Interim Financial Report at September 30, 2011

Enel

Contents

The Enel structure

In its capacity as an industrial holding company, **Enel SpA** defines the strategic objectives of 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 Alpiq (formerly Atel) for the import of electricity on the Swiss border.

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.

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:
  - generation with 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 natural gas extraction projects (through Enel Longanesi Development) and natural gas regasification and storage plants (through Nuove Energie and Enel Stoccaggi).

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.

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.

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 as from April 1, 2010.

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 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).

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 and Enel Unión Fenosa Renovables) and Latin America (Enel Green Power Latin America);
> North America, with power generation from renewable sources (Enel Green Power North America).

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.

Foreword

The Interim Financial Report at September 30, 2011 has been prepared in compliance with Article 154-ter, paragraph 5, of Legislative Decree 58 of February 24, 1998, and in conformity with the recognition and measurement criteria set out in the international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period.

Accounting policies and measurement criteria

The accounting policies adopted and measurement criteria used for the Interim Financial Report at September 30, 2011, which has not been audited, are consistent with those used to prepare the consolidated financial statements at December 31, 2010, to which the reader is referred for more information. In addition, the following international accounting standards and interpretations that took effect as from January 1, 2011, are material to the Group and were used in preparing this Report:

> *"Revised IAS 24 – Related party disclosures"*: the standard allows companies that are subsidiaries 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 retrospective application of IAS 24 did not have an impact in this Report.

> *"Amendments to IFRIC 14 – Prepayments of a minimum funding requirement"*: the changes clarify the accounting treatment under the so-called asset ceiling rules, in cases of prepayment of a minimum funding requirement (MFR). More specifically, the amended interpretation sets out new rules for measuring the economic benefits of reducing future MFR contributions.
The retrospective application of the amendments did not have a significant impact in this Report.

> *"IFRIC 19 – Extinguishing financial liabilities with equity instruments"*: 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 retrospective application of IFRIC 19 did not have an impact in this Report.

> *"Amendments to IAS 32 – Financial instruments – 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 instruments if (and only if) they are offered pro rata to all existing holders of the same class of equity instruments (other than derivatives).

The retrospective application of the amendments did not have an impact in this Report.

> *"Improvements to International Financial Reporting Standards"*: 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 that are present ownership interests entitle their holders, in the event of the liquidation of the company, to a proportionate share of the entity's net assets. They 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.) must be measured at fair value at the acquisition date unless other measurement criteria are provided for under international accounting standards.
    The prospective application of IFRS 3 as from the date of first-time adoption of IFRS 3 by the Group (2010 financial year) did not have an impact in this Report.
  - "*IAS 1 – Presentation of financial statements*": specifies that the reconciliation of the carrying amount at the start and end of the period for each element of "other comprehensive income" (OCI) shall be presented either in the statement of changes in equity or in the notes to the financial statements.
    The application of the amendment did not have an impact in this Report.
  - "*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 application of the amendment did not have a significant impact in this Report.

Definition of performance indicators

In order to facilitate the assessment of the Group’s performance and financial position, this Interim Financial Report at September 30, 2011 uses a number of “alternative performance indicators” not envisaged in the IFRS-EU accounting standards. In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are 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”;
> “Other securities designated at fair value through profit or loss” and other items reported under “Other financial receivables”;
> “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 for the determination of the net financial position, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In addition to the business combination involving the acquisition of control of SE Hydropower discussed below, the scope of consolidation underwent the following main changes in the first nine months of the year:

2010

> disposal, on December 17, 2010, of 80% of Nubia 2000, a company owning assets (acquired by Endesa Gas during the year) 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.

2011

> disposal, on February 24, 2011, of Compañía Americana de Multiservicios (CAM), which operates in Latin America in the general services sector;

> disposal, on March 1, 2011, of Synapsis IT Soluciones y Servicios (Synapsis), which operates in Latin America in the IT services sector;

> acquisition, on March 31, 2011, of 16.67% of Sociedad Eólica de Andalucía – SEA, which enabled Enel Green Power España to increase its holding from 46.67% to 63.34%, thereby acquiring control as the majority shareholder;

> change in the consolidation method from full to proportionate (at 49%) owing to the loss of control of Hydro Dolomiti Enel as a result of the change in that company's governance structure, as provided for in the agreements reached between the two shareholders in 2008, which had provided for joint control as from that date. See the following section for more details;

> acquisition of full control (from joint control) of the assets retained by Enel Unión Fenosa Renovables (EUFER) following the break-up of the joint venture between Enel Green Power España and its partner Gas Natural under the agreement finalized on May 30, 2011. As from the date of execution of the agreement, those assets are therefore consolidated on a full line-by-line basis, as discussed in greater detail below;

> acquisition, on June 9, 2011, of an additional 50% of Sociedade Térmica Portuguesa. With the transaction, Enel Green Power España became the sole shareholder of the Portuguese company, which operates in generation from renewables;

> disposal, on June 28, 2011, to Contour Global LP of the entire capital of the Dutch companies Maritza East III Power Holding BV and Maritza O&M Holding Netherland BV. These companies respectively own 73% of the Bulgarian company Maritza East 3 AD and 73% of the Bulgarian company Enel Operations Bulgaria AD.

Restatement of balance-sheet figures at December 31, 2010

On June 1, 2010, the Group acquired control of SE Hydropower, which operates in the generation of electricity in the province of Bolzano, through the transfer to the company of certain generation assets of Enel Produzione in exchange for a 40% holding in the company. Since the acquisition date Enel Produzione has exercised a dominant influence under specific shareholders' agreements concerning the governance of the company that give it effective control and allow it to consolidate the company on a full line-by-line basis. During the 1st Half of 2011, in accordance with the rules and deadlines established under IFRS 3 (Revised), the process of allocating the consideration paid in the business combination was completed. As a result of the determination of the fair value of the assets acquired and the liabilities and contingent liabilities assumed as at the acquisition date, the figures for a number of items in the consolidated financial statements at December 31, 2010 have been restated, with a consequent increase in consolidated equity pertaining to shareholders of the Parent Company of €128 million and in equity pertaining to non-controlling interests of €193 million. More specifically, the completion of the allocation process involved the allocation of the entire consideration transferred, representing 60% of the estimated fair value of the assets transferred by Enel Produzione, to the value of the concessions acquired with the transaction, net of tax effects.

Millions of euro

	at Dec. 31, 2010	Effect of SE Hydropower PPA	at Dec. 31, 2010 restated
Non-current assets			
- Property, plant and equipment and intangible assets	98,994	510	99,504
- Goodwill	18,470	-	18,470
- Equity investments accounted for using the equity method	1,033	-	1,033
- Other non-current assets	11,780	-	11,780
Total	**130,277**	**510**	**130,787**
Current assets	**36,157**	**-**	**36,157**
Assets held for sale	**1,618**	**-**	**1,618**
TOTAL ASSETS	**168,052**	**510**	**168,562**
Liabilities and shareholders' equity			
- Equity attributable to the shareholders of the Parent Company	37,861	128	37,989
- Equity attributable to non-controlling interests	15,684	193	15,877
Total	**53,545**	**321**	**53,866**
Non-current liabilities			
- Long-term loans	52,440	-	52,440
- Provisions and deferred tax liabilities	23,242	189	23,431
- Other non-current liabilities	3,835	-	3,835
Total	**79,517**	**189**	**79,706**
Current liabilities	**33,992**	**-**	**33,992**
Liabilities held for sale	**998**	**-**	**998**
TOTAL LIABILITIES	**114,507**	**189**	**114,696**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**168,052**	**510**	**168,562**

Summary of results

Performance and financial position

3rd Quarter 2011	3rd Quarter 2010	Millions of euro	First nine months 2011	First nine months 2010
19,105	18,170	Revenues	57,496	52,972
4,355	4,387	Gross operating margin	13,284	13,265
2,942	2,846	Operating income	9,014	8,929
1,285	1,353	Net income before non-controlling interests	4,474	4,406
940	1,024	Group net income	3,492	3,449
		Group net income per share in circulation at period-end (euro)	0.37	0.37
		Net capital employed	101,087	98,790 (1)
		Net financial debt	47,767	44,924 (1)
		Shareholders' equity (including non-controlling interests)	53,320	53,866 (1)
		Group shareholders' equity per share in circulation at period-end (euro)	4.05	4.04 (1)
		Cash flows from operating activities	4,753	5,121
		Capital expenditure on tangible and intangible assets	4,665	4,025

(1) At December 31, 2010 restated.

Revenues in the first nine months of 2011 amounted to €57,496 million, an increase of €4,524 million or 8.5% compared with the first nine months of 2010. The rise is essentially attributable to greater revenues from the generation and trading of electricity and fuels and increased revenues from the sale of electricity to end users on the free market abroad. Revenues in the first nine months of 2011 also include the proceeds (€435 million) from the sale of a number of equity investments and from the remeasurement at fair value of the assets and liabilities in certain companies whose status with respect to the requirements concerning control changed as a result of transactions during the 1st Half of 2011.

The *gross operating margin* in the first nine months of the year amounted to €13,284 million, an increase of €19 million or 0.1% on the first nine months of 2010. In addition to the positive impact of the revenues from the disposals and the fair value remeasurement noted above, the increase reflects the improvement in the performance of the Sales, Infrastructure and Networks, and Renewable Energy Divisions, only partly offset by declines in the margin of the Generation and Energy Management and Iberia and Latin America Divisions. The decline registered by the latter Division is partly attributable to the sale at the close of 2010 of the gas distribution network and electricity transmission assets in Spain, and the recognition in 2011 of the net-worth tax in Colombia.

Operating income in the first nine months of 2011 totaled €9,014 million, an increase of €85 million, or 1.0%, from the same period of 2010, benefiting from a decline of €66 million in depreciation, amortization and impairment losses compared with the year-earlier period. The reduction reflects the revision of the useful lives of a number of plants in Latin America as well as the change in the scope of consolidation (essentially attributable to the disposal of the high-voltage network in Spain).

Group net income was €3,492 million in the first nine months of 2011, an increase of €43 million compared with the same period of 2010 (up 1.2%). The positive impact of the Group's operational performance and the improvement in the results of finance operations were partially offset by higher estimated taxes for the period. The latter reflected the adjustment of current and deferred taxation following the changes to the rules governing the "Robin Hood Tax" in Italy.

Net financial debt, excluding debt in respect of assets held for sale totaling €25 million at September 30, 2011 (€636 million at December 31, 2010), amounted to €47,767 million, up €2,843 million compared with the end of 2010. At September 30, 2011, the debt/equity ratio was 0.90, compared with 0.83 at December 31, 2010.

Capital expenditure in the first nine months of 2011 totaled €4,665 million, an increase of €640 million on the year-earlier period. With investment in traditional technologies broadly unchanged (as an increase in expenditure abroad was offset by a reduction in Italy), the rise is essentially attributable to greater investment by the Renewable Energy Division.

Operations

3rd Quarter							First nine months					
Italy	Abroad	**Total**	Italy	Abroad	**Total**		Italy	Abroad	**Total**	Italy	Abroad	**Total**
2011			2010				**2011**			2010		
20.7	54.4	**75.1**	20.7	55.3	**76.0**	Net electricity generated by Enel (TWh)	60.0	159.5	**219.5**	61.6	155.3	**216.9**
63.2	48.7	**111.9**	62.6	47.4	**110.0**	Electricity transported on the Enel distribution network (TWh)	184.8	142.5	**327.3**	184.1	138.6	**322.7**
26.0	53.1	**79.1**	28.8	50.7	**79.5**	Electricity sold by Enel (TWh) (1)	77.0	155.4	**232.4**	84.6	146.1	**230.7**
0.4	0.8	**1.2**	0.6	0.7	**1.3**	Gas sales to end users (billions of cubic meters)	3.1	2.8	**5.9**	3.8	2.5	**6.3**
						Employees at period-end (no.) (2)	37,173	39,051	**76,224**	37,383	40,930	**78,313** (3)

(1) Excluding sales to resellers.
(2) Of which 277 and 2,324 in units classified as "Held for sale" at September 30, 2011 and December 31, 2010, respectively.
(3) At December 31, 2010.

Net electricity generated by Enel in the first nine months of 2011 rose by 2.6 TWh or 1.2%, with an increase in generation abroad (up 4.2 TWh) being partially offset by a decrease in generation in Italy (down 1.6 TWh). More specifically, the increase in net electricity generation abroad is essentially attributable to higher thermal generation, which more than offset lower nuclear generation (due mainly to a number of stoppages at Spanish plants) and lower hydroelectric generation as a result of less favorable water conditions than in the first nine months of 2010.

Electricity transported on the Enel distribution network came to 327.3 TWh, up 4.6 TWh or 1.4%, largely attributable to increase in volumes transported abroad.

Electricity sold by Enel in the first nine months of 2011 rose by 1.7 TWh or 0.7%, essentially due to increased sales in Latin America (up 4.2 TWh), especially in Chile, greater anticipated capacity in France (up 3.9 TWh), the expansion of operations in new regions in Russia (up 1.1 TWh) and greater sales in Slovakia (up 1.1 TWh) due to greater volumes sold. These factors were partially offset by the decline in Italian sales (down 7.6 TWh) as a result of a contraction in quantities on both the free market and the regulated market.

At September 30, 2011 Enel Group employees numbered 76,224 (78,313 at December 31, 2010). The reduction of 2,089 employees essentially reflects the change in the scope of consolidation (a decrease of 2,293) related mainly to the sale of CAM, Synapsis, Enel Operations Bulgaria and Enel Maritza East 3, as well as the change in the method of consolidating Hydro Dolomiti Enel (from full to proportionate).

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 the 3rd Quarter of 2011 and 2010

3rd Quarter of 2011 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	4,096	3,895	9	758	8,133	1,674	412	94	33	1	19,105
Revenues from other segments	33	1,229	77	1,063	52	157	118	80	316	(3,125)	-
Total revenues	**4,129**	**5,124**	**86**	**1,821**	**8,185**	**1,831**	**530**	**174**	**349**	**(3,124)**	**19,105**
Net income/(charges) from commodity risk management	(1)	89	-	-	9	8	(4)	-	-	-	101
Gross operating margin	**120**	**408**	**1**	**1,104**	**1,951**	**402**	**307**	**(14)**	**66**	**10**	**4,355**
Depreciation, amortization and impairment losses	80	151	1	229	698	127	102	2	23	-	1,413
Operating income	**40**	**257**	**-**	**875**	**1,253**	**275**	**205**	**(16)**	**43**	**10**	**2,942**

3rd Quarter of 2010 (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	4,438	2,994	33	682	7,812	1,605	490	90	36	(10)	18,170
Revenues from other segments	63	1,187	92	1,072	(9)	38	53	71	226	(2,793)	-
Total revenues	**4,501**	**4,181**	**125**	**1,754**	**7,803**	**1,643**	**543**	**161**	**262**	**(2,803)**	**18,170**
Net income/(charges) from commodity risk management	(109)	187	-	-	(11)	16	1	(3)	-	-	81
Gross operating margin	**88**	**624**	**7**	**981**	**1,983**	**363**	**315**	**(13)**	**44**	**(5)**	**4,387**
Depreciation, amortization and impairment losses	57	139	1	233	813	182	91	2	23	-	1,541
Operating income	**31**	**485**	**6**	**748**	**1,170**	**181**	**224**	**(15)**	**21**	**(5)**	**2,846**

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

Results by Division for the first nine months of 2011 and 2010

First nine months of 2011 (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	12,815	11,394	51	2,271	23,872	5,238	1,518	275	62	-	57,496
Revenues from other segments	117	3,952	241	3,144	157	412	341	239	816	(9,419)	-
Total revenues	**12,932**	**15,346**	**292**	**5,415**	**24,029**	**5,650**	**1,859**	**514**	**878**	**(9,419)**	**57,496**
Net income/(charges) from commodity risk management	7	214	-	-	1	(2)	(1)	-	-	-	**219**
Gross operating margin	**446**	**1,637**	**8**	**3,129**	**5,562**	**1,200**	**1,183**	**(42)**	**160**	**1**	**13,284**
Depreciation, amortization and impairment losses	226	440	3	687	2,112	429	294	7	72	-	4,270
Operating income	**220**	**1,197**	**5**	**2,442**	**3,450**	**771**	**889**	**(49)**	**88**	**1**	**9,014**
Operating assets	**6,777** (2)	**15,633**	**258**	**18,709** (4)	**75,409** (7)	**13,033**	**10,698** (11)	**1,259**	**2,008**	**(4,586)**	**139,198**
Operating liabilities	**5,323** (3)	**4,389**	**177**	**5,918** (5)	**11,246** (8)	**4,923**	**1,196**	**2,383**	**1,589**	**(5,003)**	**32,141**
Capital expenditure	**40**	**224**	**2**	**934** (6)	**1,425** (9)	**979** (10)	**1,033**	**3**	**25**	-	**4,665**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Of which €31 million regarding units classified as "Held for sale".
(3) Of which €6 million regarding units classified as "Held for sale".
(4) Of which €88 million regarding units classified as "Held for sale".
(5) Of which €19 million regarding units classified as "Held for sale".
(6) Does not include €6 million regarding units classified as "Held for sale".
(7) Of which €468 million regarding units classified as "Held for sale".
(8) Of which €44 million regarding units classified as "Held for sale".
(9) Does not include €82 million regarding units classified as "Held for sale".
(10) Does not include €4 million regarding units classified as "Held for sale" and sold in the 1st Half of 2011.
(11) Of which €4 million regarding units classified as "Held for sale".

First nine months of 2010 (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	13,500	8,623	81	1,871	22,586	4,644	1,357	258	83	(31)	**52,972**
Revenues from other segments	149	3,794	372	3,297	60	110	160	226	703	(8,871)	**-**
Total revenues	**13,649**	**12,417**	**453**	**5,168**	**22,646**	**4,754**	**1,517**	**484**	**786**	**(8,902)**	**52,972**
Net income/(charges) from commodity risk management	(490)	586	**-**	**-**	15	3	64	(5)	-	-	**173**
Gross operating margin	**281**	**1,853**	**14**	**2,826**	**6,030**	**1,204**	**966**	**(16)**	**117**	**(10)**	**13,265**
Depreciation, amortization and impairment losses	199	408	3	673	2,282	442	247	5	77	-	**4,336**
Operating income	**82**	**1,445**	**11**	**2,153**	**3,748**	**762**	**719**	**(21)**	**40**	**(10)**	**8,929**
Operating assets (2)	**6,162**	**15,444**	**316**	**17,680**	**77,764** (3)	**13,103** (5)	**9,654** (7)	**1,075**	**2,529**	**(5,732)**	**137,995**
Operating liabilities (2)	**5,673**	**4,467**	**374**	**5,825**	**13,500** (4)	**5,184** (6)	**1,235** (8)	**1,166**	**1,543**	**(5,734)**	**33,233**
Capital expenditure	**27**	**411**	**2**	**784**	**1,386**	**779**	**593**	**2**	**41**	**-**	**4,025**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) At December 31, 2010 restated. The figures were restated as a result of the completion of the process of allocating the purchase price for the SE Hydropower business combination.
(3) Of which €484 million regarding units classified as "Held for sale".
(4) Of which €145 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) Of which €399 million regarding units classified as "Held for sale".
(8) Of which €14 million regarding units classified as "Held for sale".

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

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010 restated [1]
Total assets	**168,853**	**168,562**
Financial assets, cash and cash equivalents	21,419	22,934
Tax assets	8,236	7,633
Segment assets	**139,198**	**137,995**
- of which:		
Sales [2]	6,777	6,162
Generation and Energy Management	15,633	15,444
Engineering and Innovation	258	316
Infrastructure and Networks [3]	18,709	17,680
Iberia and Latin America [4]	75,409	77,764
International	13,033	13,103
Renewable Energy [5]	10,698	9,654
Parent Company	1,259	1,075
Services and Other Activities	2,008	2,529
Eliminations and adjustments	(4,586)	(5,732)
Total liabilities	**115,533**	**114,696**
Loans and other financial liabilities	69,089	68,683
Tax liabilities	14,303	12,780
Segment liabilities	**32,141**	**33,233**
- of which:		
Sales [6]	5,323	5,673
Generation and Energy Management	4,389	4,467
Engineering and Innovation	177	374
Infrastructure and Networks [7]	5,918	5,825
Iberia and Latin America [8]	11,246	13,500
International	4,923	5,184
Renewable Energy	1,196	1,235
Parent Company	2,383	1,166
Services and Other Activities	1,589	1,543
Eliminations and adjustments	(5,003)	(5,734)

(1) At December 31, 2010 restated. The figures were restated as a result of the completion of the process of allocating the purchase price for the SE Hydropower business combination.
(2) Of which €31 million regarding units classified as “Held for sale” at September 30, 2011.
(3) Of which €88 million regarding units classified as “Held for sale” at September 30, 2011.
(4) Of which €468 million regarding units classified as “Held for sale” at September 30, 2011 (€484 million at December 31, 2010).
(5) Of which €4 million regarding units classified as “Held for sale” at September 30, 2011 (€399 million at December 31, 2010).
(6) Of which €6 million regarding units classified as “Held for sale” at September 30, 2011.
(7) Of which €19 million regarding units classified as “Held for sale” at September 30, 2011.
(8) Of which €44 million regarding units classified as “Held for sale” at September 30, 2011 (€145 million at December 31, 2010).

Sales

Operations

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Free market:				
7,192	7,070	122	1.7%	- mass-market customers	20,714	20,551	163	0.8%
2,732	3,454	(722)	-20.9%	- business customers (1)	7,933	9,860	(1,927)	-19.5%
537	1,322	(785)	-59.4%	- safeguard market customers	1,520	3,381	(1,861)	-55.0%
10,461	**11,846**	**(1,385)**	**-11.7%**	**Total free market**	**30,167**	**33,792**	**(3,625)**	**-10.7%**
15,359	**16,818**	**(1,459)**	**-8.7%**	**Regulated market (enhanced protection market)**	**46,448**	**50,447**	**(3,999)**	**-7.9%**
25,820	**28,664**	**(2,844)**	**-9.9%**	**Total**	**76,615**	**84,239**	**(7,624)**	**-9.1%**

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

Electricity sold in the first nine months of 2011 amounted to 76,615 million kWh (25,820 million kWh in the 3rd Quarter of 2011), down 7,624 million kWh (down 2,844 million kWh in the 3rd Quarter of 2011) compared with corresponding period of the previous year. More specifically, the decline seen in the free market is attributable to changes in commercial policy, shifting its focus to mass-market customers, while the drop in sales on the regulated market is mainly related to growing competition in that market.

Gas sales

3rd Quarter				Millions of m^3	First nine months			
2011	2010	Change			**2011**	2010	Change	
217	199	18	9.0%	Mass-market customers (1)	2,242	2,378	(136)	-5.7%
226	365	(139)	-38.1%	Business customers	873	1,430	(557)	-39.0%
443	**564**	**(121)**	**-21.5%**	**Total**	**3,115**	**3,808**	**(693)**	**-18.2%**

(1) Includes residential customers and microbusinesses.

Gas sales in the first nine months of 2011 amounted to 3,115 million cubic meters (443 million cubic meters in the 3rd Quarter of 2011), down 693 million cubic meters (down 121 million cubic meters in the 3rd Quarter of 2011) compared with the same period of the previous year.

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
4,129	4,501	(372)	Revenues	12,932	13,649	(717)
(1)	(109)	108	Net income/(charges) from commodity risk management	7	(490)	497
120	*88*	*32*	*Gross operating margin*	*446*	*281*	*165*
40	31	9	Operating income	220	82	138
			Employees at period-end (no.) (2)	3,787	3,823 (1)	(36)
			Capital expenditure	40	27	13

(1) At December 31, 2010.
(2) Includes 18 employees in companies classified as "Held for sale" at September 30, 2011.

Performance in the 3rd Quarter

Revenues for the 3rd Quarter of 2011 came to €4,129 million, a decrease of €372 million or 8.3% from the same period of 2010, due to the following main factors:

> a €138 million decrease in revenues on the free electricity market and one of €204 million on the regulated electricity market, essentially attributable to lower volumes sold (down 1.4 TWh on the free market and 1.5 TWh on the regulated market);

> a €15 million decrease in revenues on the natural gas market, largely due to lower volumes sold (a decrease of 121 million cubic meters);

> a €20 million decrease in connection fees.

The ***gross operating margin*** for the 3rd Quarter of 2011 amounted to €120 million, up €32 million compared with the same period of 2010. The increase is essentially ascribable to:

> a €56 million rise in the margin on the free market for electricity and gas, due to a rise in the margin on electricity, which benefited from the greater profitability of the portfolio, only partially offset by the decline in quantities sold (a decrease of 1.4 TWh);

> a €24 million decline in the margin on electricity sales on the regulated market, mainly due to a decrease in the number of customers served.

Operating income in the 3rd Quarter of 2011, after depreciation, amortization and impairment losses of €80 million (€57 million in the same period of 2010), amounted to €40 million, an improvement of €9 million compared with the 3rd Quarter of 2010.

Performance in the first nine months

Revenues for the first nine months of 2011 came to €12,932 million, a decrease of €717 million or 5.3% from the same period of 2010, due to the following main factors:

> a €284 million decrease in revenues on the free electricity market and one of €277 million on the regulated electricity market, essentially attributable to lower volumes sold (down 3.6 TWh on the free market and 4.0 TWh on the regulated market);

> a €97 million decrease in revenues on the natural gas market, largely due to lower volumes sold (a decrease of 693 million cubic meters);

> a €48 million decrease in connection fees.

The ***gross operating margin*** for the first nine months of 2011 amounted to €446 million, up €165 million compared with the same period of 2010. The increase is essentially ascribable to:

> a €157 million rise in the margin on the free market for electricity and gas, mainly due to a rise of €217 million in the margin on electricity, which benefited from the greater profitability of the portfolio, only partially offset by the decline in quantities sold (a decrease of 3.6 TWh); this was partially offset by an increase of €36 million in operating and marketing costs;

> an €8 million increase in the margin on electricity sales on the regulated market, due to gains in operational efficiency and the impact of the recognition in the first nine months of 2010 of a fine of €12 million levied by the Authority for Electricity and Gas (the Authority) with its Resolution no. 66/77, factors that more than offset the decrease of €48 million in the electricity margin associated with the decline in the average number of customers served under the enhanced protection system following the opening of the market.

Operating income in the first nine months of 2011, after depreciation, amortization and impairment losses of €226 million (€199 million in the same period of 2010), amounted to €220 million, up €138 million compared with the first nine months of 2010. This performance is in line with developments in the gross operating margin.

Capital expenditure

Capital expenditure totaled €40 million, up €13 million compared with the same period of 2010.

Generation and Energy Management

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
13,663	12,822	841	6.6%	Thermal	37,461	35,965	1,496	4.2%
4,325	5,146	(821)	-16.0%	Hydroelectric	13,509	16,549	(3,040)	-18.4%
3	2	1	50.0%	Other resources	7	4	3	75.0%
17,991	**17,970**	**21**	**0.1%**	**Total net generation**	**50,977**	**52,518**	**(1,541)**	**-2.9%**

In the first nine months of 2011, net electricity generation totaled 50,977 million kWh, a decline of 2.9% compared with the corresponding period of 2010; in the 3rd Quarter of 2011 net electricity generation totaled 17,991 million kWh, essentially unchanged (up 0.1%) compared with the 3rd Quarter of 2010. The decline in hydroelectric generation in the first nine months of 2011, amounting to 3,040 million kWh, was the result of poorer water availability during the period (at the national level as well) and the change in the method of consolidating Hydro Dolomiti Enel (a decrease of 1,012 million kWh). These factors were only partially offset by greater thermal generation during the period amounting to 1,496 million kWh. In the 3rd Quarter of 2011, a rise of 841 million kWh in thermal generation more than offset the decline of 821 million kWh in hydro generation.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2011		2010		Change			**2011**		2010		Change	
208	1.4%	162	1.2%	46	28.4%	High-sulfur fuel oil (S>0.25%)	564	1.4%	585	1.5%	(21)	-3.6%
56	0.4%	408	3.0%	(352)	-86.3%	Low-sulfur fuel oil (S<0.25%)	229	0.6%	739	2.0%	(510)	-69.0%
264	*1.8%*	*570*	*4.2%*	*(306)*	*-53.7%*	*Total fuel oil*	*793*	*2.0%*	*1,324*	*3.5%*	*(531)*	*-40.1%*
5,428	37.4%	5,207	38.1%	221	4.2%	Natural gas	14,593	36.7%	15,332	40.0%	(739)	-4.8%
8,682	59.8%	7,755	56.8%	927	12.0%	Coal	24,008	60.3%	21,262	55.5%	2,746	12.9%
143	1.0%	126	0.9%	17	13.5%	Other fuels	403	1.0%	369	1.0%	34	9.2%
14,517	**100.0%**	**13,658**	**100.0%**	**859**	**6.3%**	**Total**	**39,797**	**100.0%**	**38,287**	**100.0%**	**1,510**	**3.9%**

Gross thermal generation in the first nine months of 2011 amounted to 39,797 million kWh (14,517 million kWh in the 3rd Quarter of 2011), an increase of 3.9% with respect to the corresponding period of 2010 (up 6.3% in the 3rd Quarter of 2011). The increase was due in particular to generation from coal (up 12.9% in the first nine months of 2011 and 12.0% in the 3rd Quarter of 2011), mainly as a result of the greater output of the Torrevaldaliga Nord plant. This increase was partially offset by the decline in generation from fuel oil (down 40.1% in the first nine months of 2011 and 53.7% in the 3rd Quarter of 2011), due to unfavorable fuel prices, which have made its use uncompetitive, as well as lower generation from natural gas in the first nine months of 2011 (down 4.8%), although the trend reversed in the 3rd Quarter of 2011 (up 4.2%), mainly as a result of the rise in the use of combined-cycle plants in central/northern Italy.

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
5,124	4,181	943	Revenues	15,346	12,417	2,929
89	187	*(98)*	Net income/(charges) from commodity risk management	214	586	(372)
408	*624*	(216)	*Gross operating margin*	*1,637*	*1,853*	*(216)*
257	485	(228)	Operating income	1,197	1,445	(248)
			Employees at period-end (no.)	6,453	6,601 (1)	(148)
			Capital expenditure	224	411	(187)

(1) At December 31, 2010 restated.

Performance in the 3rd Quarter

Revenues came to €5,124 million for the 3rd Quarter of 2011, up €943 million or 22.6% from the same period of 2010 due mainly to the following factors:

> a €648 million increase in revenues from trading on international electricity markets, due essentially to higher volumes sold (up 11.5 TWh);

> a €235 million increase in revenues from electricity sales, mainly due to higher revenues from sales to resellers on the domestic market (up €183 million), as well as to greater revenues from electricity sales (up 1.3 TWh) to other Group Divisions (up €52 million), in particular the foreign Divisions, whose increased operations more than offset the contraction in sales in Italy to the Sales Division;

> a €44 million increase in revenues from fuel trading, essentially attributable to the increase in revenues from natural gas sales;

> a €42 million increase in revenues from sales on the Power Exchange, largely attributable to greater volumes sold (up 0.7 TWh);

> a €23 million increase in revenues attributable to the grant for the 3rd Quarter of 2011 for the commercial operation of unit 4 of the Torrevaldaliga Nord power plant, which was classified as a "new entrant" in the emissions trading system. These revenues were set by the national committee for the management of Directive 2003/87/EC.

These positive factors were only partially offset by a decline of €35 million in revenues due to the change in the method for consolidating Hydro Dolomiti Enel (from line-by-line to proportionate).

The ***gross operating margin*** in the 3rd Quarter of 2011 amounted to €408 million, down €216 million or 34.6% compared with the same period of 2010. This decline is mainly attributable to:

> the €168 million reduction in the generation margin essentially due to the decrease in unit sales prices and the decline in hydroelectric generation, partially offset by the higher

revenues due to the classification of unit 4 of the Torrevaldaliga Nord power plant as a "new entrant" in the emissions trading system;

> the €25 million decrease in the margin on ancillary services;
> the €31 million decrease due to the effect of the change in the method of consolidating Hydro Dolomiti Enel (from line-by-line to proportionate).

Operating income amounted to €257 million (€485 million in the 3rd Quarter of 2010) after an increase in depreciation, amortization and impairment losses of €12 million, mainly attributable to the effect of the writeback of certain trade receivables in the 2nd Quarter of 2010.

Performance in the first nine months

Revenues for the first nine months of 2011 amounted to €15,346 million, up €2,929 million or 23.6% compared with the year-earlier period, due mainly to the following factors:

> a €1,752 million increase in revenues from trading on international electricity markets, due essentially to higher volumes sold (up 30.8 TWh);
> a €544 million increase in revenues from electricity sales, mainly due to higher revenues from sales to resellers on the domestic market (up €342 million), as well as to greater revenues from electricity sales (up 2.2 TWh) to other Group Divisions (up €170 million), in particular the foreign Divisions, whose increased operations more than offset the contraction in sales in Italy to the Sales Division;
> a €237 million gain from the fair value adjustment of the assets and liabilities of Hydro Dolomiti Enel, corresponding to the Group's remaining equity investment in the company following its loss of control as a result of the change in its corporate governance structure;
> a €179 million increase in revenues attributable to the grant for 2010 and the first nine months of 2011 for the commercial operation of unit 4 of the Torrevaldaliga Nord power plant, which was classified as a "new entrant" in the emissions trading system. These revenues were set in part (€101 million) by the Authority with Resolutions ARG/elt no. 38/11 and no. 111/11 and in part (€78 million) by the national committee for the management of Directive 2003/87/EC;
> a €177 million increase in revenues from fuel trading, attributable to revenues from natural gas sales in the amount of €163 million and sales of other fuels in the amount of €14 million;
> a €116 million increase in revenues from the sale of green certificates to the Energy Services Operator (ESO).

These positive factors were only partially offset by a €78 million decrease in revenues from sales on the Power Exchange, largely attributable to lower volumes sold (down 1.5 TWh) and the decline in average sales prices.

The ***gross operating margin*** in the first nine months of 2011 amounted to €1,637 million, down €216 million or 11.7% compared with the same period of 2010. If the gain from the fair value adjustment of the assets and liabilities of Hydro Dolomiti Enel of €237 million is excluded, the gross operating margin fell by €453 million. This decline is mainly attributable to:

> the €316 million reduction in the generation margin essentially due to the decrease in unit sales prices and the decline in hydroelectric generation, partially offset by the higher revenues due to the classification of unit 4 of the Torrevaldaliga Nord power plant as a "new entrant" in the emissions trading system;
> the €73 million decrease in the margin on natural gas sales due mainly to the decline in sales prices on the business market (as a result of greater competition) and on the mass market (following Resolution ARG/gas no. 89/10);
> the €57 million decrease due to the effect of the change in the method of consolidating Hydro Dolomiti Enel.

Operating income amounted to €1,197 million (€1,445 million in the first nine months of 2010) after an increase in depreciation, amortization and impairment losses of €32 million, mainly attributable to the effect of the writeback of certain trade receivables in the 2nd Quarter of 2010.

Capital expenditure

Capital expenditure in the first nine months of 2011 came to €224 million, mainly in respect of generation plants. The main investments regarded the continuation of work at thermal plants and the refurbishing/repowering of existing hydroelectric plants. The decrease compared with the same period of 2010 reflects the completion of a number of major projects, including the coal conversion of the Torrevaldaliga Nord plant.

Engineering and Innovation

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
86	125	(39)	Revenues	292	453	(161)
1	*7*	*(6)*	*Gross operating margin*	*8*	*14*	*(6)*
-	6	(6)	Operating income	5	11	(6)
			Employees at period-end (no.)	1,355	1,339 (1)	16
			Capital expenditure	2	2	-

(1) At December 31, 2010.

Performance in the 3rd Quarter

Revenues in the 3rd Quarter of 2011 totaled €86 million, down €39 million or 31.2% compared with the same period of the previous year. This decline was essentially due to the completion of a number of projects, including the Marcinelle plant in Belgium, the Nevinnomysskaya plant in Russia for Enel OGK-5 and the Torrevaldaliga Nord plant for Enel Produzione.

The ***gross operating margin*** amounted to €1 million in the 3rd Quarter of 2011, down €6 million compared with the same period of 2010 as a result of the contraction in business noted above and the research costs incurred by the Division for strategic projects.

Operating income for the 3rd Quarter of 2011 decreased by €6 million, after depreciation, amortization and impairment losses of €1 million.

Performance in the first nine months

Revenues in the first nine months of 2011 came to €292 million, a fall of €161 million or 35.5% compared with the same period of 2010. This decline was essentially due to the following:

> a €123 million decline in business with the Generation and Energy Management Division, related mainly to the coal conversion of the Torrevaldaliga Nord plant;

> a €31 million decline in business with E.ON España (formerly Enel Viesgo Generación) as a result of the completion of activities at a number of thermal power plants in Spain;

> a €31 million decline in business with the companies of the International Division, essentially connected with a decrease in activities in Greece (€23 million) and Belgium (€18 million), only partially offset by an increase in Slovakia (€10 million) related to modernization work on the Mochovce 3-4 nuclear plant.

The ***gross operating margin*** amounted to €8 million in the first nine months of 2011, down €6 million on the same period of 2010.

Operating income for the first nine months of 2011 totaled €5 million, down €6 million in line with developments in the gross operating margin.

Capital expenditure

Capital expenditure amounted to €2 million, essentially in line with the same period of the previous year.

Infrastructure and Networks

Operations

Transport of electricity

3rd Quarter					First nine months			
2011	2010	Change			**2011**	2010	Change	
63,187	62,613	574	0.9%	Electricity transported on Enel's distribution network (millions of kWh) (1)	184,797	184,102	695	0.4%

(1) The figure for 2010 takes account of a more accurate calculation of quantities transported.

Energy transported on the Enel network in Italy in the first nine months of 2011 came to 184,797 million kWh, essentially in line (up 0.4%) with the same period of 2010 (up 1.1% on an unchanged scope of consolidation basis, net of electricity transported on the Bolzano grid, which was sold to non-Group purchasers). A similar pattern was registered in the 3rd Quarter of 2011.

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
1,821	1,754	67	Revenues	5,415	5,168	247
1,104	*981*	*123*	*Gross operating margin*	*3,129*	*2,826*	*303*
875	748	127	Operating income	2,442	2,153	289
			Employees at period-end (no.) (1)	19,104	19,152 (2)	(48)
			Capital expenditure (3)	934	784	150

(1) Of which 150 in units classified as "Held for sale" at September 30, 2011.
(2) At December 31, 2010**.**
(3) The figure for the first nine months of 2011 does not include €6 million regarding units classified as "Held for sale".

Performance in the 3rd Quarter

Revenues in the 3rd Quarter of 2011 totaled €1,821 million, up €67 million or 3.8% compared with the year-earlier period. This change is essentially due to an increase of €62 million in revenues in respect of grid connection fees (including equalization mechanisms) as well as an increase in revenues from the sale of digital meters to the Iberia and Latin America Division, only partially offset by a decrease in revenues in respect of white certificates.

The ***gross operating margin*** amounted to €1,104 million, up €123 million or 12.5%, essentially attributable to:

> an increase of €62 million in grid connection fees (including equalization mechanisms), as noted in the comments on revenues;

> an increase of €13 million in the margin on the transport of electricity, associated mainly with the positive effect of the updating of distribution and metering rates, as well as a rise in volumes distributed, only partially offset by the impact of the recognition in the 3rd

Quarter of 2010 of the rate component to remunerate the early replacement of electromechanical meters (€12 million);
> a decline in operating expenses.

Operating income, after depreciation, amortization and impairment losses of €229 million (€233 million in the 3rd Quarter of 2010), amounted to €875 million, up €127 million or 17.0% compared with the same period of 2010.

Performance in the first nine months

Revenues in the first nine months of 2011 totaled €5,415 million, up €247 million or 4.8% compared with the year-earlier period. This change is essentially due to:
> an increase of €198 million in revenues in respect of grid connection fees (including equalization mechanisms);
> an increase of €34 million in revenues in respect of white certificates;
> an increase of €26 million in revenues for the sale of digital meters to the Spanish distribution companies of the Iberia and Latin America Division.
> the recognition in the 2nd Quarter of 2011 of income in the amount of €19 million connected with the settlement with F2i Reti Italia of a number of items relating to the sale in 2009 of 80% di Enel Rete Gas.

These positive effects were only partially offset by lower revenues from the transport of electricity (€30 million), essentially attributable to the impact of the recognition in the first nine months of 2010 of the rate component to remunerate the early replacement of electromechanical meters (€38 million).

The ***gross operating margin*** amounted to €3,129 million, up €303 million or 10.7%, attributable to:
> an increase of €198 million in grid connection fees (including equalization mechanisms), as noted in the comments on revenues;
> a decrease of €113 million in operating expenses, mainly attributable to the revision of the estimated charges for early retirement incentives (€83 million);
> the recognition of items relating to the sale of Enel Rete Gas (€19 million), as discussed earlier;
> a decrease of €27 million in the margin on the transport of electricity, associated mainly with the impact of the recognition in the first nine months of 2010 of the rate component to remunerate the early replacement of electromechanical meters (€38 million), as mentioned earlier, and the negative effect of the updating of distribution and metering rates, only partially offset by an increase in volumes distributed and the recognition of a number of prior-year items.

Operating income, after depreciation, amortization and impairment losses of €687 million (€673 million in the first nine months of 2010), amounted to €2,442 million, up €289 million or 13.4% compared with the same period of 2010.

Capital expenditure

Capital expenditure in the first nine months of 2011 totaled €934 million, up €150 million on the year-earlier period. It mainly regarded the work done on the medium and high-voltage grids for the connection of renewables plants.

Iberia and Latin America

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
19,979	17,749	2,230	12.6%	Thermal	55,566	44,342	11,224	25.3%
7,176	7,462	(286)	-3.8%	Nuclear	18,480	20,278	(1,798)	-8.9%
9,714	10,814	(1,100)	-10.2%	Hydroelectric	28,433	32,534	(4,101)	-12.6%
30	32	(2)	-6.3%	Wind	98	597	(499)	-83.6%
8	-	8	-	Other resources	26	60	(34)	-56.7%
36,907	**36,057**	**850**	**2.4%**	**Total net generation**	**102,603**	**97,811**	**4,792**	**4.9%**

Net electricity generation in the first nine months of 2011 amounted to 102,603 million kWh (36,907 million kWh in the 3rd Quarter of 2011), an increase of 4,792 million kWh compared with the corresponding period of 2010 (up 850 million kWh in the 3rd Quarter of 2011).
In the first nine months of 2011, net power generation in Europe increased by 5,677 million kWh (up 1,876 million kWh in the 3rd Quarter of 2011) essentially due to the increase in thermal generation (up 44.8%), which more than offset the reduction in nuclear generation due to the temporary shut-down of a number of plants (down 8.9%) and the decline in hydroelectric generation owing to poorer water availability in the period.
Net generation in Latin America declined by 885 million kWh, mainly as a result of lower hydroelectric generation (due to less favorable water availability in the period in all the Latin American countries in which the Division operates, with the exception of Colombia and Peru), partially offset by greater thermal generation in Argentina, Chile and Peru. A similar development was registered in the 3rd Quarter of 2011 (with a decrease of 1,026 million kWh) due largely to the decline in generation in Brazil, Colombia and Argentina.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2011		2010		Change			**2011**		2010		Change	
2,518	8.9%	2,433	9.3%	85	3.5%	High-sulfur fuel oil (S>0.25%)	7,118	9.2%	6,615	9.8%	503	7.6%
-	-	243	0.9%	(243)	-100.0%	Low-sulfur fuel oil (S<0.25%)	-	-	569	0.8%	(569)	-100.0%
2,518	*8.9%*	*2,676*	*10.2%*	*(158)*	*-5.9%*	*Total fuel oil*	*7,118*	*9.2%*	*7,184*	*10.6%*	*(66)*	*-0.9%*
6,797	24.0%	6,306	24.1%	491	7.8%	Natural gas	22,880	29.6%	19,460	28.9%	3,420	17.6%
9,235	32.6%	6,343	24.3%	2,892	45.6%	Coal	22,413	29.0%	13,395	19.9%	9,018	67.3%
7,514	26.6%	7,811	29.9%	(297)	-3.8%	Nuclear fuel	19,301	25.0%	21,168	31.4%	(1,867)	-8.8%
2,245	7.9%	2,995	11.5%	(750)	-25.0%	Other fuels	5,509	7.2%	6,166	9.2%	(657)	-10.7%
28,309	**100.0%**	**26,131**	**100.0%**	**2,178**	**8.3%**	**Total**	**77,221**	**100.0%**	**67,373**	**100.0%**	**9,848**	**14.6%**

Gross thermal generation in the first nine months of 2011 amounted to 77,221 million kWh, an increase of 9,848 million kWh compared with the first nine months of 2010 (up 2,178 million kWh in the 3rd Quarter of 2011). The generation mix used, which was especially weighted towards coal and natural gas, reflected both the unavailability of a number of plants and the price differential between the two periods for certain fuels, which had an impact on their use.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Free market:				
27,379	28,001	(622)	-2.2%	- Iberian peninsula	79,614	80,173	(559)	-0.7%
1,797	1,666	131	7.9%	- Latin America	5,544	5,339	205	3.8%
29,176	**29,667**	**(491)**	**-1.7%**	**Total free market**	**85,158**	**85,512**	**(354)**	**-0.4%**
				Regulated market:				
12,487	11,187	1,300	11.6%	- Latin America	36,464	32,498	3,966	12.2%
12,487	**11,187**	**1,300**	**11.6%**	**Total regulated market**	**36,464**	**32,498**	**3,966**	**12.2%**
41,663	**40,854**	**809**	**2.0%**	**Total**	**121,622**	**118,010**	**3,612**	**3.1%**
27,379	28,001	(622)	-2.2%	- of which Iberian peninsula	79,614	80,173	(559)	-0.7%
14,284	12,853	1,431	11.1%	- of which Latin America	42,008	37,837	4,171	11.0%

Electricity sales to end users in the first nine months of 2011 amounted to 121,622 million kWh (41,663 million kWh in the 3rd Quarter of 2011), up 3,612 million kWh compared with the same period of 2010 (up 809 million kWh in the 3rd Quarter of 2011). The increase of 4,171 million kWh in the first nine months of 2011 in sales in Latin America (especially in Chile) as a result of stronger electricity demand was accompanied by stable quantities sold in the Iberian peninsula. A similar trend was reported for the 3rd Quarter of 2011.

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
8,185	7,803	382	Revenues	24,029	22,646	1,383
9	(11)	20	Net income/(charges) from commodity risk management	1	15	(14)
1,951	*1,983*	*(32)*	*Gross operating margin*	*5,562*	*6,030*	*(468)*
1,253	1,170	83	Operating income	3,450	3,748	(298)
			Employees at period-end (no.) (1)	23,004	24,731 (2)	(1,727)
			Capital expenditure (3)	1,425	1,386	39

(1) Includes 109 in units classified as "Held for sale" at September 30, 2011 (1,809 at December 31, 2010).
(2) At December 31, 2010.
(3) The figure for the first nine months of 2011 does not include €82 million in capital expenditure regarding units classified as "Held for sale".

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	**Revenues**			**Gross operating margin**			**Operating income**		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Europe	5,619	5,158	461	1,062	1,110	(48)	644	588	56
Latin America	2,566	2,645	(79)	889	873	16	609	582	27
Total	**8,185**	**7,803**	**382**	**1,951**	**1,983**	**(32)**	**1,253**	**1,170**	**83**

Revenues in the 3rd Quarter of 2011 rose by €382 million as a result of:

> a €461 million increase in revenues in Europe, essentially due to increased revenues from electricity generation, partially offset by the decline in revenues from distribution operations following the sale of the power transmission networks in Spain;

> a €79 million decrease in revenues in Latin America due to lower quantities of electricity generated in nearly all the Latin American countries.

The ***gross operating margin*** amounted to €1,951 million, down €32 million or 1.6% from the same period of 2010, as a result of:

> a decrease of €48 million in the gross operating margin in Europe, essentially due to the decline in the electricity margin (€89 million) as well as the negative impact (€59 million) of the change in the scope of consolidation attributable to the power transmission grid and the natural gas distribution network in Spain and the transfer of Enel Green Power España to the Renewable Energy Division. These effects were partially offset by an increase in the margin on the distribution and sale of electricity;

> an increase of €16 million in the gross operating margin in Latin America, due mainly to the increase in the electricity margin (€63 million), partially offset by the adverse impact of the appreciation of the euro against the main Latin American currencies (€52 million).

Operating income in the 3rd Quarter of 2011, after depreciation, amortization and impairment losses of €698 million (€813 million in the 3rd Quarter of 2010), amounted to €1,253 million, an increase of €83 million compared with the same period of 2010.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Europe	16,484	15,416	1,068	3,214	3,561	(347)	1,880	2,145	(265)
Latin America	7,545	7,230	315	2,348	2,469	(121)	1,570	1,603	(33)
Total	**24,029**	**22,646**	**1,383**	**5,562**	**6,030**	**(468)**	**3,450**	**3,748**	**(298)**

Revenues in first nine months of 2011 rose by €1,383 million as a result of:

> a €1,068 million increase in revenues in Europe, essentially due to increased revenues from electricity generation (of which €349 million in higher grants for extra-peninsular generation), partially offset by the decline in revenues from distribution operations following the sale of the power transmission networks in Spain and the effect of the transfer of Enel Green Power España to the Renewable Energy Division;

> a €315 million increase in revenues in Latin America, due to increased quantities of electricity sold in all the Latin American countries, especially Chile. These effects were accompanied by the proceeds (€15 million) registered from the sales of Compañía Americana de Multiservicios and Synapsis IT Soluciones y Servicios.

The ***gross operating margin*** amounted to €5,562 million, down €468 million or 7.8% from the same period of 2010, as a result of:

> a decrease of €347 million in the gross operating margin in Europe, essentially due to the decline in the electricity margin (€282 million) as well as the negative impact (€188 million) of the change in the scope of consolidation attributable to the disposal of the power transmission grid and the natural gas distribution network in Spain and the transfer of Enel Green Power España noted above. These effects were partially offset by an increase in the margin on distribution and by other revenues, essentially relating to insurance payments;

> a reduction of €121 million in the gross operating margin in Latin America, which reflects the recognition in 2011 of the net-worth tax (€109 million) in Colombia following the reform of tax law with the entry into force of Law 1430/2010.

Operating income in the first nine months of 2011, after depreciation, amortization and impairment losses of €2,112 million (€2,282 million in the first nine months of 2010), amounted to €3,450 million, a decrease of €298 million compared with the same period of 2010. More specifically the reduction in depreciation, amortization and impairment losses in the first nine months of 2011 includes the impact of the revision of the useful lives of the plants of Compañía de Interconexión Energética (CIEN), a company providing interconnection services between Brazil and Argentina, as well as the effect of the change in the scope of consolidation (essentially attributable to the disposal of the Spanish high-voltage grid).

Capital expenditure

Capital expenditure totaled €1,425 million, up €39 million compared with the same period of the previous year. In particular, capital expenditure in the first nine months of 2011 concerned work on generation plants, including: in Spain and Portugal, the construction of combined-cycle plants (Besos and Granadilla 2), maintenance at the Asco and Vandellos nuclear plants, and the expansion of generation capacity of the Almaraz nuclear power plant; in Latin America, among other projects, the construction of the coal-fired Bocamina II plant and the El Quimbo hydroelectric plant in Colombia.

International

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
10,893	12,535	(1,642)	-13.1%	Thermal	35,397	36,583	(1,186)	-3.2%
3,263	3,001	262	8.7%	Nuclear	10,656	10,189	467	4.6%
1,038	1,474	(436)	-29.6%	Hydroelectric	3,062	4,023	(961)	-23.9%
6	7	(1)	-14.3%	Other resources	18	15	3	20.0%
15,200	**17,017**	**(1,817)**	**-10.7%**	**Total net generation**	**49,133**	**50,810**	**(1,677)**	**-3.3%**

Net generation by the International Division in the first nine months of 2011 amounted to 49,133 million kWh (15,200 million kWh in the 3rd Quarter of 2011), a decrease of 1,677 million kWh compared with the corresponding period of 2010 (down 1,817 million kWh compared with the 3rd Quarter of 2010). The change is attributable to the disposal of Enel Maritza East 3 AD in June 2011 (for a decrease of 719 million kWh), lower output in Russia by Enel OGK-5 (down 535 million kWh, essentially attributable to the unavailability of a number of plants for maintenance), and in Slovakia by Slovenské elektrárne (down 423 million kWh), where greater nuclear generation was more than offset by lower hydroelectric output due to poorer water availability during the period.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2011		2010		Change			**2011**		2010		Change	
27	0.2%	20	0.1%	7	35.0%	High-sulfur fuel oil (S>0.25%)	94	0.2%	110	0.2%	(16)	-14.5%
6,101	40.7%	6,059	36.5%	42	0.7%	Natural gas	17,181	35.1%	15,785	31.6%	1,396	8.8%
5,361	35.7%	7,252	43.8%	(1,891)	-26.1%	Coal	20,229	41.3%	23,125	46.3%	(2,896)	-12.5%
3,514	23.4%	3,247	19.6%	267	8.2%	Nuclear fuel	11,453	23.4%	10,975	21.9%	478	4.4%
15,003	**100.0%**	**16,578**	**100.0%**	**(1,575)**	**-9.5%**	**Total**	**48,957**	**100.0%**	**49,995**	**100.0%**	**(1,038)**	**-2.1%**

Gross thermal generation in the first nine months of 2011 fell by 1,038 million kWh (down 1,575 million kWh in the 3rd Quarter of 2011) to 48,957 million kWh (15,003 million kWh in the 3rd Quarter of 2011). The resources that posted increases, which included natural gas generation in Russia and nuclear generation in Slovakia, were partially offset by lower coal generation as a result of the unavailability of Enel OGK-5 plants mentioned above and the disposal of Enel Maritza East 3 AD.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Free market:				
289	245	44	18.0%	- Romania	790	679	111	16.3%
3,141	1,284	1,857	144.6%	- France	7,988	4,122	3,866	93.8%
5,176	4,487	689	15.4%	- Russia	16,394	10,308	6,086	59.0%
907	534	373	69.9%	- Slovakia	2,676	1,621	1,055	65.1%
9,513	**6,550**	**2,963**	**45.2%**	**Total free market**	**27,848**	**16,730**	**11,118**	**66.5%**
				Regulated market:				
1,824	1,947	(123)	-6.3%	- Romania	5,727	6,140	(413)	-6.7%
60	1,321	(1,261)	-95.5%	- Russia	196	5,201	(5,005)	-96.2%
1,884	**3,268**	**(1,384)**	**-42.4%**	**Total regulated market**	**5,923**	**11,341**	**(5,418)**	**-47.8%**
11,397	**9,818**	**1,579**	**16.1%**	**Total**	**33,771**	**28,071**	**5,700**	**20.3%**
2,113	2,192	(79)	-3.6%	*- of which Romania*	6,517	6,819	(302)	-4.4%
3,141	1,284	1,857	144.6%	*- of which France*	7,988	4,122	3,866	93.8%
5,236	5,808	(572)	-9.8%	*- of which Russia*	16,590	15,509	1,081	7.0%
907	534	373	69.9%	*- of which Slovakia*	2,676	1,621	1,055	65.1%

Electricity sold by the International Division in the first nine months of 2011 rose by 5,700 million kWh (up 1,579 million kWh in the 3rd Quarter of 2011), mainly attributable to an increase of 3,866 million kWh (up 1,857 million kWh in the 3rd Quarter of 2011) in sales by Enel France as a result of the greater anticipated capacity available compared with the corresponding period of 2010, an increase of 1,081 million kWh (down 572 million kWh in the 3rd Quarter of 2011 due to a change in the 3rd Quarter of 2010 in the method used to measure electricity supplies) on the Russian market following the expansion of operations to new regions, and a rise of 1,055 million kWh (up 373 million kWh in the 3rd Quarter of 2011) in sales in Slovakia. The increase was only partially offset by the decline of 302 million kWh in the sales of the Romanian companies (down 79 million kWh in the 3rd Quarter of 2011).

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
1,831	1,643	188	Revenues	5,650	4,754	896
8	16	(8)	Net income/(charges) from commodity risk management	(2)	3	(5)
402	*363*	*39*	*Gross operating margin*	*1,200*	*1,204*	*(4)*
275	181	94	Operating income	771	762	9
			Employees at period-end (no.) (1)	14,206	14,876 (2)	(670)
			Capital expenditure (3)	979	779	200

(1) Includes 503 in units classified as "Held for sale" at December 31, 2010.
(2) At December 31, 2010.
(3) The figure for the first nine months of 2011 does not include €4 million regarding units classified as "Held for sale".

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	**Revenues**			**Gross operating margin**			**Operating income**		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Central Europe	964	671	293	194	161	33	121	48	73
South-eastern Europe	244	288	(44)	69	94	(25)	44	54	(10)
Russia	623	684	(61)	139	108	31	110	79	31
Total	**1,831**	**1,643**	**188**	**402**	**363**	**39**	**275**	**181**	**94**

Revenues in the 3rd Quarter of 2011 rose by €188 million or 11.4%, going from €1,643 million to €1,831 million. The performance was related to the following factors:

> an increase of €293 million in revenues in Central Europe, mainly associated with the increase in volumes sold in Slovakia and France;

> a decrease of €44 million in revenues in south-eastern Europe as a result of the change in the scope of consolidation following the sale of the Bulgarian companies and the decline in the revenues of the Romanian sales companies as a result of the greater opening of the market;

> a decrease of €61 million in revenues in Russia, mainly attributable to lower volumes generated and sold by RusEnergoSbyt and Enel OGK-5.

The ***gross operating margin*** amounted to €402 million, an increase of €39 million compared with the 3rd Quarter of 2010. The performance was the result of:

> an increase of €33 million in the gross operating margin in Central Europe, essentially attributable to Slovenské elektrárne;

> an increase of €31 million in the gross operating margin in Russia, the joint effect of the increase in the margin of RusEnergoSbyt (€21 million) and Enel OGK-5 (€10 million);

> a decrease of €25 million in the margin in south-eastern Europe, mainly due to the decrease in the electricity margins achieved in Romania and to the sale of the Bulgarian companies mentioned above.

Operating income in the 3rd Quarter of 2011 amounted to €275 million, an increase of €94 million compared with the corresponding period of 2010 (up 51.9%), comprising a decrease of €55 million in depreciation, amortization and impairment losses.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	**Revenues**			**Gross operating margin**			**Operating income**		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Central Europe	2,754	1,998	756	573	663	(90)	374	419	(45)
South-eastern Europe	875	899	(24)	259	266	(7)	114	147	(33)
Russia	2,021	1,857	164	368	275	93	283	196	87
Total	**5,650**	**4,754**	**896**	**1,200**	**1,204**	**(4)**	**771**	**762**	**9**

Revenues in the first nine months of 2011 rose by €896 million or 18.8%, going from €4,754 million to €5,650 million. The performance was related to the following factors:

> an increase of €756 million in revenues in Central Europe, mainly associated with the increase of revenues in Slovakia (€540 million) and France (€216 million), due to an increase in volumes sold;

> an increase of €164 million in revenues in Russia, mainly attributable to higher volumes sold by RusEnergoSbyt and a rise in unit sales prices for the electricity generated and sold by Enel OGK-5;

> a decrease of €24 million in revenues in south-eastern Europe as a result of the loss of generation revenues from the Bulgarian companies after their sale in June 2011 (Enel Maritza East 3, Enel Operations Bulgaria and their holding companies) and the decline in revenues of the sales companies as a result of the greater opening of the market. These effects were only partially offset by the gain on the above disposal in the amount of €12 million.

The ***gross operating margin*** amounted to €1,200 million, broadly in line with the first nine months of 2010. The decline of €4 million was the result of:

> a decrease of €90 million in the gross operating margin in Central Europe, essentially attributable to the effect of the recognition in the first nine months of 2010 of lower charges as a result of the revisions of estimates by Slovenské elektrárne for the provision for the disposal of spent nuclear fuel (€116 million);

> a decrease in the margin in south-eastern Europe, especially in Romania, which more than offset the gain of the sale of the Bulgarian companies mentioned above (€12 million);

> an increase of €93 million in the gross operating margin in Russia, the joint effect of the increase in the margin of Enel OGK-5 as a result of the rise in average sales prices (€53 million) and of RusEnergoSbyt due to greater volumes sold (€40 million).

Operating income in the first nine months of 2011 amounted to €771 million, in line with performance in the corresponding period of 2010, taking account of a decrease of €13 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure came to €979 million, up €200 million from the same period of the previous year. The change in essentially attributable to greater capital expenditure on nuclear generation plants (associated with Slovenské elektrárne), partially offset by lower capital expenditure on thermal plants.

Renewable Energy

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Italy:				
1,280	1,355	(75)	-5.5%	Hydroelectric	4,532	4,869	(337)	-6.9%
1,314	1,209	105	8.7%	Geothermal	3,970	3,721	249	6.7%
154	114	40	35.1%	Wind	554	482	72	14.9%
10	1	9	-	Other resources (1)	13	1	12	-
2,758	**2,679**	**79**	**2.9%**	**Total net generation in Italy**	**9,069**	**9,073**	**(4)**	**-**
				International:				
1,022	1,113	(91)	-8.2%	Hydroelectric	3,372	3,372	-	-
47	45	2	4.4%	Geothermal	187	178	9	5.1%
1,070	955	115	12.0%	Wind	3,700	2,766	934	33.8%
158	169	(11)	-6.5%	Other resources	483	399	84	21.1%
2,297	**2,282**	**15**	**0.7%**	**Total net generation abroad**	**7,742**	**6,715**	**1,027**	**15.3%**
5,055	**4,961**	**94**	**1.9%**	**TOTAL**	**16,811**	**15,788**	**1,023**	**6.5%**

(1) The figure for 2010 takes account of a more accurate calculation of quantities generated.

Net electricity generation in the first nine months of 2011 increased by 1,023 million kWh (up 6.5%) to reach 16,811 million kWh (5,055 million kWh in the 3rd Quarter of 2011). The increase is attributable to a rise of 1,027 million kWh (up 15 million kWh in the 3rd Quarter of 2011) in generation abroad, where wind output benefited from the change in the scope of consolidation in respect of the acquisition (from the Iberia and Latin America Division) of Enel Green Power España, and greater generation at the Smoky I and II, Snyder and New York Wind wind farms, all in the United States.

Net electricity generation in Italy in the first nine months of 2011 was in line with that in the same period of the previous year, as a decrease of 337 million kWh in hydroelectric generation was offset by higher geothermal (as a result of a rise in installed capacity) and wind generation. A similar pattern was registered in the 3rd Quarter of 2011.

Performance

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
530	543	(13)	Revenues	1,859	1,517	342
(4)	1	(5)	Net income/(charges) from commodity risk management	(1)	64	(65)
307	*315*	*(8)*	*Gross operating margin*	*1,183*	*966*	*217*
205	224	(19)	Operating income	889	719	170
			Employees at period-end (no.) [1]	3,167	2,955 [2]	212
			Capital expenditure	1,033	593	440

(1) Includes 12 in units classified as "Held for sale" at December 31 2010.
(2) At December 31, 2010.

Performance in the 3rd Quarter

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Italy and the rest of Europe	325	359	(34)	197	207	(10)	149	165	(16)
Iberia and Latin America	172	143	29	98	94	4	56	56	-
North America	33	41	(8)	12	14	(2)	-	3	(3)
Total	**530**	**543**	**(13)**	**307**	**315**	**(8)**	**205**	**224**	**(19)**

Revenues fell by €13 million or 2.4%, going from €543 million to €530 million. The change was due to:

> a decrease of €34 million in revenues in Italy and the rest of Europe, essentially due to the impact of lower revenues from the sale of photovoltaic panels, which more than offset the increase in revenues from generation;

> a decrease of €8 million in revenues in North America;

> an increase of €29 million in revenues in the Iberian peninsula and Latin America.

The ***gross operating margin*** amounted to €307 million, down €8 million or 2.5% compared with the 3rd Quarter of 2010.

Operating income totaled €205 million, a decline of €19 million, taking account of an increase of €11 million in depreciation, amortization and impairment losses.

Performance in the first nine months

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Italy and the rest of Europe	1,045	1,015	30	638	677	(39)	501	560	(59)
Iberia and Latin America	674	386	288	460	226	234	337	132	205
North America	140	116	24	85	63	22	51	27	24
Total	**1,859**	**1,517**	**342**	**1,183**	**966**	**217**	**889**	**719**	**170**

Revenues rose by €342 million (up 22.5%), going from €1,517 million to €1,859 million. The change is due to:

> an increase of €288 million in revenues in the Iberian peninsula and Latin America due mainly to:
- the adjustment to fair value of the net assets of Sociedad Eólica de Andalucía and TP - Sociedade Térmica Portuguesa (previously accounted for using the equity method) with respect to the portion held prior to the acquisition of an additional stake in the company that gave Enel full control (€45 million), as well as the remeasurement at fair value of the net assets already held in Enel Unión Fenosa Renovables (€76 million);
- the recognition of a gain of €44 million on the sale of the assets of Enel Unión Fenosa Renovables to Gas Natural;
- the change in the scope of consolidation already mentioned and higher average sales prices;

> an increase of €30 million in revenues in Italy and the rest of Europe, essentially as a result of:
- higher revenues from generation in Italy, mainly attributable to increased sales of green certificates and the rise in average sales prices, which more than offset the lower revenues in respect of subsidized CIP 6 electricity;
- a €9 million increase in revenues from the rest of Europe;
- a €31 million decrease in revenues for Enel.si;

> an increase of €24 million in revenues in North America, mainly attributable to a number of insurance payments and the indemnity received from the Canadian authorities in settlement of a dispute.

The ***gross operating margin*** amounted to €1,183 million, up €217 million or 22.5% compared with the first nine months of 2010. The increase is attributable to:

> a €234 million increase in the margin in the Iberian peninsula and in Latin America attributable to the remeasurement at fair value of the net assets held in Sociedad Eólica de Andalucía, TP - Sociedade Térmica Portuguesa and Enel Unión Fenosa Renovables, as well as the recognition of the gain on the sale of the assets of Enel Unión Fenosa Renovables to Gas Natural, as noted in the comments on revenues, in addition to higher generation margins achieved in Spain and the Latin American countries as a result of higher average sales prices;

> a €22 million increase the margin in North America, mainly attributable to the factors noted under revenues above;

> a €39 million reduction in the margin achieved in Italy and the rest of Europe, due mainly to lower revenues from subsidized CIP 6 electricity and an increase in costs for personnel and services, partly associated with the expansion in installed capacity.

Operating income totaled €889 million, an increase of €170 million, despite an increase of €47 million in depreciation, amortization and impairment losses, essentially attributable to the change in the scope of consolidation.

Capital expenditure

Capital expenditure in the first nine months of 2011 totaled €1,033 million, up €440 million compared with the same period of the previous year. Investments in the period mainly regarded wind plants in Italy and Europe, Iberia and North America (€668 million), solar plants in Italy, Greece and North America (€174 million), hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€93 million) and geothermal plants in Italy and Chile (€58 million).

Parent Company, Services and Other Activities

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
			Parent Company			
174	161	13	Revenues	514	484	30
(14)	*(13)*	*(1)*	*Gross operating margin*	*(42)*	*(16)*	*(26)*
(16)	(15)	(1)	Operating income	(49)	(21)	(28)
			Employees at period-end (no.)	863	803 (1)	60
			Capital expenditure	3	2	1
			Services and Other Activities			
349	262	87	Revenues	878	786	92
66	*44*	22	*Gross operating margin*	*160*	*117*	*43*
43	21	22	Operating income	88	40	48
			Employees at period-end (no.)	4,285	4,033 (1)	252
			Capital expenditure	25	41	(16)

(1) At December 31, 2010 restated.

Parent Company

Performance in the 3rd Quarter

Revenues in the 3rd Quarter of 2011 amounted to €174 million, an increase of €13 million or 8.1% compared with the same period of 2010, the net effect of:

> an €11 million increase in revenues from the sale of electricity to the Single Buyer;
> a €5 million increase in revenues for support and staff activities performed by the Parent Company for the Group companies;
> the effect of the recognition in the 3rd Quarter of 2010 of the proceeds from the sale of 39% of Idrosicilia (€3 million).

The ***gross operating margin*** in the 3rd Quarter of 2011 was a negative €14 million, in line with the performance registered in the year-earlier period.

Operating income showed a loss of €16 million, in line with developments in the gross operating margin.

Performance in the first nine months

Revenues in the first nine months of 2011 amounted to €514 million, an increase of €30 million or 6.2% compared with the same period of 2010, essentially attributable to:

> a €20 million increase in revenues from the sale of electricity to the Single Buyer, essentially ascribable to a rise in the average sales price, as quantities sold were virtually unchanged;
> a €13 million increase in revenues for support and staff activities performed by the Parent Company for the Group companies;
> the effect of the recognition in the same period of 2010 of the proceeds from the sale of 39% of Idrosicilia (€3 million).

The ***gross operating margin*** in the first nine months of 2011 was a negative €42 million, a deterioration of €26 million. The fall is largely attributable to an increase of €27 million in operating costs, with the margin on electricity remaining in line with the same period of the previous year.

Operating income showed a loss of €49 million, a deterioration of €28 million compared with the first nine months of 2010, in line with developments in the gross operating margin.

Capital expenditure

Capital expenditure in the first nine months of 2011 came to €3 million.

Services and Other Activities

Performance in the 3rd Quarter

Revenues for the Services and Other Activities area in the 3rd Quarter of 2011 came to €349 million, up €87 million compared with the year-earlier period. The increase essentially reflects higher revenues for IT services and for telephony services for Group companies.

The ***gross operating margin*** in the 3rd Quarter of 2011 amounted to €66 million, up €22 million from the same period of the previous year as a result of the positive effects of margins on contracts.

Operating income in the 3rd Quarter of 2011 amounted to €43 million, up €22 million compared with the 3rd Quarter of 2010.

Performance in the first nine months

Revenues for the Services and Other Activities area in the first nine months of 2011 came to €878 million, up €92 million compared with the year-earlier period. The increase essentially reflects higher revenues for IT services and for telephony services for Group companies. These factors were partially offset by a decrease in revenues from the sale of goods.

The ***gross operating margin*** in the first nine months of 2011 amounted to €160 million, up €43 million or 36.8% from the same period of the previous year as a result of the positive effects of margins on contracts and the revised estimate of liabilities for employee retirement incentives (€11 million).

Operating income in the first nine months of 2011 amounted to €88 million, up €48 million compared with the first nine months of 2010, comprising a decrease of €5 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure in the first nine months of 2011 came to €25 million, down €16 million compared with the same period of 2010.

Significant events in the 3rd Quarter of 2011

LaGeo dispute: international arbitration board issues ruling

On July 5, 2011, the International Chamber of Commerce notified the parties of the ruling issued by the arbitration board on May 30, 2011 in Paris, in the international arbitration proceeding initiated by Enel Green Power against its partner in LaGeo, Inversiones Energéticas (INE), for recognition of its right to finance investments in LaGeo by means of capitalization of such investments, thus achieving the majority stake in the Salvadorean company's share capital. The arbitration board recognized Enel Green Power's right to make further investments through LaGeo in geothermal energy in El Salvador and to capitalize such investments in LaGeo itself by way of the subscription of new shares in that company. This right, which is provided for in the agreement between LaGeo shareholders of June 4, 2002, will enable Enel Green Power to acquire the majority of LaGeo's share capital. In addition, the arbitration board dismissed as unfounded a counterclaim brought by INE against Enel Green Power for alleged damages.

Bond issue on European market

On July 12, 2011, Enel SpA, acting through its subsidiary Enel Finance International, placed – in execution of the resolution of the Board of Directors of Enel SpA of June 16, 2011 – a multi-tranche bond issue totaling €1,750 million targeted at institutional investors on the European market, under its Global Medium Term Notes program.

The transaction, led by a syndicate of banks consisting of Banca IMI, BNP Paribas, Deutsche Bank, Société Générale and Unicredit in their capacity of joint-bookrunners, received subscriptions of about €7,500 million. The issue is structured into the following tranches (all guaranteed by Enel SpA):

- €1,000 million fixed-rate 4.125% bond maturing July 12, 2017.
- €750 million fixed-rate 5% bond maturing July 12, 2021.

Agreement to develop hydroelectric sector in the province of Belluno

On July 15, 2011, Enel Produzione and En&En SpA, a company involved in the development of energy projects, signed an agreement to develop new hydroelectric projects in the province of Belluno. The accord provides for the establishment of a new company (called ENergy Hydro Piave) held by Enel Produzione (51%) and En&En (49%) – or companies directly controlled by that company – to build and operate new hydroelectric plants in the province, in synergy with the existing Enel Produzione plants in the area and leveraging the contribution of the local business community. Enel Produzione and En&En have initiated the process of obtaining permits for two projects with a total capacity of about 60 MW, with the aim of obtaining, through ENergy Hydro Piave, the award of the first 30-year diversion concession from the Region of Veneto by the end of 2011.

2011 interim dividend

On September 28, 2011, the Board of Directors of Enel SpA approved the financial statements of Enel SpA at June 30, 2011 and the associated report, which indicated that the performance and financial position of the Company and the Group would allow the distribution of an interim dividend for 2011 equal to €0.10 per share, to be paid as from November 24, 2011, with an ex dividend date of November 21, 2011.

EIB loan to finance investments by Enel Distribuzione

On September 30, 2011 Enel Distribuzione signed an agreement with the European Investment Bank ("EIB") for a €350 million loan (called "Enel Efficienza Rete III") to cover a portion of its investments to improve the efficiency of the national electricity network, a project envisaged in its 2012-2014 business plan.

The EIB also indicated its willingness to providing further funding for these investments up to a total of €1 billion.

The 20-year "Enel Efficienza Rete III" financing agreement (maturing December 15, 2031) has a 5-year grace period that runs until December 15, 2016. The funds will be disbursed by the end of 2011 and secured with a parent company guarantee provided by Enel SpA.

The loan terms provide for the application of a spread of 70 basis points over Euribor.

Reference scenario

Developments in the main market indicators

	First nine months	
	2011	2010
Market indicators		
Average IPE Brent oil price ($/bbl)	111.5	77.9
Average price of low-sulfur fuel oil ($/t) (1)	650.7	467.1
Average price of coal ($/t CIF ARA) (2)	123.8	86.2
Average price of gas (Gbpence/therm) (3)	57.2	39.8
Average dollar/euro exchange rate	1.41	1.315
Six-month Euribor (average for the period)	1.61%	1.03%

(1) Platt's CIF Med index.
(2) API#2 index.
(3) Belgium Zeebrugge index.

The prices in the fuel market displayed a rising trend in the two periods under review, mainly attributable to the recovery in economic activity in all the main international markets. Developments in the money markets were largely attributable to the crisis in the financial markets.

Italy

The electricity market

Domestic electricity generation and demand

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Net electricity generation:				
56,126	56,923	(797)	-1.4%	- thermal	164,957	163,544	1,413	0.9%
12,828	13,135	(307)	-2.3%	- hydroelectric	37,802	41,104	(3,302)	-8.0%
1,824	1,590	234	14.7%	- wind	6,501	6,133	368	6.0%
1,315	1,214	101	8.3%	- geothermal	3,978	3,735	243	6.5%
4,080	695	3,385	-	- photovoltaic	6,776	1,484	5,292	-
76,173	**73,557**	**2,616**	3.6%	**Total net electricity generation**	**220,014**	**216,000**	**4,014**	1.9%
9,477	10,758	(1,281)	-11.9%	Net electricity imports	32,221	33,742	(1,521)	-4.5%
85,650	**84,315**	**1,335**	1.6%	**Electricity delivered to the network**	**252,235**	**249,742**	**2,493**	1.0%
(591)	(785)	194	24.7%	Consumption for pumping	(1,772)	(3,434)	1,662	48.4%
85,059	**83,530**	**1,529**	1.8%	**Electricity demand**	**250,463**	**246,308**	**4,155**	1.7%

Source: Terna – Rete Elettrica Nazionale (monthly report – September 2011).

Domestic *electricity demand* in the first nine months of 2011 came to 250.5 TWh (85.1 TWh in the 3rd Quarter of 2011), up 1.7% on the same period of 2010 (up 1.8% in the 3rd

Quarter of 2011). Of this total, 87.1% was met by net domestic electricity generation for consumption (86.3% in the first nine months of 2010), with the remaining 12.9% being met by net electricity imports (13.7% in the first nine months of 2010).

Net electricity imports in the first nine months of 2011 decreased by 1.5 TWh (down 1.3 TWh in the 3rd Quarter) as a result of the narrower electricity price differential between the domestic market and the other European countries in the two periods, mainly in the 3rd Quarter of 2011 (down 11.9%).

Net electricity generation in the first nine months of 2011 increased by 1.9% or 4.0 TWh, mainly attributable to an increase in photovoltaic generation (up 5.3 TWh) and thermal generation (up 1.4 TWh). These factors were only partially offset by a decline in hydroelectric generation (down 3.3 TWh), attributable to better water availability conditions in the year-earlier period. A similar pattern was seen in the 3rd Quarter of 2011, with the exception of thermal generation, which fell by 0.8 TWh or 1.4%.

The gas market

Domestic gas demand

3rd Quarter				Billions of m^3	First nine months			
2011	2010	Change			**2011**	2010	Change	
2.1	2.0	0.1	5.0%	Residential and civil	20.0	21.9	(1.9)	-8.7%
3.9	3.7	0.2	5.4%	Industrial and services	12.8	12.4	0.4	3.2%
7.2	7.8	(0.6)	-7.7%	Thermal generation	21.5	22.2	(0.7)	-3.2%
0.5	0.6	(0.1)	-16.7%	Other (1)	1.5	1.7	(0.2)	-11.8%
13.7	**14.1**	**(0.4)**	**-2.8%**	**Total**	**55.8**	**58.2**	**(2.4)**	**-4.1%**

(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 the first nine months of 2011 decreased by 4.1% to 55.8 billion cubic meters compared with the year-earlier period.
The decline involved all categories of consumption, with the exception of the industrial and services segment, which rose by 3.2%. Residential and civil consumption diminished, essentially due to colder weather in the 1st Quarter of 2010. A similar pattern was seen in the 3rd Quarter of 2011.

Spain

The electricity market

Electricity generation and demand in the peninsular market

3rd Quarter				Millions of kWh	First nine months			
2011	2010	Change			**2011**	2010	Change	
				Gross electricity generation – ordinary regime:				
27,903	28,489	(586)	-2.1%	- thermal	70,761	65,854	4,907	7.5%
15,767	16,660	(893)	-5.4%	- nuclear	43,100	45,918	(2,818)	-6.1%
3,902	6,012	(2,110)	-35.1%	- hydroelectric	22,251	31,188	(8,937)	-28.7%
47,572	**51,161**	**(3,589)**	-7.0%	**Total gross electricity generation – ordinary regime**	**136,112**	**142,960**	**(6,848)**	-4.8%
(2,004)	(2,026)	22	1.1%	Consumption for auxiliary services	(5,316)	(4,941)	(375)	-7.6%
20,758	19,844	914	4.6%	Electricity generation – special regime	68,956	66,363	2,593	3.9%
66,326	**68,979**	**(2,653)**	-3.8%	**Net electricity generation**	**199,752**	**204,382**	**(4,630)**	-2.3%
(1,228)	(2,724)	1,496	54.9%	Net electricity exports	(4,674)	(6,188)	1,514	24.5%
(564)	(664)	100	15.1%	Consumption for pumping	(2,219)	(3,333)	1,114	33.4%
64,534	**65,591**	**(1,057)**	-1.6%	**Electricity demand**	**192,859**	**194,861**	**(2,002)**	-1.0%

Source: Red Eléctrica de España - (*Balance eléctrico diario peninsular* – September 2011 report). Volumes at September 30, 2011 based on estimates made October 3, 2011. The September 30, 2010 volumes reflect the final figures published on July 6, 2011.

Electricity demand in the peninsular market declined by 1.0% in the first nine months of 2011, compared with the year-earlier period, to 192.9 TWh. This contraction was largely concentrated in the 3rd Quarter of 2011, when demand fell by 1.6% or 1.1 TWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in the first nine months of 2011 were lower than in the same period of 2010 (down 24.5%), with an especially steep decline in the 3rd Quarter of the year (down 54.9%).

Net electricity generation fell by 2.3% or 4.6 TWh in the first nine months of 2011, only partially offset by the increase in thermal generation (up 4.9 TWh), and greater generation under the special regime.

Regulatory and rate issues

Third Energy Package

Under the regulatory framework set out in the Third Energy Package, approved in April 2009, the European Commission gave the Agency for the Cooperation of Energy Regulators (ACER) the task of preparing Framework Guidelines (FG) to be used by ENTSO-E, and eventually the national network operators, in preparing network codes.

During the summer, the FG on Capacity Allocation Mechanisms for the European Gas Transmission Networks; the FG on Electricity Grid Connections and the FG on Capacity Allocation and Congestion Management for Electricity were issued. The following FG are currently in the consultation stage: the FG on System Operation, the FG on Gas Balancing in Transmission Systems and the FG on Interoperability Rules for European Gas Transmission Networks.

The deadline for transposing the Third Energy Package into national legislation expired on March 3, 2011. The new regulations contain measures for completely liberalizing the electricity and gas market and strengthening the energy security and competitiveness of the European Union.

The Third Energy Package is comprised of 2 directives and 3 regulations:

> Directive 2009/72/EC (Common rules for the internal market in electricity);
> Directive 2009/73/EC (Common rules for the internal market in natural gas);
> Regulation (EC) no. 714/2009 (Conditions for access to the network for cross-border exchanges in electricity);
> Regulation (EC) no. 715/2009 (Conditions for access to the natural gas transmission networks);
> Regulation (EC) no. 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER).

The Member States have lagged considerably in transposing the Third Package. In its "Report on progress in creating the internal gas and electricity market", the European Commission announced that as at June 1, 2011, no Member State had notified full transposition of the Third Package, although four Member States had transmitted a partial notification.

On May 31, 2011, the Italian Government approved the draft legislative decree transposing Directives 2009/72/EC and 2009/73/EC concerning electricity and gas. The decree (Legislative Decree 93/2011) was published in the *Gazzetta Ufficiale* on June 28, 2011.

The main provisions include:

> unbundling of the Transmission System Operator (TSO). In the electricity sector, the unbundling of ownership was confirmed and the TSO was expressly prohibited from operating power plants. For the gas sector, an Independent Transmission Operator model has been adopted, with a vertically integrated ownership structure, more stringent functional separation rules and control and approval powers for the Authority for Electricity and Gas (the Authority);
> integration of Renewable Energy Sources (RES) generation: the operator of the National Transmission Grid and distribution companies may install storage systems on the networks they operate in order to optimize generation from renewable resources. A subsequent ministerial decree will be issued to define procedures for organizing tenders

for the construction of new pumping plants in order to integrate renewables into the electrical system more effectively;

- exemption from third-party access (TPA) obligation. In the electricity sector, the length of the TPA obligation will now be set on a case-by-case basis, with the obligation lapsing if the infrastructure has not entered service or has not been completed with the time limits set in the Directive. In the gas sector, in addition to the time limits provided for with regard to the electricity sector, the new rules provide for a cap of 25 years for the duration of the exemption and for an open-season procedure to assess the interest of third parties in the infrastructure.

Agency for the Cooperation of Energy Regulators (ACER)

As envisaged in the Third Energy Package, in March 2011 the Agency for the Cooperation of Energy Regulators (ACER) began operations. ACER replaces and strengthens the European Regulators Group for Electricity and Gas (ERGEG). It will be headquartered in Ljubljana (Slovenia).

ACER coordinates the actions of national regulatory authorities (NRAs) in the electricity area and its main responsibilities are to:

- establish the rules governing European electricity and gas networks;
- evaluate the terms and conditions for access to and operational security for cross-border infrastructures where the national authorities are in disagreement;
- prepare the Ten-Year Network Development Plan (TYNDP).

European Commission procedures concerning regulated prices

On April 6, 2011, the European Commission sent reasoned opinions to Italy, Poland and Romania urging them to bring their national legislation on end-user energy prices into line with EU rules. The focus of the DG Energy's concern regarded end-user prices for gas in Poland, electricity in Italy and gas and electricity in Romania. Shortly thereafter, on May 9, 2011, the Commission took a similar step with Portugal concerning its end-user prices for natural gas.

According to the Commission, regulated prices hinder the market access of new entrants and deprive consumers and companies of the right to choose the best service on the market.

Proposal for an energy efficiency directive

On June 22, 2011, the European Commission sent the Council and the European Parliament a proposal for a new energy efficiency directive that is intended to set out a European regulatory framework for achieving energy savings targets and to make binding a number of the measures proposed in the Energy Efficiency Plan of March 8, 2011. The new energy efficiency directive would replace the earlier directives on cogeneration (2004/8/EC) and energy services (2006/32/EC).

Among its main measures, the Commission proposes to introduce an annual energy savings requirement of 1.5% for each Member State. That objective can be achieved by introducing an equivalent obligation for energy distributors or sales companies, or through alternative measures (such as, for example, financing programs or voluntary agreements).

Through their own procurement policies and building renovation efforts, public bodies will also play an active role in promoting energy efficient products and services.

With regard to power generation, the Commission proposal provides for the Member States to draft a national plan for the promotion of high-efficiency cogeneration and district heating and air conditioning. In addition, while allowing a number of exemptions, the Commission proposes that the Member States should require adoption of cogeneration equipment for generation plants with a capacity of more than 20 MW.

Regulation on transparency in energy markets (REMIT)

On September 14, 2001, the European Parliament approved in the first reading the regulation on the transparency and integrity of wholesale energy markets proposed by the European Commission in November 2010. The new regulation prohibits insider dealing and market manipulation, giving the Agency for the Cooperation of Energy Regulators (ACER) a key role in market supervision and identifying instances of market abuse. The final version of the regulation must still be approved by the European Council.

Emissions trading

On July 13, 2011, the new auction rules to take effect in October were approved. They provide for the holding of early auctions for a total volume of 120 million CO_2 emission allowances (of which 11.3 million allowances allocated to Italy), starting from the final four months of 2012. On September 14, 2011, the Member States and the European Commission (EC) approved the draft versions of two joint agreements to appoint the Single Auction Monitor and for launching the Common Auction Platform.

On September 26, 2011, the EC published the benchmark values for allocating allowances free of charge to aircraft operators included in the Emission Trading Schemes (ETS) starting from January 1, 2012. On October 6, 2011, the European Court of Justice, in an initial opinion, stated that imposing the carbon cap on non-European airlines does not infringe the sovereignty of other states nor does it violate international law. The final decision in this suit brought by a number of US airlines is expected in early 2013.

The Registries Regulations are scheduled to come into force in October. Some of the security measures contained in the Regulations will take immediate effect, such as those pertaining to non-disclosure of the serial numbers of the emission allowances and the possibility of "freezing" allowances and accounts in the event of suspected fraud. The other provisions will take effect on a rolling basis starting from January 1, 2012.

On October 5, 2011, the European Investment Bank published the details on the monetization of the NER 300 allowances. EU emission allowances (EUAs) will be sold in two tranches (200 million and 100 million) starting from December 2011 through the over-the-counter (OTC) market and regulated markets (allowances are also expected to be auctioned). Funding for the winning projects is expected to be decided in December 2013.

Given the lack of an adequate framework of rules for oversight and control of the carbon spot market, the Commission is considering extending the markets in financial instruments directive (MiFID), currently being revised, to this market.

Green certificates

On March 30, 2011, the Energy Services Operator (ESO) announced the guaranteed withdrawal price for green certificates issued for generation in 2008, 2009 and 2010 (with the exception of those regarding cogeneration plants connected with district heating) at

€87.38/MWh, corresponding to the weighted average price in green certificate trading on the market run by the Energy Markets Operator (EMO) in 2008-2010.
In addition, the price for green certificates held by the ESO for 2011 is €113.10/MWh. This price is equal to the difference between the price of €180/MWh in the 2008 Finance Act (Article 2, paragraph 148) and the annual average sales price for electricity in 2010 of €66.90/MWh, established by the Authority in Resolution ARG/elt no. 5/11.
Legislative Decree 28/2011, transposing Directive 2009/28/EC on the promotion of the use of energy from renewable resources, repealed Article 45 of the decree law containing budget adjustment measures, which had established 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.

Long-term electricity import contracts

Enel has a contract for the import of electricity with Alpiq (formerly Atel) on the Swiss border expiring on December 31, 2011. The power imported under the contract with Alpiq is sold to the Single Buyer at a set price and is used to supply the enhanced protection market.
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, confirming the mechanism for updating the price for the subsequent quarters based on the indexing of the Single National Price (SNP). In line with the previous decree, it 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. However, the Single Buyer confirmed its intention to draw the electricity governed by the contract for 2011. The price for the 2nd Quarter of 2011 was set at €68.84/MWh and for the 3rd Quarter at €70.73/MWh.

Sales

Commercial quality of sales services

With Resolution ARG/com no. 82/11 the Authority postponed the entry into force of the standard for the time limits for the transmission of end-user service requests by sales companies to distributors for one year (to July 1, 2012).

Electricity

Sales

With Resolution ARG/gas no. 99/11, the Authority adopted new measures for containing the credit risk of sellers, including prohibiting customers whose service is cancelled due to non-payment from automatically being admitted to the enhanced protection system.

Inquiries and fact-finding investigations

On July 6, 2009, with Resolution VIS no. 64/09, the Authority launched a formal inquiry into imposing sanctions against Enel Servizio Elettrico for violation of its disclosure obligations during the initial period of operation of the safeguard services market. On September 30, 2011, the Authority closed the inquiry, ordering Enel Servizio Elettrico to pay a fine of €330,000.

On February 24, 2011, the Council of State denied Enel Distribuzione's appeal to revoke ruling no. 2507/2010, which upheld the levying of a fine of €11.7 million on the company for having failed to meet the provisions of Resolution no. 55/00 concerning the transparency of invoices. Enel Distribuzione's appeal to the European Court of Human Rights is continuing.
On April 14, 2011, with Resolution VIS no. 49/11, the Authority launched a formal inquiry to determine whether Enel Servizio Elettrico had violated the Integrated Service Quality Code (TIQV).

Gas

Integrated Gas Sales Code

With the Integrated Gas Sales Code (TIVG), the Authority has established the safeguards and the structure of supply prices applied to end users in the natural gas market.
With Resolution ARG/gas no. 71/11, the Authority redefined the scope of the safeguards, establishing regulated prices (which had already applied to residential customers and to condominiums whose residential use does not exceed 200,000 cubic meters a year) to non-residential customers with consumption levels below 50,000 cubic meters a year and to users involved in providing public assistance services.
With Resolution ARG/gas no. 99/11, the Authority adopted a series of measures for completing the protection services framework and introducing rules specifically addressing the issue of non-payment.
In implementing Legislative Decree no. 93 of June 1, 2011, the Authority made the distributor covering a certain territory responsible for balancing its network ("default service") at the withdrawal points for end users without a supplier.
The resolution also approved the Integrated Gas Payment Arrears Code (TIMG) regulating the default service in the event of non-payment by the end user. The code also establishes the process for administrative approval of service termination and the procedures and timing for revoking switching for customers whose service is suspended due to non-payment.
In addition, the resolution modified the size of security deposits, adjusting the existing amounts to reflect the estimated costs of one month of service delivery.
The new provisions are scheduled to enter into force starting January 1, 2012.

Rates and rate updates

With Resolution ARG/gas no. 77/11, the Authority revised the formula for updating the QE component (covering raw material provisioning costs) for the October 2011 - September 2012 gas year. The revision will raise the QE component by about 1% compared with the previous gas year. In the same resolution, the Authority also initiated a proceeding for the adjustment of natural gas supply prices for the safeguard service.
With Resolution ARG/gas no. 105/11, the Authority extended the validity of the value of the QVD component (covering retail sales costs), currently about €43 per customer served, for three months to December 31, 2011.
With its ruling no. 347/2011, the Lombardy Regional Administrative Court granted Enel Energia's appeal against Resolution ARG/gas no. 106/09 concerning the compensation mechanism for charges that could not otherwise be recovered incurred by sales companies as a result of the removal of the invariance threshold established by the Authority as from January 1, 2009. The Authority has appealed the Court's ruling before the Council of State.

Supplier of last resort

With Resolution ARG/gas no. 116/11, the Authority established the procedure to be used by the Single Buyer in selecting the supplier of last resort for natural gas for gas year 2011-2012. On September 21, 2011, the Single Buyer published its list of suppliers of last resort for the five areas covered by the tender. Enel Energia ranked second in three of the areas and will act as supplier of last resort in the event the first-ranked companies exhaust their supplies of gas allocated for this function.

Generation and Energy Management

Emissions trading

On June 27, 2011, the national committee for the management of Directive 2003/87/EC assigned the emissions allowances for 2010 to units 2 and 3 of the Torrevaldaliga Nord plant, which had been ineligible for the "New Entrant Reserve".
It is estimated that Enel Produzione will received a reimbursement of €340 million (out of a national total of €650 million) for the 2009-2012 period. Under the provisions of Legislative Decree 72 of 2010, the credits will be reimbursed using the proceeds from the phase III ETS auctions.
With Resolution ARG/elt no. 111/11 of August 4, 2011, the Authority set the amount to be reimbursed to Enel Produzione for 2010 at €63.3 million, corresponding to 4.4 million metric tons.
At an aggregate level, emissions produced by Enel Produzione amounted to 26.8 million metric tons of CO_2 at September 30, 2011. Considering that the allowances assigned under the national allocation plan (calculated based on the projected emissions for that period) were equal to 27.6 million metric tons, there was a surplus of 0.8 million metric tons.

Electricity

New mechanism for remunerating productive capacity

With Resolution ARG/elt no. 98/11, the Authority announced that, starting from 2017, generation capacity will be remunerated using the reliability options mechanism. This requires generators, in exchange for a premium established through a competitive process, to make their capacity available on the Day-Ahead Market (DAM) and the Ancillary Services Market (ASM), repaying Terna any positive difference between the market price and the strike price set in the contract. The strike price for the reliability options will be established by Terna based on the variable costs of the leading technology. The auctions will be held four years prior to the three-year delivery period. To ensure the selection of existing capacity during the auction process, a minimum premium will be payable to existing plants.

Reimbursement of generation costs on grids not interconnected with the NTN

With its ruling no. 1737 filed on July 4, 2011, the Milan Regional Administrative Court rejected the appeal lodged by UNIEM (*Unione Nazionale Imprese Elettriche Minori*) against Resolution ARG/elt no. 89/09. The resolution in question introduced new rules governing the recognition of generation costs incurred by plants on non-interconnected grids similar to those envisaged for plants essential to the security of the electrical system. On the basis of Resolution ARG/elt no. 89/09, which has been upheld by the ruling, Enel Produzione is entitled to receive reimbursement of generation costs incurred by plants on grids not interconnected with the NTN (those on the smaller islands) as from 2009.

Gas

Promoting investment in storage

Pursuant to Legislative Decree 130 of August 13, 2010, the Ministry for Economic Development issued a decree on January 31, 2011 approving Eni's plan for investment in storage. The plan calls for the gradual introduction of 4 billion cubic meters of new storage capacity no later than September 1, 2015.

Of the total new storage capacity, as of April, 1.7 billion cubic meters of physical storage capacity is available for the 2011-2012 gas storage year. In allocating storage capacity following the procedures and timetables set out in Resolution ARG/gas no. 40/11, priority was given to industrial customers.

Daily balancing market

With Resolution ARG/gas no. 45/11, the Authority established the rules for merit-order balancing for the gas market. With Resolution ARG/gas no. 81/11, the Authority postponed the start of the balance service from July 1 to December 1, 2011.

Late metering adjustments

With Resolution ARG/gas no. 182/09, the Authority established the criteria for adjustment payments arising in respect of late adjustments of metering data for the transport network. The settlement of payments was suspended after the Regional Administrative Court granted the appeal of a transport network user against the resolution in its ruling no. 1/2011, a decision that also affected Enel Trade. The Authority appealed the Regional Administrative Court's decision to the Council of State, which upheld the suspension.

Infrastructure and Networks

Active network connections

With Resolution ARG/elt no. 73/11, the Authority suspended until December 31, 2011 the provisions on the guarantees, which is currently being challenged before the Lombardy Regional Administrative Court, that generation companies must provide to grid operators for connections in "critical areas". The Authority also started a consultation process with a view to introducing new measures to remove the problem of the virtual saturation of grids.

Metering equalization

With Resolutions ARG/elt no. 74/11 and ARG/elt no. 97/11, the Authority set the amounts for equalization of revenues for low-voltage metering services for 2009 and for the adjustment for 2008 for each distribution company. On September 20, 2011, Enel Distribuzione received about €21.5 million from the Electricity Equalization Fund.

Inquiries and fact-finding investigations

On July 6, 2009, with Resolution VIS no. 65/09, the Authority initiated a formal inquiry for the adoption of sanctions against Enel Distribuzione for non-compliance with the time limits

for switching customers, as well as a small number of disclosure omissions during the initial operation of the safeguard service market. On April 7, 2011, the Authority closed its inquiry and fined Enel Distribuzione €169,000.
On August 2, 2011, the Authority, with Resolution VIS no. 81/11, initiated a proceeding for the adoption of sanctions against Enel Distribuzione for non-compliance with energy efficiency requirements for the year 2010.

Smart Grids

With Resolution ARG/elt no. 12/11, the Authority approved the pilot smart grid project submitted by Enel Distribuzione for receipt of a higher rate of remuneration as established under the Integrated Rate Code (Annex A to Resolution no. 348/07).

Electric cars

With Resolution ARG/elt no. 96/11, the Authority approved two pilot projects submitted by Enel Distribuzione and Enel Energia for receipt, under Resolution ARG/elt no. 242/10, of a subsidy of €728 per year for each charging station installed through the end of 2015.

Energy efficiency

With its ruling of July 21, 2011, the Council of State granted the appeal of Enel.si against the Authority's decision (confirmed with Resolution EEN 11/10) to not recognize energy savings achieved through the free distribution of compact fluorescent lamps to residential customers in 2007 and the 1st Half of 2008.
On October 6, 2011, the Authority sent Enel.si a letter specifying the amount of white certificates accrued through that date, equal to around 350,000 certificates.

Iberia and Latin America

Spain

Rate updates

On April 29, 2011, the government published Ministerial Order 1068/2011, amending Ministerial Order 3353/2010, allocated among system costs for 2010 the portion of the rate deficit for 2009 that exceeded the legal limit.
On March 31, 2011, Ministerial Order 688/2011 was published, revising the access rates in effect starting from April 2011. The projected average increase for *Tarifa de Ultimo Recurso* (TUR) customers is 10.85% (equivalent to the average decrease in the electricity component of the TUR for the 2nd Quarter of 2011) while the rate for high-voltage customers was raised by 2% on average.
On September 30, 2011, the Ministerial Resolution of September 29, 2011 was published establishing the amount of the electricity component of the TUR, as well as Ministerial Order ITC/2585/2011, which reduces the *Tarifa de Acceso* so as to keep the final price of the TUR the same despite the increase in the electricity component.

Supplier of last resort

The May 19, 2011 decision of the *Tribunal Supremo* voided the regulation granting the sales companies of the major vertically-integrated electricity operators the exclusive right to supply customers on the regulated market.

CESUR auctions

On March 5, 2011, Royal Decree 302/2011 was published. It requires *Comercializadores de Ultimo Recurso* (CURs) to purchase contracts for differences (CFD) for a maximum amount of electricity equal to the difference between the volume required and that awarded via the CESUR auctions. The CFDs were sold by plants in the special regime eligible for feed-in rates. The measure establishes that the CURs can obtain supplies at the price set by the CESUR auctions, even for electricity covered by CFDs, thereby reducing their exposure to price risk.

Rate deficit

On January 11, 2011, the first securities were issued under the deficit securitization process governed by Royal Decree 437/2010. The *Fondo de Titulización* 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, published on January 26, 2011, the total amount at December 31, 2010 of receivables in respect of financing the rate deficit that can be securitized was established at €16,694 million (of which €8,467 million assigned to Endesa).

On February 15 and March 22, the second and third tranches of securities, respectively, were issued to securitize the deficit. The two operations raised €4 billion (Endesa received about €2 billion).

The fourth tranche of securities was issued on May 11, 2011, raising about €1 billion (Endesa received about €500 million).

On March 16, 2011, the *Tribunal Supremo* granted Endesa's appeal arguing that the interest rate on the financing of the deficit rate for 2006 requires an additional spread beyond Euribor. The court recognized that Euribor by itself is not sufficient to cover the financial expense incurred.

On July 7, 2011, the Interministerial Committee decided to extend the deadline for the complete securitization of the first tranche of receivables that the electricity companies are required to assign to the fund until July 7, 2012.

On September 26, 2011, the fifth issue of securities was made, raising €1.5 billion (around €780 million of which received by Endesa). At present €8,500 million out of a total of €16,694 million have been securitized.

On October 11, 2011, Royal Decree no. 1037/2011 was published, amending Royal Decree no. 437/2010 and allowing the *Fondo de Titulización* to place a portion of the deficit with private investors. The decree also recognizes the new restrictions on securitization set by Royal Decree Law no. 14/2010 of December 23, 2010.

Incentives to use domestic coal

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 restrictiones 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. The mechanism has been applied starting from February 26, 2011.

Economic Sustainability Law

The *Ley de Economía Sostenible* was published on March 5, 2011. Among the main measures concerning the energy sector were the following:

> operation of nuclear power plants: there is no time limit on plant operation. Under the indicative energy plan, the government will determine the percentage that nuclear energy must contribute to the generation mix by 2020, in accordance with the calendar of operations of existing plants and with the license renewals sought by plant operators, taking into consideration the opinion of the Nuclear Safety Board (CSN), with changes in demand, the development of new technologies, the safety of electricity supplies, generation costs and greenhouse gas emissions;

> transposition of European efficiency, energy savings and renewables targets:
>
> - 20% of final gross consumption of energy must be generated from renewable resources by 2020;
> - cut energy demand by 20% by 2020 as compared with the business-as-usual scenario;

> photovoltaic power plants:
>
> - extension of the right to receive incentives up to 30 years for plants receiving remuneration based on Royal Decree no. 661/2007;
> - prohibition against retroactive application of any changes to the limits on hours entitled to incentives imposed by Royal Decree Law no. 14/2010. The changes only affect plants listed in the *pre-asignación* registry following the entry into force of the Royal Decree Law.

Nuclear safety

On March 16, 2011, in line with discussions occurring at the European level, the Spanish government asked the CSN to review the safety systems in place at Spanish nuclear power plants. Specifically, it was asked to perform additional seismic studies and studies on the threat posed by flooding.

On September 15, 2011, the CSN sent a preliminary report on tests conducted on the durability of nuclear power plants to the European Union. All the plants were found to comply with security specifications.

Civil liability of nuclear plant operators

On May 28, 2011, Law 12/2011 governing the new system of civil liability for nuclear plant operators was published. The law raises the mandatory minimum liability for operators in the event of an accident to €1,200 million (previously €700 million). The law also expands the concept of “nuclear damage” to include environmental damage, restoration measures and loss of profits and extends the time limit for bringing claims for personal injury from 10 to 30 years.

Emissions trading

In the first nine months of 2011, Endesa produced emissions totaling around 26.4 million metric tons. Allowances assigned under the national allocation plan on a pro rata basis for the same period amounted to about 17.8 million metric tons.

Antitrust proceeding

On May 13, 2011, the *Comisión Nacional de la Competencia* (CNC) imposed a fine of €26.6 million on Endesa for engaging in anti-competitive behavior designed to prevent end users from switching providers and setting the prices for large consumers. Four other companies and the UNESA industry association were also fined.

Endesa filed an appeal of the measure on May 31, 2011.

On September 15, the *Audencia Nacional* granted Endesa's motion presented on May 31, 2011 to suspend the sanction against it.

Argentina

Mecanismo de Monitoreo de Costos

As required by the *Acta de Acuerdo* between the government and the electricity companies, Edesur submitted to the regulator, ENRE, its half-yearly request for recognition of the increases in the *Mecanismo de Monitoreo de Costos* (MMC – an indicator of price developments introduced by the *Acta de Acuerdo* in 2005), equal to 6.34% for the period from November 2010 to April 2011. Recognition of 50% of the cost increases so far is still pending; however, a portion of these increases was recovered through the PUREE (*Programa de Uso Racional de la Energía Eléctrica*) mechanism. The distribution companies were authorized to withhold the difference between the PUREE penalties and incentives to offset their higher costs when the increases for the MMC are not incorporated into rates.

In the coming weeks, the Argentine government is expected to pass a resolution that recognizes the pending increases in the MMC for Edesur and to create a special fund for financing the distribution projects proposed by the company. The next rate revision will incorporate the actual distribution costs as a result of the formal recognition of the MMC increases.

Wholesale market

As provided for in the agreement signed with electricity generators (Endesa, Duke and Sadesa) in November 2010, the government approved the plan for the "*Vuelta de Obligado*" 800 MW combined-cycle plant. Endesa, Duke and Sadesa formed the company VOSA (*Vuelta de Obligado Sociedad Anonima*) and signed a trust agreement for the project on May 16, 2011. Finally, the tender process for awarding the contract to build the plant was recently begun. Ansaldo, GE, Alstom and Siemens plan to take part in the tender.

Brazil

Distribution rates

On September 10, 2010, Brazilian regulator 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, Regulatory Asset Base – RAB, non-technical losses and the X efficiency factor).

ANEEL, with its Resolution no. 433/2011 of April 12, 2011, established that the current distribution rates will remain in effect pending the adoption of the new rate calculation method and that retroactive adjustments will be made only once the new method is approved.

On April 26, 2011, ANEEL presented a second rate revision proposal, marking an improvement over its initial position, mainly with regard to WACC, the X efficiency factor, operating costs and other revenues.
The rate review process should be completed by the end of autumn 2011.
Coelce will be the first Brazilian distribution company subject to review for the April 2011 – April 2015 period. For this reason, the process of revising the company's RAB was recently completed and ANEEL announced its decision at the end of September 2011, setting the net value of its assets at a higher amount than originally proposed. The review of Ampla is expected for the 2014-2019 period.

Argentina-Brazil interconnection line (CIEN)

On April 5, 2011, Ministerial Orders 201/2011 and 211/2011 were published in Brazil, treating the interconnection line between Brazil and Argentina (CIEN) (managed by Endesa) as a regulated interconnection line with annual remuneration of R$248 million, with a mechanism for an annual adjustment based on Brazilian inflation and reviewed every four years. On June 28, 2011, ANEEL raised the annual remuneration to R$265 million.
With the signing of contracts with the Brazilian market operator, ONS, CIEN can start receiving a regulated remuneration in line with that of the Brazilian transmission system.

Luz para Todos

On July 8, 2011, the Brazilian government published Decree no. 7520, launching a new program called *Luz para Todos* for the 2011-2014 period. The *Luz para Todos* program aims to bring electricity service to all Brazilians. Coelce estimates that there will be around 15 thousand new connections in the Cearà area over the next few years.

Chile

CADE and development of the transmission network

A temporary "Energy Development Evaluation Committee" (CADE), composed of electricity-industry experts, was recently formed in Chile. The committee is tasked with formulating proposals for reforming the Chilean electricity sector to ensure its long-term sustainability, addressing issues such as high generation prices, possible measures for improving competition in the wholesale market, the development of transport networks and competition in sales to small end users. CADE is also responsible for promoting the development of a national public transmission network to which all of the country's generation plants and distribution networks will be able to connect.

Regulations governing emissions by thermal power plants

The *Contraloría General de la República* approved the decree containing rules on emissions by thermal power plants. The main changes compared with the version initially debated in Parliament include the elimination of the principle of convergence between standards for existing and new plants by 2020, the recognition of plants under construction as existing plants and the extension of the period for adapting plants to the new rules.

"Racionamiento" Decree

On February 17, 2011, Ministerial Decree no. 26 containing operational measures to prevent, reduce and manage electricity shortages in the Central Interconnection System (reducing voltages, maintaining hydroelectric reserves, etc.) was published. Due to the lack of improvement in water-supply conditions, the validity of the ministerial decree has been extended to April 30, 2012 (instead of August 31, 2011).

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 retroactively starting from November 2010.
On February 21, March 16 and May 13, 2011, the regulator CNE published three successive versions of its technical report on the proposed sub-transmission rates. The panel of sub-transmission experts issued its opinion on the report on August 8, 2011. The final rate decree is expected to be published in December 2011.

Bankruptcy of Campanario

On September 13, 2011, generation company Campanario formally declared bankruptcy as a result of being unable to generate or purchase electricity at prices competitive with its sales contracts. A few weeks earlier, on August 26, 2011, the *Superintendencia de Electricidad y Combustibles* published resolution no. 2288, setting out temporary measures to limit the effects of the bankruptcy on end users, suspending Campanario's participation in the electricity market and designating other generators to ensure electricity supplies that Campanario cannot guarantee.

Colombia

Rate for sales to regulated-market customers

On March 28, 2011, Colombian regulator CREG presented its proposal for revising the productivity factor in the course of revising the sales rate. The CREG's proposal reduces the productivity factor from its current level.
The process should be completed by the end of 2011.

Network losses

On April 13, 2011, CREG published the definitive model for quantifying the investments required to reduce the level of network losses for voltage level I for distribution companies that exceed a certain loss limit. The final regulation will be published in the coming months. Of the two distribution companies controlled by Endesa, only Cundinamarca is required to submit a plan of investments for reducing losses to CREG.

Mercado organizado regulado

On August 19, 2011, CREG opened resolution no. 090/2011 for consultation. It contains a new proposal for creating a centralized market for purchasing electricity to supply the regulated market (MOR – *Mercado organizado regulado*). The main changes contained in the proposal relate to the mechanism of guarantees provided by electricity suppliers to be able to participate in the MOR. Specifically, the proposal calls for eliminating risk criteria in determining the guarantees to be submitted for supplying electricity to regulated users.

Peru

Auction for supplying regulated-market customers

On March 20, 2011, the Ministry of Energy and Mines published Supreme Decree 008-2011 containing certain changes to the preceding Supreme Decree 003-2011, which gives the regulator, OSINERGMIN, the power to set the rules for the auctions and lifts the restriction on distribution companies from holding or participating in auctions when the capacity of auctions held by Proinversion (public agency for promoting private investment in Peru) is not completely covered.

Remuneration for secondary transmission

As part of the process of reviewing the remuneration of the secondary transmission network (part of the distribution network), on September 1, 2011, in accordance with Resolution no. 049/2011, Edelnor submitted its investment plan for the May 2013 – April 2017 period. This plan will be examined by OSINERGMIN prior to its approval (expected by August 2012). The regulator will not review the recognized costs for the existing network, but rather will only analyze the projected network expansion costs. Once approved, the investment plan will be binding upon Edelnor.

Regulation of the spot market

Supreme Decree 027-2011-EM, published on July 11, 2011, governs the electricity spot market (*Mercado de Corto Plazo* – MCP). The decree will come into force on January 1, 2014 when *Decreto de Urgencia* no. 049-2008 (recently extended by *Decreto de Urgencia* no. 079-2010) expires. The decree sets out the rules for the operation of the MCP and for trading electricity at marginal pricing, as well as establishes the requirements and guarantees generation and distribution companies and large customers must meet to take part in the MCP.

Indigenous peoples law

On August 23, 2011, the Peruvian government enacted Law no. 27.985 (*Ley del Derecho a la Consulta Previa a los Pueblos Indígenas u Originarios*). This law recognizes the right of indigenous peoples to be consulted on measures, programs and projects that could potentially have an impact on their existence and culture.
The *Comisión Multisectorial* was recently set up to prepare the regulations for the *Ley indigena*, expected to be issued by December 2011.

International

France

NOME Act

On December 7, 2010, the NOME (*Nouvelle Organization du Marché de l'Electricité*) Act was officially published. It sets out the main recommendations of the Champsaur Commission (2009) and contains the reform measures that will gradually open up the French electricity market to competition and lead to the elimination of the TaRTAM rate.

The ARENH ("*Accès Régulé à l'Electricité Nucléaire Historique*") mechanism, introduced by the NOME Act, provides access to nuclear-generated base electricity for alternative suppliers at regulated prices for a 15 year period, with volumes calculated annually with a ceiling of 100 TWh. Subsequently, implementing decrees for the ARENH mechanism and the draft of the framework agreement between EDF and the individual alternative suppliers for delivery of the ARENH volumes were published. As envisaged, the ARENH mechanism started on July 1, 2011 at a price of €40/MWh for the 2nd Half of 2011 and €42/MWh for 2012.
The NOME Act also calls for the creation of a capacity market. On July 7, 2011, RTE published a draft proposal on the operation of the capacity market, including the recommendation for a decentralized market and for making foreign interconnection capacity ineligible for remuneration.

Russia

Capacity market
The capacity auction for 2012 was held in September 2011, with the results expected to be announced by November 1. There are 25 market zones subject to the price cap (out of a total of 27). For Enel OGK-5, the price cap applies only to the capacity offered by Nevinnomysskaya and is equal to that for 2011 (RUB 118,125). The new gas combined-cycle plants in Nevinnomiskaya and Sredneuralskaya (410 MW each) do not take part in the capacity market. In fact, the new Nevinnomysskaya plant began commercial operations on July 1, 2011, while the Sredneuralskaya plant is expected to begin operations in the final quarter of 2011. They shall receive a remuneration on the basis of capacity contracts (DPM) that provide guaranteed remuneration (capacity payment) for 10 years. Due to a delay in the start-up of operations, the two plants were not be able to make their capacity available as scheduled in the contract and therefore are forced to pay a fine. The penalty is expected to be RUB 63 million/month for Sredneuralskaya and RUB 55 million/month for Nevinnomysskaya. The final amount to be paid will be decided by the Market Council.

Wholesale market
The government appointed a working group comprised of industry experts to prepare a proposal for reforming the wholesale market, also involving the major market players (including Enel OGK-5). The new proposed model (which is not expected to come into force before 2013) envisages the transition from a centralized market to a system of bilateral contracts. Ideas being considered by the working group include eliminating capacity remuneration mechanisms and introducing an energy-only market capable of ensuring adequate remuneration of generation assets and providing incentives for investing in modernization.

Slovakia

New regulatory policy for 2012-2016
In March 2011, Slovakian regulator URSO issued a new regulatory policy for the 2012-2016 period, which was approved by the Ministry for the Economy in May 2011. The new policy introduces a general framework and targets for the next regulatory cycle. The main points contained in the regulatory policy can be summarized as follows:

> a five-year regulatory period;
> incorporation of Third Energy Package principles;
> changes in drawing electricity generated from renewable resources and through co-generation (organized by market operator OKTE);
> emphasis on quality standards.

The complete secondary legislation resulting from the new regulatory policy will be issued by the end of 2011.

Emissions trading

In the first nine months of 2011, Slovenské elektrárne produced about 2.26 million metric tons of emissions, while the allowances assigned by the allocation plan on a pro rata basis for the same period amounted to about 4 million metric tons.

Order of the Ministry for the Environment concerning taxation of CO_2

Based on the approval of the amendment to Decree 595/2003 on the taxation of profits at the end of December 2010, which introduced taxation of CO_2 for 2011 and 2012, the Ministry for the Environment issued a decree on reducing the impact of taxation of CO_2 set in December 2010 following a consultation on the issue.

The ministerial decree, which was approved on June 14, 2011 and entered into force on June 20, 2011, sets out the formula for calculating the reduction in the taxes to be paid for surplus CO_2 as the difference between the maximum annual consumption of CO_2 between 2007 and 2010 and the consumption reported for 2011 and 2012. The potential impact of taxation of CO_2 for 2011 and 2012 will be around €10.5 million per year.

URSO Decree 225/2011, repealing URSO Decree 2/2008

The new decree, published on July 20, 2011, incorporates the principles set out by the new energy policy for the 2012-2016 regulatory period and sets the criteria for regulating prices for residential customers.

The decree establishes the methods and principles for the following areas:

> determination of eligible costs, returns on investments, WACC, calculation of the RAB;
> support for renewable energy and determination of the feed-in tariffs;
> support for domestic coal use (ENO must-run plants);
> determination of the calculation method for transmission and distribution rates;
> regulation of sales to domestic customers;
> regulation of the supplier of last resort.

New Energy Law and Regulatory Act no. 276/2001

On August 16, 2011, the Ministry for the Economy proposed a new Energy Law and changes to Regulatory Act no. 276/2001. The main goal of the two proposals is to implement the Third Energy Package nationally. The changes include:

> Energy Act:
  - introduces or defines in greater detail concepts such as vulnerable customers and universal service;
  - establishes the new responsibilities and activities of the Ministry for the Economy and URSO;

- calls for the installation of digital meters (after completion of a cost/benefit analysis by the Ministry for the Economy and URSO);
- requires sellers to publish the mix of electricity sold;
- requires unbundled accounting.

> Regulatory Act:
  - covers a regulatory period of at least four years;
  - bars the Ministry for the Economy from setting electricity rates;
  - gives URSO more independence;
  - provides for parliamentary appointment of the Chairman and Vice-Chairman of URSO to six-year terms.

The final version of the two drafts will be published by the end of the year.

Proposed amendments to National Nuclear Fund decree no. 238/2006

On September 2, 2011, the Ministry for the Economy proposed an amendment to the National Nuclear Fund decree no. 238/2006 to increase the contribution from €11,618 to €13,428.26/MW of installed capacity per year. This will have a negative impact on Slovenské elektrárne of about €4.3 million in 2012. The final version of the decree is expected to be ready in October 2011.

Romania

Reform of the electricity market

The plan to reform the electricity market unveiled by the Romanian government in April 2009, involving the restructuring of generation assets through the creation of two state-controlled generation companies (Electra and Hidroenergetica), was blocked by decision of the Bucharest Court of Appeal in March 2011.
On October 12, 2011, the government approved a new plan to reform the sector through the formation of two new companies (Oltenia and Hunedoara) that will be privatized by June 2012 in order to open up the generation market to private investors.

Renewable Energy Division

Italy

Transposition of Directive 2009/28/EC

Legislative Decree 28 of March 3, 2011, transposing Directive 2009/28/EC, introduced new incentives for plants that generate electricity from renewable resources that will enter into service starting from January 1, 2013. More specifically, under the decree and the implementing acts to be issued within six months of its entry into force, plants with a nominal capacity of up to an amount that differs based on the resource employed (although these amounts have not yet been set, they will not be less than 5 MW) will be eligible for incentives in the form of fixed rates. The incentives will be determined via a Dutch auction run by the ESO for all plants with a nominal capacity that exceeds the above value.
As to the total or partial renovation of the plants, the incentive is granted, based on capacity class, in an amount up to 25% and 50%, respectively, of the incentive due for generation by

new plants (for plants that generate electricity from biomass, these percentages are set at 80% and 90%), provided that the plant undergoing the work has been in service for at least two-thirds of its conventional useful life.
The decree also provides for a period of transition from the current green certificate mechanism to the auction and rate mechanism. This transitional period will involve a reduction in the mandatory percentage of green certificates starting from the figure set in the 2008 Finance Act for 2012 until it is fully phased out in 2015. The green certificates issued for generation from 2011 to 2015 will be withdrawn by the ESO at a price equal to 78% of the reference value stated in Article 2, paragraph 148, of the 2008 Finance Act (€180/MWh, net of the average price for the sale of electricity during the previous year set by the Authority). The right to use green certificates after 2015 will be converted into the right to receive the fixed rates described above for the remainder of the incentive period.
Finally, the legislative decree introduces important changes pertaining to incentives for photovoltaic systems, which are described in more detail in the following section.

Energy Account

In implementation of Legislative Decree 28 of March 3, 2011, the Minister for Economic Development issued a decree on May 5, 2011, approving the new incentive mechanism for photovoltaic plants ("Fourth Energy Account") applicable to plants that enter service as from June 1, 2011, with the exception of the plants referred to in Law 129/2010 (the "Alcoa Rescue Act"). The growth target for photovoltaics was set at 23 GW by 2016, with an annual expenditure cap of €6 billion. If the cap is exceeded, a new decree will be issued to revise the incentive mechanism while continuing to provide support for further growth in the sector.
The ministerial decree of May 5, 2011 also establishes:

> a transitional period from June 1, 2011 to December 31, 2012, during which "large" plants (the decree defines such plants as ground installations of between 200 kW and 1 MW and all installations over 1 MW) will be eligible for subsidized rates up to an expenditure cap to be set every six months; small plants (all those other than "large" installations and all plants on government buildings and land) are eligible for incentives without any expenditure ceiling;
> an operational period from 2013 to 2016 during which an adjustment mechanism will apply to the subsidized rates on the basis of installed capacity in the previous monitoring period.

Finally, the decree significantly reduces the level of the support (a bonus rate for 2011-2012 and a comprehensive rate for 2013-2016) in order to align them gradually with European levels, with reductions compared with those under the Third Energy Account of between 22% and 31% for 2011 and between 23% and 44% for 2012.
On July 8, 2011, Enel Distribuzione challenged the portion of the decree regarding the automatic indemnity established by the Authority through resolution ARG/elt no. 225/10 before the Lazio Regional Administrative Court. This measure has already been challenged before the Lombardy Regional Administrative Court.

Energy efficiency

With its decision of July 21, 2011, the Council of State granted Enel.si's appeal against the Authority's failure to certify (confirmed by resolution EEN no. 11/10) the energy savings it achieved through the free distribution of compact fluorescent light bulbs to residential customers in 2007 and the 1st Half of 2008.

Brazil

Renewable and conventional energy auctions

On April 1, 2011, with *Portaria* 197/2011, the Ministry for Energy and Mining (MEM) approved the rules for auctions for reserve and A-3 standard capacity. The capacity contracts will have a term of 30 years for hydroelectric plants and 20 years for other plants (wind, biomass and thermoelectric).

Colombia

Remuneration for wind plant capacity

On July 26, 2011, Colombian regulator CREG issued Resolution no. 92/11 for consultation. The resolution sets out the methodology for awarding *Energía Firme* (ENFICC) to wind plants, distinguishing between whether information is available on wind output for more or less than 10 years. This is the first time that the regulator has introduced an explicit alternative to calculating *Energía Firme* for renewable resources.

France

New remuneration rates for photovoltaic systems

On March 4, 2011, the Ministry for the Environment published a decree governing the new incentive rates for photovoltaic systems that enter into operation starting from March 10, 2011. The basic rates are:

> €460/MWh and €288/MWh for systems integrated or partially integrated, respectively, into residential buildings of less than 100 kW;
> €406/MWh and €288/MWh for systems integrated or partially integrated, respectively, into healthcare facilities and schools of less than 100 kW;
> €352/MWh and €288/MWh for systems integrated or partially integrated, respectively, into other types of buildings of less than 100 kW;
> €120/MWh for other types of systems of less than 12 MW.

The rates will also be adjusted downward on a quarterly basis using the following parameters:

> a coefficient based on the concentration of systems in the same land parcel or building;
> a coefficient based on the number of projects registered during the previous quarter.

On July 1, 2011, the basic rates for the July-September 2011 quarter were published:

> €425/MWh and €261/MWh for systems integrated or partially integrated, respectively, into residential buildings of less than 100 kW;
> €367/MWh and €261/MWh for systems integrated or partially integrated, respectively, into healthcare facilities and schools of less than 100 kW;
> €318/MWh and €261/MWh for systems integrated or partially integrated, respectively, into other types of buildings of less than 100 kW;
> €117/MWh for other types of systems of less than 12 MW.

The French government also initiated the first auctions in the photovoltaic sector. The first auction notice was published on August 1, 2011, with the deadline set for January 20, 2012; it relates solely to systems integrated into buildings of between 100 kW and 250 kW. The second auction, opened on September 15, 2011 and set to conclude in February 2012, relates to systems of more than 250 kW.

Greece

Renewable energy support measures

The Ministry for Energy and the Environment and the Ministry for the Economy agreed in March 2011 to approve the transfer of 95% of the revenues derived from the sale of 10 million metric tons of CO_2 allowances not used between 2008 and 2012 to the Transmission System Operator (TSO). The revenues will be used by the TSO to cover the costs of the incentive rates for the generation of electricity from renewable resources.

Mexico

Renewable energy support law

On February 4, 2011, the Ministry for Energy (SENER) announced a 300 MW reduction in the 2012 target (from 2,564 MW to 2,264 MW).

Despite this reduction, on March 1, 2011, the Mexican President released a document on the national strategic energy plan for 2011-2025, establishing that 35% of electricity demand should be met by renewable resources. The Senate is currently examining the draft in preparation for its final approval.

Meanwhile, on March 2, 2011, the Parliament amended the renewable energy support law by extending the incentives for hydroelectric plants with a capacity of more than 30 MW with a catchment basin of less than 50,000 cubic meters or with existing dams covering less than 1 hectare.

On August 8, 2011, the Mexican Energy Authority (CRE) published its call for participation in the "Open Season" procedure for awarding transport capacity for wind plants (in Oaxaca, Tamaulipas and Baja California) and hydroelectric plants (in Puebla).

Romania

Renewable energy support law

On June 3, 2011, the Romanian government formally transmitted the notification to the Competition Directorate General for the purposes of approval of the renewable energy support law, which was approved by the European Commission on July 13, 2011.

On October 12, 2011, the Romanian government approved Law 220/2008 concerning support for renewable energy.

Spain

Remuneration for photovoltaic plants

On July 20, 2011, the Spanish government published the results of the second *convocatoria* of 2011. Based on the capacity registered, the quarterly rates that will apply to plants registered in the third *convocatoria* of 2011 were recalculated as follows: for integrated plants, €281.3/MWh for those of less than or equal to 20 kW and €198.4/MWh for those of more than 20 kW; for ground installations, €130.3/MWh.

The Ministry of Industry, Tourism and Trade published the consultation on the new National Energy Plan introducing a revised target for generation from renewable resources by 2020 under the National Renewable Energy Action Plan.

Peru

Renewable energy auctions

On March 23, 2011, the Ministry for Energy and Mineral Resources published Supreme Decree 012-2011, which amends the rules for renewable resource auctions in order to improve the operation of the auctions in the light of the results achieved in 2010. Under the provisions of the decree, on April 28, 2011, a new auction was undertaken for the award of nearly 2,000 GWh of renewable output.

Distributed and renewables generation

On July 6, 2011, the Ministry of Energy and Mines published a draft regulation on distributed generation from renewable resources and from non-renewable resources up to 20 MW.
In addition, on July 21, 2011, the tax benefit (accelerated depreciation) for hydroelectric and renewables plants, originally introduced by Decree Law no. 1058 of 2008, was extended through the end of 2020.

United States

Renewable energy support law

On January 13, 2011, the California Public Utilities Commission voted to authorize the trading of tradable renewable energy credits in order to reach the target of 33% of electricity generation from renewable resources by 2020. The utilities have until December 31, 2013 to use credits to satisfy up to 25% of their obligation. On April 12, 2011, the governor of California signed a law requiring all utilities to meet the 33% target by 2020.

Outlook

Developments in the first nine months of 2011 confirmed the rapid growth in demand for electricity in Latin America, Eastern Europe and Russia. By contrast, the macroeconomic situation in Europe was characterized by a high degree of uncertainty in the financial markets and a weakening of economic activity, which in the euro area are expected produce downward revisions of growth forecasts.

In this environment, Enel's scale and geographical diversification continue to be crucial factors in the Group's pursuit of is strategic objectives.

More specifically, Enel will continue to benefit from rising margins thanks to new generation capacity in Russia, in the Iberian peninsula and in renewables, as well as from the contribution of efficiency enhancement programs and improvements in operating cash flow. All of this, together the other programs introduced to improve operations, enables us to confirm the results expected for 2011 as a whole, excluding the effects of the changes in the rules governing the so-called "Robin Hood Tax" in Italy.

Consolidated financial statements

Condensed Consolidated Income Statement

3rd Quarter				Millions of euro	First nine months			
2011	2010	Change			**2011**	2010	Change	
19,105	**18,170**	**935**	**5.1%**	**Total revenues**	**57,496**	**52,972**	**4,524**	***8.5%***
14,851	**13,864**	**987**	**7.1%**	**Total costs**	**44,431**	**39,880**	**4,551**	**11.4%**
101	**81**	**20**	**24.7%**	**Net income/(charges) from commodity risk management**	**219**	**173**	**46**	**26.6%**
4,355	**4,387**	**(32)**	**-0.7%**	**GROSS OPERATING MARGIN**	**13,284**	**13,265**	**19**	**0.1%**
1,413	**1,541**	**(128)**	**-8.3%**	Depreciation, amortization and impairment losses	**4,270**	**4,336**	**(66)**	**-1.5%**
2,942	**2,846**	**96**	**3.4%**	**OPERATING INCOME**	**9,014**	**8,929**	**85**	**1.0%**
(9)	(528)	519	-98.3%	Financial income	1,756	1,913	(157)	-8.2%
919	346	573	165.6%	Financial expense	4,094	4,553	(459)	-10.1%
(928)	**(874)**	**(54)**	**6.2%**	**Total financial income/(expense)**	**(2,338)**	**(2,640)**	**302**	**-11.4%**
15	**7**	**8**	**-**	**Share of income/(expense) from investments accounted for using the equity method**	**78**	**6**	**72**	**-**
2,029	**1,979**	**50**	**2.5%**	**INCOME BEFORE TAXES**	**6,754**	**6,295**	**459**	**7.3%**
744	626	118	18.8%	Income taxes	2,280	1,889	391	20.7%
1,285	**1,353**	**(68)**	**-5.0%**	**Net income from continuing operations**	**4,474**	**4,406**	**68**	**1.5%**
-	**-**		**-**	**Net income from discontinued operations**	**-**	**-**	**-**	**-**
1,285	**1,353**	**(68)**	**-5.0%**	**NET INCOME FOR THE PERIOD (shareholders of the Parent Company and non-controlling interests)**	**4,474**	**4,406**	**68**	**1.5%**
940	1,024	(84)	-8.2%	Attributable to shareholders of the Parent Company	3,492	3,449	43	1.2%
345	329	16	4.9%	Attributable to non-controlling interests	982	957	25	2.6%
				Net earnings attributable to shareholders of the Parent Company per share (euro) [1]	*0.37*	*0.37*	-	-

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

Statement of Comprehensive Income

Millions of euro	First nine months	
	2011	2010
Net income / (loss) for the period (shareholders of the Parent Company and non-controlling interests)	**4,474**	**4,406**
Other components of comprehensive income:		
- Effective portion of change in the fair value of cash flow hedges	(139)	(282)
- Share of income recognized in equity by companies accounted for using the equity method	(4)	3
- Change in the fair value of financial investments available for sale	26	186
- Exchange rate differences	(1,624)	1,849
Income / (Loss) recognized directly in equity	**(1,741)**	**1,756**
COMPREHENSIVE INCOME FOR THE PERIOD	**2,733**	**6,162**
Attributable to shareholders of the Parent Company	2,723	4,119
Attributable to non-controlling interests	10	2,043

Condensed Consolidated Balance Sheet

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
		restated	
ASSETS			
Non-current assets			
- Property, plant and equipment and intangible assets	99,117	99,504	(387)
- Goodwill	18,490	18,470	20
- Equity investments accounted for using the equity method	1,024	1,033	(9)
- Other non-current assets (1)	12,841	11,780	1,061
Total	**131,472**	**130,787**	**685**
Current assets			
- Inventories	3,370	2,803	567
- Trade receivables	13,923	12,505	1,418
- Cash and cash equivalents	4,335	5,164	(829)
- Other current assets (2)	15,138	15,685	(547)
Total	**36,766**	**36,157**	**609**
Assets held for sale	**615**	**1,618**	**(1,003)**
TOTAL ASSETS	**168,853**	**168,562**	**291**
LIABILITIES AND SHAREHOLDERS' EQUITY			
- Equity attributable to the shareholders of the Parent Company	38,077	37,989	88
- Equity attributable to non-controlling interests	15,243	15,877	(634)
Total shareholders' equity	**53,320**	**53,866**	**(546)**
Non-current liabilities			
- Long-term loans	45,374	52,440	(7,066)
- Provisions and deferred tax liabilities	22,518	23,431	(913)
- Other non-current liabilities	3,743	3,835	(92)
Total	**71,635**	**79,706**	**(8,071)**
Current liabilities			
- Short-term loans and current portion of long-term loans	18,406	11,208	7,198
- Trade payables	10,923	12,373	(1,450)
- Other current liabilities	14,451	10,411	4,040
Total	**43,780**	**33,992**	**9,788**
Liabilities held for sale	**118**	**998**	**(880)**
TOTAL LIABILITIES	**115,533**	**114,696**	**837**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**168,853**	**168,562**	**291**

(1) Of which long-term financial receivables and other securities at September 30, 2011 equal to €2,810 million (€2,463 million at December 31, 2010) and €79 million (€104 million at December 31, 2010), respectively.
(2) Of which current portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2011 equal to €7,061 million (€9,290 million at December 31, 2010), €1,686 million (€1,608 million at December 31, 2010) and €42 million (€95 million at December 31, 2010), respectively.

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company												
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Other retained earnings	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Reserve from disposal of holdings without loss of control	Reserve from equity investments accounted for using the equity method	Net income for the period	**Equity attributable to the shareholders of the Parent Company**	**Equity attributable to minority interests**	**Total shareholders' equity**
at January 1, 2010	**9,403**	**5,292**	**1,453**	**2,260**	**11,409**	**(621)**	**(582)**	**-**	**8**	**4,646**	**33,268**	**12,665**	**45,933**
Charge for stock options plans for the period	-	-	-	1	-	-	-	-	-	-	**1**	**-**	**1**
Dividends and interim dividends	-	-	-	-	(1,410)	-	-	-	-	(940)	**(2,350)**	**(567)**	**(2,917)**
Allocation of net income from the previous year	-	-	428	-	4,218	-	-	-	-	(4,646)	**-**	**-**	**-**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	**-**	**(212)**	**(212)**
Effect of SE Hydropower PPA	-	-	-	-	128	-	-	-	-	-	**128**	**193**	**321**
Comprehensive income	-	-	-	-	-	755	(88)	-	3	3,449	**4,119**	**2,043**	**6,162**
of which:													
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*755*	*(88)*	-	*3*	-	***670***	***1,086***	***1,756***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	-	*3,449*	***3,449***	***957***	***4,406***
at September 30, 2010 restated	**9,403**	**5,292**	**1,881**	**2,261**	**14,345**	**134**	**(670)**	**-**	**11**	**2,509**	**35,166**	**14,122**	**49,288**
at January 1, 2011	**9,403**	**5,292**	**1,881**	**2,262**	**14,217**	**456**	**80**	**796**	**24**	**3,450**	**37,861**	**15,684**	**53,545**
Effect of SE Hydropower PPA	-	-	-	-	128	-	-	-	-	-	**128**	**193**	**321**
at January 1, 2011 restated	**9,403**	**5,292**	**1,881**	**2,262**	**14,345**	**456**	**80**	**796**	**24**	**3,450**	**37,989**	**15,877**	**53,866**
Dividends and interim dividends	-	-	-	-	(1,695)	-	-	-	-	(940)	**(2,635)**	**(583)**	**(3,218)**
Allocation of net income from the previous year	-	-	-	-	3,450	-	-	-	-	(3,450)	**-**	**-**	**-**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	**-**	**(61)**	**(61)**
Comprehensive income	-	-	-	-	-	(729)	(36)	-	(4)	3,492	**2,723**	**10**	**2,733**
of which:													
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*(729)*	*(36)*	-	*(4)*	-	***(769)***	***(972)***	***(1,741)***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	-	*3,492*	***3,492***	***982***	***4,474***
at September 30, 2011	**9,403**	**5,292**	**1,881**	**2,262**	**16,100**	**(273)**	**44**	**796**	**20**	**2,552**	**38,077**	**15,243**	**53,320**

Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months		
	2011	**2010**	Change
Cash flows from operating activities (A)	**4,753**	**5,121**	**(368)**
Investments in property, plant and equipment and in intangible assets	(4,757)	(4,078)	(679)
Investments in entities (or business units) less cash and cash equivalents acquired	(52)	(150)	98
Disposals of entities (or business unit) less cash and cash equivalents sold	104	1,439	(1,335)
(Increase)/Decrease in other investing activities	58	(85)	143
Cash flows from (investing)/disinvesting activities (B)	**(4,647)**	**(2,874)**	**(1,773)**
Change in net financial debt	1,582	(1,073)	2,655
Charges related to disposal of holdings without loss of control	(34)	-	(34)
Dividends and interim dividends paid	(2,496)	(2,019)	(477)
Cash flows from financing activities (C)	**(948)**	**(3,092)**	**2,144**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(123)**	**173**	**(296)**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(965)**	**(672)**	**(293)**
Cash and cash equivalents at the start of the period	5,342	4,289	1,053
Cash and cash equivalents at the end of the period (1) (2)	4,377	3,617	760

(1) Of which short-term securities equal to €42 million at September 30, 2011 (€92 million at September 30, 2010).
(2) Of which cash and cash equivalents pertaining to “Assets held for sale” in the amount of €123 million at September 30, 2010.

Operating performance and financial position

Group performance

Revenues

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
17,340	16,243	1,097	Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies	50,307	46,815	3,492
538	730	(192)	Gas sold and transported to end users	2,486	2,649	(163)
20	5	15	Gains on the disposal of assets	77	12	65
-	-	-	Measurement at fair value after changes in control	358	-	358
1,207	1,192	15	Other services, sales and revenues	4,268	3,496	772
19,105	**18,170**	**935**	**Total**	**57,496**	**52,972**	**4,524**

Revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** in the 3rd Quarter of 2011 amounted to €17,340 million, up €1,097 million or 6.8% from the same period of the previous year. This increase is connected primarily with the following factors:

> an increase of €593 million in revenues from sales of electricity to end users;

> an increase of €564 million in revenues from electricity trading;

> a decrease of €57 million in revenues from wholesale business, mainly due to a fall of €292 million in revenues from wholesale transactions on foreign markets, partially offset by the increase in revenues from sales on the Power Exchange and higher sales under bilateral contracts entered into by the generation companies (€235 million).

Revenues from electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies in the first nine months of 2011 amounted to €50,307 million, up €3,492 million or 7.5% from the same period of the previous year. The growth can essentially be ascribed to the following factors:

> an increase of €1,518 million in revenues from the sale of electricity to end users, mainly as a result of higher revenues from the free market (€1,949 million), partially offset by lower revenues from the regulated market (€431 million);

> an increase of €1,413 million in revenues from electricity trading;

> an increase of €621 million in revenues from the wholesale business, mainly due to an increase in revenues from sales on the Power Exchange and higher sales under bilateral contracts entered into by generation companies;

> a decrease of €60 million in revenues from the transport of electricity, due essentially to lower revenues from the transport of electricity to other operators (€174 million), which more than offset higher revenues from the transport of electricity to end users (€114 million).

Revenues from **gas sold and transported to end users** in the 3rd Quarter of 2011 amounted to €538 million, a decrease of €192 million or 26.3% from the same period of the previous year, reflecting lower residential and commercial consumption. In the first nine months of 2011 revenues from gas sold and transported amounted to €2,486 million, down €163 million or 6.2% on the year-earlier period, mainly due to the decrease in volumes sold as a result of warmer weather, which more than offset the increase in average sales prices.

Gains on the disposal of assets in the first nine months of 2011 were mainly accounted for by the gain from the sale of a portion of the assets of Enel Unión Fenosa Renovables to Gas Natural (€44 million), the gains on the disposals of Compañía Americana de Multiservicios (CAM) and Synapsis IT Soluciones y Servicios (Synapsis) (€15 million) and the gains on the sales of Enel Maritza East 3, Enel Operations Bulgaria and their parent holding companies (€12 million).

Gains from **measurement at fair value after changes in control** came to €358 million in the first nine months of 2011 (no such item for the corresponding period of 2010). The gain was generated by the adjustment (in the 1st Half of 2011) of the value of Group assets and liabilities to their fair value, specifically: (i) after the loss of control of Hydro Dolomiti Enel as a result in the change in the corporate governance structure, the residual assets and liabilities pertaining to the Group (€237 million); (ii) with respect to those assets and liabilities already owned by Enel prior to obtaining complete control of Enel Unión Fenosa Renovables (€76 million), Sociedad Eólica de Andalucía (€23 million) and TP - Sociedade Térmica Portuguesa – TP (€22 million).

Revenues from **other services, sales and revenues** came to €1,207 million in the 3rd Quarter of 2011, virtually unchanged compared with the year-earlier period.
In the first nine months of 2011 revenues from other services, sales and revenues totaled €4,268 million, up €772 million on the year-earlier period.
This increase was mainly due to a rise in sales of fuel for trading, including shipping services (€344 million), the increase in connection fees (€155 million), an increase in revenues from engineering activities in the Iberian peninsula (€115 million), as well as the grant for recognition of unit 4 of the Torrevaldaliga Nord power plant as a "new entrant" to the emissions trading scheme.

Costs

3rd Quarter			Millions of euro	First nine months		
2011	2010	Change		**2011**	2010	Change
7,178	6,231	947	Electricity purchases	20,869	17,916	2,953
2,242	1,991	251	Consumption of fuel for electricity generation	5,940	5,091	849
605	670	(65)	Fuel for trading and gas for sale to end users	2,424	2,170	254
315	497	(182)	Materials	973	1,233	(260)
1,122	1,098	24	Personnel	3,298	3,352	(54)
3,535	3,319	216	Services, leases and rentals	10,469	9,851	618
293	469	(176)	Other operating expenses	1,623	1,470	153
(439)	(411)	(28)	Capitalized costs	(1,165)	(1,203)	38
14,851	**13,864**	**987**	**Total**	**44,431**	**39,880**	**4,551**

Costs for **electricity purchases** rose by €947 million or 15.2% in the 3rd Quarter of 2011 compared with the same period of 2010, and by €2,953 million or 16.5% in the first nine months of the year.
In both periods, these developments mainly reflect the increase in average unit costs for electricity purchases on local and foreign markets, as well as the impact of the increase in electricity purchases in Latin America following the decline in hydroelectric generation due to the drought in Chile. These factors were partially offset by the contraction in electricity purchases on the Power Exchange in Italy.

Costs for the **consumption of fuel for electricity generation** amounted to €2,242 million in the 3rd Quarter of 2011, up €251 million or 12.6% on the corresponding period of the previous year, while costs came to €5,940 million in the first nine months of 2011, up €849 million or 16.7%. The increase reflects the greater quantities consumed by the generation companies, chiefly those abroad, which was connected with the rise in demand and generation, as well as the rise in average supply prices.

Costs for the purchase of **fuel for trading and natural gas for sale to end users** came to €605 million for the 3rd Quarter, a decrease of €65 million compared with the same period of the previous year. In the first nine months of 2011, costs amounted to €2,424 million, up €254 million or 11.7% on the same period of the previous year. The change essentially reflects higher costs linked to trading, due in part to the rise in the price of gas, which is linked to the trend in the prices of petroleum products. The rise in average purchase prices also impacted natural gas purchases for sale to end users, which also benefited from warmer weather than in the year-earlier period.

Costs for **materials** amounted to €315 million in the 3rd Quarter of 2011, down €182 million or 36.6% compared with the corresponding period of the previous year, and €973 million in

the first nine months, down €260 million or 21.1%. These developments are mainly attributable to the Iberia and Latin America Division.
Personnel costs for the 3rd Quarter of 2011 totaled €1,122 million, an increase of €24 million. For the first nine months of 2011, these costs totaled €3,298 million, down €54 million or 1.6% from the same period in the previous year. The average workforce contracted by 4.5%.
The Group workforce at September 30, 2011 totaled 76,224 (78,313 at December 31, 2010).

Costs for **services, leases and rentals** amounted to €3,535 million in the 3rd Quarter of 2011, up €216 million compared with the 3rd Quarter of 2010. In the first nine months of the year, these costs amounted to €10,469 million, up €618 million compared with the corresponding period in 2010. This development essentially reflects increased electricity transport costs (€83 million in the 3rd Quarter and €219 million in the first nine months of 2011), as a result of higher system costs and costs for services associated with electricity systems in countries in which the Group operates (€99 million in the 3rd Quarter and €286 million in the first nine months).

Other operating expenses totaled €293 million in the 3rd Quarter of 2011, down €176 million compared with the previous year, while they amounted to €1,623 million in the first nine months of 2011, up €153 million compared with the first nine months of 2010. The decrease in the 3rd Quarter of 2011 was largely associated with a decline in sundry operating expenses, whereas the increase in the first nine months is attributable to the net effect of the reduction in sundry operating expenses (€181 million) and the increase in taxes and duties (€327 million). The latter effect was essentially the result of the inclusion of a number of indirect taxes in Brazil in that item, as well as recognition of the net-worth tax (€109 million) in Colombia following the tax reform introduced in that country with Law 1430/2010.

In the 3rd Quarter of 2011, **capitalized costs** came to €439 million (€1,165 million in the first nine months of 2011), virtually unchanged on the corresponding periods of the previous year.

Net income/(charges) from commodity risk management showed net income of €101 million for the 3rd Quarter of 2011 (compared with net income of €81 million for the same period of 2010) and net income of €219 million for the first nine months of 2011 (compared with net income of €173 million for the same period of 2010). More specifically, the net income for the 3rd Quarter of 2011 is essentially attributable to net income realized in the period in the amount of €165 million (€270 million in the first nine months of 2011), and the net loss from the fair value measurement of derivatives positions open at the end of the period of €64 million (€51 million in the first nine months).

Depreciation, amortization and impairment losses in the 3rd Quarter of 2011 came to €1,413 million, down €128 million, while in the first nine months of the year they amounted to €4,270 million, down €66 million. The reduction in the 3rd Quarter is attributable to a decrease in net writedowns of certain trade receivables in the amount of €50 million and lower depreciation, amortization and impairment losses in the amount of €78 million. The decline for the first nine months of the year includes the impact (€46 million) of the revision of the useful lives of the plants of Compañía de Interconexión Energética (CIEN), a company providing interconnection services between Brazil and Argentina, as well as the effect of the change in the scope of consolidation (essentially attributable to the disposal of the Spanish high-voltage grid) in the amount of €41 million. The decrease was partially offset by increased depreciation as a result of the rise in the installed capacity of renewables plants.

Operating income for the 3rd Quarter of 2011 amounted to €2,942 million, up €96 million or 3.4% compared with the corresponding period of the previous year. For the first nine months of 2011, operating income amounted to €9,014 million, an increase of €85 million or 1.0%.

Net financial expense increased by a total of €54 million in the 3rd Quarter of 2011 and decreased by €302 million in the first nine months of the year. More specifically, developments in interest rates and exchange rates (net of hedges) and the change in average net financial debt between the two periods under review did not have a significant impact on net financial expense overall. The decline in the first nine months is therefore mainly attributable to the impact of the adjustment recognized in the 2010 in respect of interest for the deficit of the Spanish peninsular and extra-peninsular electrical system (€104 million), the overall reduction in charge in respect of the accretion of provisions (€62 million), as well as the recognition in the 1st Half of 2011 of default interest relating to a decision resolving a tax dispute in the Group's favor in Spain (€63 million).

The **share of income/(expense) from investments accounted for using the equity method** showed net income of €78 million in the first nine months of 2011, up €72 million compared with the first nine months of the previous year.

Income taxes for the 3rd Quarter of 2011 amounted to €744 million, while the tax liability for the first nine months of 2011 was an estimated €2,280 million, equal to 33.8% of taxable income, compared with 30.0% in the first nine months of 2010. This reflects the adjustment of current and deferred tax following the change to the rules governing the "Robin Hood Tax".

Analysis of the Group’s financial position

Non-current assets - *€131,472 million*

Property, plant and equipment and intangible assets (including investment property) came to €99,117 million at September 30, 2011, a decrease of €387 million. The decline is primarily attributable to exchange rate losses (€2,050 million) and depreciation, amortization and impairment losses on those assets (€4,001 million). These effects were partially offset by investments in the period in the amount of €4,665 million, as well as net positive changes in the scope of consolidation (€517 million), the effects of fair value adjustments to Group assets and liabilities connected with transactions involving the loss and/or gain of control (€350 million) and other minor changes.

Goodwill, amounting to €18,490 million, and *equity investments accounted for using the equity method*, totaling €1,024 million, were largely unchanged on the previous year.

Other non-current assets totaled €12,841 million and include:

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
		restated	
Deferred tax assets	6,181	6,017	164
Non-current financial assets	5,496	4,701	795
Receivables due from the Electricity Equalization Fund and similar bodies	133	142	(9)
Other long-term receivables	1,031	920	111
Total	**12,841**	**11,780**	**1,061**

The increase of €1,061 million for the period is essentially due to the rise in non-current financial assets associated with the fair value measurement of financial derivatives and in medium/long-term financial receivables, as well as greater deferred tax assets, part of which are attributable to the change in tax rates following the changes in the “Robin Hood Tax” in Italy.

Current assets - *€36,766 million*

Trade receivables amounted to €13,923 million, up €1,418 million. The change is mainly connected with the increase in sales in the period.

Inventories came to €3,370 million, an increase of €567 million, largely attributable to the increase in the value of fuel stocks and the expansion of inventories of green certificates and CERs.

Other current assets, which total €15,138 million, break down as follows:

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
		restated	
Current financial assets	10,544	11,922	(1,378)
Tax receivables	2,049	1,587	462
Receivables due from the Electricity Equalization Fund and similar bodies	1,153	630	523
Other short-term financial receivables	1,392	1,546	(154)
Total	**15,138**	**15,685**	**(547)**

The decrease of €547 million in the period is attributable to the following main factors:

> a decrease of €1,378 million in current financial assets, mainly due to the reimbursement (for a total of €4,329 million) of financial receivables in respect of the rate deficit under the securitization plan launched by the Spanish government. This decrease was partially offset by an increase in such receivables accruing in 2011 (€1,961 million) and the rise of €841 million in financial assets in respect of derivatives;

> an increase of €462 million in tax receivables, mainly arising in respect of tax payments on account;

> an increase of €523 million in receivables due from the Electricity Equalization Fund and similar bodies, attributable to an increase in receivables associated with the application of equalization mechanisms.

Assets held for sale - *€615 million*

The item essentially reports certain assets held by Endesa in Ireland and the assets of Deval and Vallenergie, which in view of the decisions taken by management meet the requirements of IFRS 5 for classification here. The change compared with the situation at December 31, 2010 reflects the sale of Enel Maritza East 3, Enel Operations Bulgaria, CAM and Synapsis and the part of the assets of Enel Unión Fenosa Renovables sold to Gas Natural.

Equity attributable to the shareholders of the Parent Company - *€38,077 million*

The change in the first nine months of 2011 in equity attributable to the shareholders of the Parent Company reflects the recognition of net income for the period (€3,492 million) and the result for the first nine months of 2011 recognized directly in equity (a negative €769 million).

Non-current liabilities - *€71,635 million*

Long-term loans totaled €45,374 million (€52,440 million at December 31, 2010), consisting of bonds and preference shares in the amount of €34,807 million (€35,875 million at December 31, 2010) and bank and other loans in the amount of €10,567 million (€16,565 million at December 31, 2010).

Provisions and deferred tax liabilities came to €22,518 million at September 30, 2011 (€23,431 million at December 31, 2010) and include post-employment and other employee benefits totaling €3,085 million (€3,069 million at December 31, 2010), provisions for risks

and charges totaling €8,267 million (€9,026 million at December 31, 2010) and deferred tax liabilities totaling €11,166 million (€11,336 million at December 31, 2010).
Other non-current liabilities amounted to €3,743 million, down €92 million (€3,835 million at December 31, 2010) owing to a decrease in liabilities in respect of financial derivatives.

Current liabilities - *€43,780 million*

Short-term loans and current portion of long-term loans increased by €7,198 million, from €11,208 million at the end of 2010 to €18,406 million at September 30, 2011. The change reflects the effects of a rise in short-term bank debt in the amount of €9,064 million and maturing bonds in the amount of €732 million, of which the main positions regard bonds issued by Endesa and Enel SpA. That rise was partially offset by a decline in commercial paper in the amount of €2,598 million.
Trade payables came to €10,923 million, down €1,450 million from the €12,373 million registered at December 31, 2010, mainly due to the effect of the decline in payables of the foreign companies in respect of construction contracts.
Other current liabilities, which came to €14,451 million, break down as follows:

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
		restated	
Payables due to customers	1,632	1,500	132
Payables due to Electricity Equalization Fund and similar bodies	2,812	2,519	293
Current financial liabilities	2,821	1,672	1,149
Social security contributions payable and payables to employees	463	717	(254)
Tax payables	3,109	1,404	1,705
Other	3,614	2,599	1,015
Total	**14,451**	**10,411**	**4,040**

The increase in the period, equal to €4,040 million, was mainly due to the following:

> an increase of €1,705 million in tax payables, attributable to the estimate for income taxes for the period;

> an increase of €1,149 million in current financial liabilities, due essentially to the increase in financial liabilities in respect of financial derivatives;

> an increase of €1,015 million on other liabilities, essentially attributable to the recognition of the liability in respect of the interim dividend for 2011 (€940 million), which is scheduled to be distributed on November 24, 2011.

Liabilities held for sale - *€118 million*

This includes liabilities associated with "Assets held for sale", as discussed in the section for that item.

Net capital employed and related funding

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

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
		restated	
Net non-current assets:			
- property, plant and equipment and intangible assets	99,117	99,504	(387)
- goodwill	18,490	18,470	20
- equity investments accounted for using the equity method	1,024	1,033	(9)
- other net non-current assets/(liabilities)	28	(639)	667
Total	**118,659**	**118,368**	**291**
Net current assets:			
- trade receivables	13,923	12,505	1,418
- inventories	3,370	2,803	567
- net receivables due from the Electricity Equalization Fund and similar bodies	(1,659)	(1,889)	230
- other net current assets/(liabilities)	(6,443)	(3,830)	(2,613)
- trade payables	(10,923)	(12,373)	1,450
Total	**(1,732)**	**(2,784)**	**1,052**
Gross capital employed	**116,927**	**115,584**	**1,343**
Provisions:			
- post-employment and other employee benefits	(3,085)	(3,069)	(16)
- provisions for risks and charges and net deferred taxes	(13,252)	(14,345)	1,093
Total	**(16,337)**	**(17,414)**	**1,077**
Net assets held for sale	**497**	**620**	**(123)**
Net capital employed	**101,087**	**98,790**	**2,297**
Total shareholders' equity	**53,320**	**53,866**	**(546)**
Net financial debt	**47,767**	**44,924**	**2,843**

Net capital employed at September 30, 2011 amounted to €101,087 million and is funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €53,320 million and net financial debt of €47,767 million. The debt-to-equity ratio at September 30, 2011 came to 0.90 (0.83 at December 31, 2010).

Net financial debt

Millions of euro

	at Sept. 30, 2011	at Dec. 31, 2010	Change
Long-term debt:			
- bank loans	9,316	15,584	(6,268)
- bonds	34,807	34,401	406
- preference shares	179	1,474	(1,295)
- other loans	1,072	981	91
Long-term debt	*45,374*	*52,440*	(7,066)
Long-term financial receivables and securities	(2,889)	(2,567)	(322)
Net long-term debt	**42,485**	**49,873**	**(7,388)**
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	7,961	949	7,012
- drawings on revolving credit facilities	255	50	205
- other short-term bank debt	2,078	231	1,847
Short-term bank debt	*10,294*	*1,230*	9,064
Bonds (short-term portion)	2,586	1,854	732
Other loans (short-term portion)	202	196	6
Commercial paper	4,807	7,405	(2,598)
Cash collateral and other financing on derivatives	422	343	79
Other short-term financial payables	95	180	(85)
Other short-term debt	*8,112*	*9,978*	(1,866)
Long-term financial receivables (short-term portion)	(7,061)	(9,290)	2,229
Factoring receivables	(239)	(319)	80
Financial receivables – cash collateral	(981)	(718)	(263)
Other short-term financial receivables	(466)	(571)	105
Cash and cash equivalents and short-term securities	(4,377)	(5,259)	882
Cash and cash equivalents and short-term financial receivables	*(13,124)*	*(16,157)*	*3,033*
Net short-term financial debt	**5,282**	**(4,949)**	**10,231**
NET FINANCIAL DEBT	**47,767**	**44,924**	**2,843**
Financial debt of "Assets held for sale"	***25***	***636***	***(611)***

Net financial debt amounted to €47,767 million at September 30, 2011, up €2,843 million compared with December 31, 2010.

Net long-term financial debt decreased by €7,388 million, as the net result of a decrease in gross long-term debt in the amount of €7,066 million and an increase in long-term financial receivables of €322 million.

More specifically, bank loans totaled €9,316 million, a decline of €6,268 million, due mainly to the reclassification to short term of the portion of the Credit Facility maturing in the first nine months of 2012 in the amount of €1,933 million, repayments by Endesa amounting to €3,096 million, and voluntary repayments totaling €3,000 in respect of the 2007 and 2009 Credit Facilities, 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.

Bonds amounted to €34,807 million, up €406 million from December 31, 2010, mainly as a result of the issue of a €1,750 million multi-tranche bond for institutional investors, structured as follows:

> €1,000 million fixed-rate 4.125% bond maturing July 12, 2017;
> €750 million fixed-rate 5% bond maturing July 12, 2021;

offset by the redemption of a bond issued by Enel SpA in 2004 in the amount of €750 million and a bond issued by Slovenské elektrárne in 2004 totaling €195 million, as well as the reclassification to current liabilities of the portion of bonds maturing within 12 months.

Preference shares amounted to €179 million at September 30, 2011, reflecting the early redemption of preference shares totaling €1,295 million.

The €10 billion five-year revolving credit line established in April 2010 by Enel SpA and Enel Finance International, was drawn in the amount of €1,000 million at September 30, 2011. At the same date, the committed credit lines established by Enel SpA and Enel Finance International had been drawn in the amount of €2,250 million.

Net short-term financial debt came to €5,282 million at September 30, 2011, a change of €10,231 million from the net creditor position registered at end of 2010. This was the result of a rise in short-term bank debt of €9,064 million, a decrease in other short-term debt of €1,866 million and a decrease of €3,033 million in cash and cash equivalents and short-term financial receivables.

Specifically, short-term bank debt rose by €9,064 million compared with December 31, 2010, mainly as a result of the previously mentioned reclassification to short term of the portion of the Credit Facility maturing in the first nine months of 2012 (€1,933 million) and the utilization of committed and uncommitted credit lines by Enel SpA (€3,705 million).

Other short-term loans, totaling €8,112 million, include the issuance of commercial paper by Enel Finance International, Internacional Endesa, Endesa Capital and Sociedade Térmica Portuguesa in the amount of €4,807 million, as well as bonds maturing within 12 months in the amount of €2,586 million.

Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €981 million, while cash collateral received from such counterparties amounted to €422 million.

Cash and cash equivalents and short-term financial receivables came to €13,124 million, down €3,033 million from the end of 2010, due mainly to the securitization plan launched by the Spanish government in 2011 for the reimbursement of the rate deficit, which led to the receipt of about €4.3 billion.

Cash flows

Cash flows from operating activities in first nine months of 2011 were positive at €4,753 million, down €368 million from the same period of the year as a result of decreased use of cash connected with the change in net current assets and the improvement in the gross operating margin. These factors were more than offset by the effect of exchange rate variations on items denominated in foreign currency.

Cash flows from investing/disinvesting activities in the first nine months of 2011 show funds absorbed in the amount of €4,647 million, while in the corresponding period of 2010 such activities had absorbed liquidity totaling €2,874 million.
In particular, investments in property, plant and equipment and in intangible assets totaling €4,757 million increased by €679 million compared with the corresponding period of the previous year.
Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €52 million and are essentially accounted for by the acquisition by Enel Green Power España of Sociedad Eólica de Andalucía – SEA and a further 50% stake in Sociedade Térmica Portuguesa SA (TP). Investments in entities in the first nine months of 2010, also net of cash and cash equivalents acquired, mainly included the effects of the acquisition by Enel Green Power of a number of companies operating in the generation of electricity from renewable resources in Italy, the acquisitions of Enel Longanesi Development and Padoma Wind Power and a number of smaller acquisitions by Endesa.
In the first nine months of 2011, the disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €104 million, attributable to the sale of CAM and Synapsis by Endesa and the sale of Enel Maritza East 3, Enel Operations Bulgaria and the related holding companies by Enel Investment Holding. In the first nine months of 2010, the item reported cash flows from the collection of the final installment in respect of the sale of 51% of SeverEnergia and advances received by Endesa for the sale of the power transmission grids.
Cash needs generated by other investing activities in the first nine months of 2011 totaled €17 million, essentially attributable to the acquisition of an additional stake in CESI, the effect of which was more than offset by disposals for the period amounting to €75 million.

Cash flows from financing activities show cash absorbed in the amount of €948 million; such activities absorbed cash in the amount of €3,092 million in the first nine months of 2010. The change is essentially the result of the greater outlay for dividends and the increase in financial debt, the latter being mainly associated with recent bond issues.

In the first nine months of 2011, *cash flows from operating activities* in the amount of €4,753 million were used to cover the cash requirements of investing activities in the amount of €4,647 and of financing activities in the amount of €948 million. The difference is reflected in the decrease in cash and cash equivalents, which at September 30, 2011 came to €4,377 million, compared with €5,342 million at the end of 2010. This decrease also reflects the negative effect of exchange rate fluctuations (€123 million).

Other information

Related parties

As an operator in the field of generation, distribution, transport and sale of electricity, the Enel Group provides services to a number of companies controlled by the Italian State, Enel SpA's controlling shareholder. In the current regulatory framework, the Enel Group 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 companies of the Renewable Energy Division that operate in Italy sell electricity to the Energy Markets Operator on the Power Exchange.
The Enel Group also acquires fuel for generation and gas for distribution and sale from Eni, a company controlled by the Ministry for the Economy and Finance.

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 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 replaced, 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.

The following table summarizes the relationships:

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Sept. 30, 2011		**First nine months 2011**	
Single Buyer	65	1,007	940	4,453
Energy Markets Operator	753	493	3,089	2,029
Terna	321	524	420	1,453
Eni	3	36	306	155
Electricity Services Operator	14	603	245	24
Italian Post Office	1	114	-	108
Other	56	204	457	625
Total	**1,213**	**2,981**	**5,457**	**8,847**

The following table shows transactions with associated companies outstanding at September 30, 2011 and carried out during the first nine months of the year, respectively.

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Sept. 30, 2011		**First nine months 2011**	
Enel Rete Gas	20	41	51	200
SeverEnergia	88	-	3	1
Elica 2	2	-	-	-
CESI	-	5	-	12
Other companies	27	10	16	-
Total	**137**	**56**	**70**	**213**

Contractual commitments and guarantees

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

Millions of euro

	at Sept. 30, 2011
Guarantees given:	
- sureties and other guarantees granted to third parties	4,782
Commitments to suppliers for:	
- electricity purchases	58,252
- fuel purchases	66,752
- various supplies	3,934
- tenders	1,633
- other	2,340
Total	**132,911**
TOTAL	**137,693**

Guarantees granted to third parties amounted to €4,782 million and include €531 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months from July 2004. The value of such guarantees is reduced annually by a specified amount.

Commitments for electricity at September 30, 2011 amounted to €58,252 million, of which €19,658 million refer to the period October 1, 2011-2015, €11,494 million to the period 2016-2020, €9,312 million to the period 2021-2025 and the remaining €17,788 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 September 30, 2011 was €66,752 million, of which €34,368 million refer to the period October 1, 2011-2015, €24,367 million to the period 2016-2020, €6,027 million to the period 2021-2025 and the remaining €1,990 million beyond 2025.

Contingent liabilities and assets

Compared with the financial statements at December 31, 2010, which the reader is invited to consult, the following main changes have occurred in contingent assets and liabilities.

Developments in the criminal proceedings before the Court of Milan and the rulings of the State Audit Court concerning former senior managers

On May 25, 2011, a settlement agreement was signed with the former managing director of Enel Produzione under which Enel is to receive damages, including in the interest of the Group companies involved, totaling €2 million and the waiver by the former managing director of the claim to receive payment of the value of the stock options that was pending

before Labor Court in the amount of €4 million. As part of the agreement, the companies of the Enel Group have revoked – solely with respect to the Enel Produzione managing director – their status as injured parties in the related criminal proceedings and will abandon the revocatory and enforcement actions undertaken against said managing director.
The trial on the charges of criminal conspiracy was concluded on September 20, 2011 with a ruling that the statute of limitations had run out. Enelpower, Enel Produzione and Enel SpA are taking civil action to recover damages for the harm caused by the conspiracy conducted by the former managers.

BEG litigation

As regards the legal proceedings in Albania, in a ruling of March 7, 2011, the Albanian Court of Cassation denied the appeal submitted by Enelpower and Enel SpA 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 a letter of April 26, 2011, Albania BEG Ambient, referring to the above ruling of the Albanian court, requested payment of more than €430 million. Enelpower and Enel SpA replied to the request, on April 28 and 29 respectively, strongly challenging legitimacy of both the foundation of the claim and the amount and filed a request with the Albanian Court of Cassation for the Court of Tirana's ruling in first instance to be revoked for conflict with the ruling of the Italian Court of Cassation. In a ruling dated June 17, 2011, and announced on July 7, the Albanian Court of Cassation upheld the ruling of the court of first instance.
In addition, proceedings continued in Italy in the suit lodged by Enelpower and Enel SpA against BEG SpA with the Court of Rome asking the Court to ascertain the liability of BEG for having evaded compliance with the ruling issued in Italy in favor of Enelpower on December 6, 2002, having its subsidiary Albam take legal action in Albania against Enelpower and Enel. With this action, Enelpower and Enel are asking the Court to find BEG liable and order it 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 next hearing is scheduled for October 25, 2011.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

To date, pending cases concerning the blackout have fallen to just over 50,000 due to Court decisions as well as abandonment of suits by the plaintiffs or joinder of proceedings, while the flow of new claims has essentially come to a halt in view of the rulings in Enel's favor by both the Court of Appeal and the Court of Cassation.

Litigation concerning free bill payment procedures

On February 24, 2011, the Council of State denied the appeal filed by Enel Distribuzione asking for it to revoke ruling no. 2507/2010, granting the appeal of the Authority for Electricity and Gas against ruling no. 321/08 of the Lombardy Regional Administrative Court voiding 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.

Porto Tolle thermal plant – Air pollution – Criminal proceedings against Enel directors and employees – Damages for environmental harm

In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities, the Group has already made payment under a settlement agreement reached in 2008.
With a suit lodged in July 2011, the Ministry for the Environment and a number of public entities asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station.
The amount of damages requested for economic and environmental losses is about €100 million, which Enel has contested in full as unfounded.
In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of directors and employees of Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. The next hearing has been set for November 22, 2011.

Contingent liabilities of the Endesa Group

As regards the dispute between Endesa Distribución Eléctrica and Josel SL concerning the withdrawal from the contract for the sale of several buildings due to changes in their zoning status, on May 9, 2011, the court granted the request to permit withdrawal from the contract and ordered Endesa to repay the amounts paid for the sale plus interest and costs. Endesa has appealed the ruling.

Subsequent events

Revision of Enel rating by Moody's

On October 5, 2011, Moody's rating agency announced that it had lowered its long-term rating for Enel SpA to "A3" (previously "A2") and its short-term rating to "Prime-2" (previously "Prime-1"). It also issued a negative outlook.
The change in Enel's rating is linked to the recent decision by Moody's to lower its rating for Italian government debt.

Issue of €2,250 million bond on European market

On October 17, 2011, Enel SpA, acting through its subsidiary Enel Finance International NV, placed on the European market a multi-tranche bond issue totaling €2,250 million targeted at institutional investors under the Global Medium Term Notes program. The bond issue was authorized by Enel's Board of Directors on June 16, 2011.
The operation, led by a pool of banks comprising Barclays, BNP Paribas and Deutsche Bank (as global coordinators) and Banca Imi, BBVA, Santander and UniCredit (as joint book runners) generated orders totaling over €12 billion and was structured into the following tranches (all guaranteed by Enel SpA):

- €1,250 million at a rate of 4.625%, maturing June 24, 2015;
- €1,000 million at a rate of 5.750%, maturing in October 24, 2018.

New loan in Romania

On October 21, 2011 Enel Green Power International BV signed an agreement with the Danish government's Export Credit Agency and Citigroup (as agent and arranger) for a 12-year loan of €112 million, guaranteed by Enel Green Power. This loan will be used to cover a portion of the investments required to build and expand Enel Green Power Romania's Moldova Noua and Corugea wind plants, which will have a total installed capacity of 118 MW.

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

The officer responsible for the preparation of the company's financial reports, Luigi Ferraris, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at September 30, 2011 corresponds with that contained in the accounting documentation, books and records.

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

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