa - Comercializaçao de Energia Electrica SA	Porto	Portugal	Electricity distribution and services	750,000.00	EUR	Endesa Energía SA	50.00%	46.03%
Suministradora Eléctrica de Cádiz SA	Cádiz	Spain	Electricity distribution and supply	12,020,000.00	EUR	Endesa Distribución Eléctrica SL	33.50%	30.84%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Tecnatom SA	Madrid	Spain	Electricity generation and services	4,025,700.00	EUR	Endesa Generación SA	45.00%	41.43%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	Construction and operation of combined-cycle generation plant	500,000.00	ARS	Central Dock Sud SA	5.32%	6.61%
						Hidroeléctrica El Chocón SA	15.35%	
						Endesa Costanera SA	5.51%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	Construction and operation of combined-cycle generation plant	500,000.00	ARS	Endesa Costanera SA	5.51%	6.61%
						Central Dock Sud SA	5.32%	
						Hidroeléctrica El Chocón SA	15.35%	
Transportista Regional de Gas SA	Medina del Campo (Valladolid)	Spain	Natural gas transport	5,748,260.00	EUR	Nubia 2000 SL	50.00%	18.42%
						Endesa Gas Transportista SLU	50.00%	
Yacylec SA	Capital Federal	Argentina	Electricity transmission	20,000,000.00	ARS	Endesa Latinoamerica SA	22.22%	20.46%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
P.N. Artic Russia								
SeverEnergia (formerly Enineftegaz)	Moscow	Russian Federation	Gas and oil processing and transport	55,114,150,000.00	RUB	Artic Russia BV (formerly Eni Russia Bv)	49.00%	19.60%

Other significant equity investments at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Agrupación Acefhat AIE	Barcelona	Spain	Design and services	793,340.00	EUR	Endesa Distribución Eléctrica SL	16.67%	15.35%
Diseño de Sistemas en silicio SA	Valencia	Spain	Photovoltaic plants	578,000.00	EUR	Endesa Servicios SL	14.39%	13.25%
Empresa Propietaria de La Red SA	Panama	Panama	Electricity transmission and distribution	58,500,000.00	USD	Endesa Latinoamerica SA	11.11%	10.23%
Energotel AS	Bratislava	Slovakia	Management of fiber optic network	2,191,200.00	EUR	Slovenské elektrárne AS	16.67%	11.00%
Euskaltel SA	Derio (Vizcaya)	Spain	IT services	325,200,000.00	EUR	Endesa SA	10.26%	9.45%
Fibrel AIE	Girona	Spain	Cogeneration of electricity and heat	550,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	10.00%	7.83%
Galsi SpA	Milan	Italy	Engineering in energy and infrastructure sector	37,242,300.00	EUR	Enel Produzione SpA	15.61%	15.61%
Groberel AIE	Girona	Spain	Hydroelectric plants	-	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	12.00%	9.40%
Hisane AIE	Tarragona	Spain	Cogeneration of electricity and heat	1,200.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	10.00%	7.83%
International Multimedia University Srl	Rome	Italy	Distance training	24,000.00	EUR	Enel Servizi Srl	13.04%	13.04%
Inversiones Eólicas La Esperanza SA	San José	Costa Rica	Electricity generation from renewable resources	100,000.00	CRC	Enel de Costa Rica SA	51.00%	35.28%
Medgaz SA	Madrid	Spain	Development and design	28,500,000.00	EUR	Endesa Generación SA	12.00%	11.05%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	Hydroelectric plants	1,202,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	15.00%	11.75%
Miranda Plataforma Logística SA	Miranda de Ebro (Burgos)	Spain	Regional development	1,200,000.00	EUR	Nuclenor SA	33.00%	15.19%
Silicio Energía SA	Campanillas (Málaga)	Spain	Silicon extraction	69,000,000.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	17.00%	13.32%
Smart P@Per SpA	Potenza	Italy	Services	2,184,000.00	EUR	Enel Servizio Elettrico SpA	10.00%	10.00%
Sociedad de Fomento Industrial de Extremadura S A	Badajoz	Spain	Regional development	155,453,460.00	EUR	Endesa SA	0.42%	0.39%
Tractament i Revalorització de Residus del Maresme SA	Barcelona	Spain	Waste treatment and disposal	60,600.00	EUR	Enel Green Power España SL (formerly Endesa Cogeneración y Renovables SA)	10.00%	7.83%

Companies in liquidation or held for sale at December 31, 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Endesa Marketplace SA (in liquidation)	Madrid	Spain	Services	6,743,800.00	EUR	Endesa Servicios SL	63.00%	66.37%
						Enersis SA	15.00%	
Enel Ireland Finance Ltd (in liquidation)	Dublin	Ireland	Finance	1,000,000.00	EUR	Enel Finance International NV	100.00%	100.00%
Energosluzby AS (in liquidation)	Trnava	Slovakia	Business services	33,194.00	EUR	Slovenské elektrárne AS	100.00%	66.00%
Latin America Energy Holding BV (in liquidation)	Amsterdam	Netherlands	Holding company	18,000.00	EUR	Enel Investment Holding BV	100.00%	100.00%
Q-Channel SpA (in liquidation)	Rome	Italy	-	1,607,141.00	EUR	Enel Servizi Srl	24.00%	24.00%



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60

Report of the Independent Auditors on the consolidated financial statements of Enel Group for 2010



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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010)

To the shareholders of
Enel S.p.A.

- 1 We have audited the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2010, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in shareholders' equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures and the statement of financial position as at 1 January 2009 for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements and statement of financial position as at 1 January 2009, which derives from the consolidated financial statements at 31 December 2008. We audited the 2009 and 2008 consolidated financial statements and issued our reports thereon on 9 April 2010 and 10 April 2009, respectively. We have examined the methods used to restate the corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2010.

- 3 In our opinion, the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2010 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Enel Group as at 31 December 2010, the results of its operations and its cash flows for the year then ended.
- 4 The directors of Enel S.p.A. are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2010.

Rome, 6 April 2011

KPMG S.p.A.

(signed on the original)

Stefano Bandini
Director of Audit

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Enel

Società per azioni

Registered Office

137 Viale Regina Margherita, Rome

Share capital

€9,403,357,795

(as of December 31, 2010) fully paid-up

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R.E.A. of Rome no. 756032

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12,379.1
kg of landfill



2,396
kg of CO₂ of greenhouse gases



17,114
km travel in the average European car



227,931
litres of water



25,672
kWh of energy



20,128
kg of wood

Source:
European BREF (data on virgin fibre paper).
Carbon footprint data audited by the Carbon Neutral Company.

(*) The information provided refers to all the financial publications of Enel SpA 2010-2011 in the versions before and after the Shareholders' Meeting,
Environmental Report and Sustainability Report.

