Interim Financial Report at March 31, 2012

Enel

FIFTY YEARS

1962 2012

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1962 2012

Contents

Consolidated financial statements

Foreword

The Interim Financial Report at March 31, 2012 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 standards adopted and measurement criteria used for the Interim Financial Report at March 31, 2012, which has not been audited, are consistent with those used to prepare the consolidated financial statements at December 31, 2011, to which the reader is referred for more information.
In addition, the following amendments to the international accounting standards are applicable for the first time as of January 1, 2012:

> "Amendments to IFRS 7 - *Financial instruments: Disclosures*"; the amendments require additional disclosures to assist users of financial statements to assess the exposure to risk in the transfer of financial assets and the impact of such risks on the Company's financial position. The amended standard introduces new disclosure requirements, to be reported in a single note, concerning transferred financial assets that have not been derecognized and transferred assets in which the Company has a continuing involvement as of the balance sheet date.

Definition of performance indicators

In order to facilitate the assessment of the Group's performance and financial position, this Interim Financial Report at March 31, 2012 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";
> "Securities held to maturity", "Financial investments in funds or portfolio management products at fair value through profit or loss", "Securities available for sale" and "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:

> "Long-term financial receivables (short-term portion)", "Receivables for factoring advances", "Securities",

"Financial receivables and cash collateral" and "Other financial receivables";
> "Cash and cash equivalents";
> "Short-term loans" and the "Current portion of long-term loans".

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

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

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

The Enel structure

As from February 2012, the Group has adopted a new operating model, designed to enhance the efficiency of the organization on the basis of a more effective decision-making process. The new model is based on the following organizational arrangements:
> Parent Company functions, which are responsible for directing and controlling strategic activities for the entire Group;
> global service functions, which are responsible for providing services to the Group, maximizing synergies and economies of scale;
> business lines, represented by seven Divisions, as well as the **Upstream Gas** function (which pursues selective vertical integration to increase the competitiveness, security and flexibility of strategic sourcing to meet Enel's gas requirements) and the **Carbon Strategy** function (which operates in the world's CO_2 certificate markets).

The activities of the individual Divisions are set out below.

The **Sales Division** is responsible for commercial activities in Italy, 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 for the sale of electricity on the regulated market;
> Enel Energia for the sale of electricity on the free and safeguard markets and the sale of natural gas to end users.

The Division also includes the figures for Vallenergie, a company that serves enhanced protection market customers in the Valle d'Aosta Region, until the date of its disposal on November 30, 2011.

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 from thermal and schedulable hydroelectric power plants in Italy through Enel Produzione, Hydro Dolomiti Enel, SE Hydropower, SF Energy and ENergy Hydro Piave;
  - trading on international and Italian markets, primarily through Enel Trade, Enel Trade Romania, Enel Trade d.o.o. (Croatia) and Enel Trade Serbia;
> 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 ofnatural gas regasification and storage plants (through Nuove Energie and Enel Stoccaggi).

The **Infrastructure and Networks Division** is primarily responsible for operating the electricity distribution networks in Italy.
The activities are essentially carried out by:
> Enel Distribuzione for the distribution of electricity;

> Enel Sole for public and artistic lighting.

The Division's figures also include those of Deval, a company that distributes electricity in the Valle d'Aosta Region, until the date of its disposal on November 30, 2011.

The **Iberia and Latin America Division** focuses on developing Enel Group'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.

During the course of 2011, a number of changes to the scope of the Division were made, involving the Spanish ICT operations and the company Compostilla Re (operating in the reinsurance field), which were reclassified under "Other, eliminations and adjustments" as part of activities to improve the allocation of operating units within the Division.

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) in the Russian Federation.

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 and other minor companies), 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, which in 2011 absorbed 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 mission of the **Engineering and Research Division** (formerly Engineering and Innovation) is to serve the Group by managing the engineering processes related to the development and construction of power plants (conventional and nuclear) ensuring achievement of the quality, temporal and financial objectives set for it. In addition, it is responsible for coordinating nuclear technology operations, providing independent monitoring of the Group's nuclear activities with regard to safety issues. Finally, it also manages research activities identified in the process of managing innovation, with a focus on strategic research and technology scouting.

In this Interim Financial Report, the results by operating segment are discussed on the basis of the organizational arrangements established under the new operating model and taking account of the possibilities for the simplification of disclosures associated with the materiality thresholds established under IFRS 8. In particular, for that reason, the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, the "Services and Other Activities" area and the "Engineering and Research" Division, which in 2011 had been reported separately, as well as the Upstream Gas function previously reported under the Generation and Energy Management Division. The comparative performance data for the 1st Quarter of 2011 and the financial position figures at December 31, 2011 have all been restated appropriately.

Main changes in the scope of consolidation

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 an additional 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;
- loss of control, as from April 1, 2011, of Hydro Dolomiti Enel Srl 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. Accordingly, the company is consolidated on a proportionate basis (with the stake held by the Enel Group in the company remaining unchanged at 49% both before and after the change in governance arrangements) rather than on a full line-by-line basis;
- acquisition of full control (from joint control) of the assets and liabilities 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;
- acquisition, on June 9, 2011, of an additional 50% of Sociedade Térmica Portuguesa, as a result of which the Group acquired exclusive control of the company, whereas prior to the acquisition it had exercised joint control;
- 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 Enel Maritza East 3 AD and 73% of the Bulgarian company Enel Operations Bulgaria AD;
- disposal, on November 30, 2011, of 51% of Deval and Vallenergie to Compagnia Valdostana delle Acque, a company owned by the Region of Valle d'Aosta, which already held the remaining 49% of the companies involved;
- acquisition, on December 1, 2011, of 33.33% of SF Energy, a company operating in the hydroelectric generation sector, with the transfer of in-kind and cash consideration by Enel Produzione. With the transfer, the Group acquired joint control of the company, together with another two partners participating in the investment;
- acquisition, on December 1, 2011, of 50% of Sviluppo Nucleare Italia, in which the Group already held a stake of 50%, giving it joint control with Electricité de France; as from that date the company has been consolidated on a line-by-line basis.

2012

- acquisition, on January 13, 2012, of an additional 49% of Rocky Ridge Wind Project, which was already a subsidiary (consolidated line-by-line) controlled through a 51% stake;
- acquisition, on February 14, 2012, of the remaining 50% of Enel Stoccaggi, a company in which the Group already held a 50% interest. As from that date the company has been consolidated on a line-by-line basis (previously consolidated proportionately in view of the joint control exercised).

In the condensed consolidated balance sheet at March 31, 2012, "Assets held for sale" and "Liabilities held for sale" include the assets and related liabilities of Endesa Ireland and other minor entities (including WISCO), as the state of negotiations for their sale to third parties qualifies them for application of IFRS 5. There have been no changes compared with the assets and liabilities reported here as at December 31, 2011.

Summary of results

Performance and financial position

Millions of euro	1st Quarter	
	2012	2011
Revenues	21,193	19,536
Gross operating margin	4,302	4,399
Operating income	2,902	3,036
Net income before non-controlling interests	1,501	1,526
Group net income	1,184	1,201
Group net income per share in circulation at period-end (euro)	0.13	0.13
Net capital employed	101,194	99,069 (1)
Net financial debt	45,617	44,629 (1)
Shareholders' equity (including non-controlling interests)	55,577	54,440 (1)
Group shareholders' equity per share in circulation at period-end (euro)	4.21	4.13 (1)
Cash flows from operating activities	67	7
Capital expenditure on tangible and intangible assets	1,314	1,132

(1) At December 31, 2011.

Revenues in the first three months of 2012 amounted to €21,193 million, an increase of €1,657 million or 8.5% on the corresponding period of 2011. The rise is essentially attributable to the increased revenues from the sale of electricity on wholesale markets.

The *gross operating margin* in the 1st Quarter of 2012 totaled €4,302 million, down €97 million or 2.2% on the year-earlier period. The decline is mainly due to the decrease in the margin on generation in Italy.

Operating income amounted to €2,902 million in the 1st Quarter of 2012, down €134 million or 4.4% compared with the first three months of 2011, taking account of an increase of €37 million in depreciation, amortization and impairment losses.

Group net income amounted to €1,184 million in the 1st Quarter of 2012, down €17 million or 1.4% on the first three months of 2011. More specifically, the gain on the disposal of 5.1% of Terna, included in financial income for the period in the amount of €185 million, together with the virtually complete exemption of such gains from taxation, partially offset the decline in operating income and the effect of the application of the so-called Robin Hood Tax in Italy.

Net financial debt at March 31, 2012 amounted to €45,617 million, up €988 million compared with December 31, 2011. At March 31, 2012, the debt/equity ratio came to 0.82 (0.82 at December 31, 2011).

Capital expenditure in the 1st Quarter of 2012 came to €1,314 million, an increase of 16.1%, which was especially concentrated in the Renewable Energy and Infrastructure and Networks Divisions.

Operations

	1st Quarter					
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2012			2011	
Net electricity generated by Enel (TWh)	19.7	58.3	**78.0**	19.7	53.8	**73.5**
Electricity transported on the Enel distribution network (TWh) (1)	61.5	49.1	**110.6**	62.6	47.8	**110.4**
Electricity sold by Enel (TWh) (2)	27.0	55.5	**82.5**	27.0	53.0	**80.0**
Gas sales to end users (billions of m^3)	2.1	1.3	**3.4**	2.1	1.2	**3.3**
Employees at period-end (no.) (3)	36,667	38,581	**75,248**	36,842	38,518	**75,360** (4)

(1) The figure for 2011 reflects a more accurate measurement of quantities transported.
(2) Excluding sales to resellers.
(3) Of which 134 and 135 in units classified as "Held for sale", respectively at March 31, 2012 and at December 31, 2011.
(4) At December 31, 2011.

Net electricity generated by Enel in the 1st Quarter of 2012 totaled 78.0 TWh, up 6.1% compared with the same period of 2011, with all of the increase coming abroad. More specifically, the rise in output in the Iberian peninsula (up 3.3 TWh, mainly attributable to thermal generation), Russia (up 1.7 TWh, largely associated with the completion of two new combined-cycle plants), Latin America (up 0.6 TWh, mainly in Brazil and Colombia) and the United States (up 0.3 TWh), more than offset the decrease due to the change in the scope of consolidation with regard to Enel Maritza East 3 (down 1.3 TWh).

Electricity transported on the Enel distribution network came to 110.6 TWh in the 1st Quarter of 2012, a rise of 0.2 TWh essentially reflecting developments in demand on the domestic grid and in the other countries in which Enel operates.

Electricity sold by Enel in the 1st Quarter of 2012 totaled 82.5 TWh, a rise of 2.5 TWh or 3.1%, all of which is attributable to sales abroad. More specifically, the greater sales posted in France (up 1.0 TWh), Latin America (up 1.0 TWh, mainly in Brazil and Chile), Russia (up 0.7 TWh) and Slovakia (up 0.2 TWh) were only partially offset by the reduction in the Iberian peninsula (down 0.5 TWh).

Gas sold in the 1st Quarter of 2012 was up 0.1 billion cubic meters, essentially reflecting an increase in consumption in foreign markets.

At March 31, 2012, Enel Group *employees* numbered 75,248 (of which 38,581 employed abroad). The workforce at March 31, 2012, declined by 112 employees compared with the start of the year, entirely accounted for by the net negative balance between new hires and terminations.

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 1st Quarter of 2012 and 2011

1st Quarter of 2012 (1)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	5,288	4,127	651	8,457	2,127	519	24	**21,193**
Revenues from other segments	37	1,908	1,155	34	173	86	(3,393)	**-**
Total revenues	**5,325**	**6,035**	**1,806**	**8,491**	**2,300**	**605**	**(3,369)**	**21,193**
Net income/(charges) from commodity risk management	32	78	-	(1)	47	(6)	-	**150**
Gross operating margin	**176**	**448**	**954**	**1,881**	**423**	**379**	**41**	**4,302**
Depreciation, amortization and impairment losses	82	152	230	709	88	113	26	**1,400**
Operating income	**94**	**296**	**724**	**1,172**	**335**	**266**	**15**	**2,902**
Capital expenditure	**3**	**34**	**309**	**356** (2)	**262**	**275**	**75** (3)	**1,314**

(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) Does not include €21 million regarding units classified as "Held for sale".
(3) Does not include €1 million regarding units classified as "Held for sale".

1st Quarter of 2011 (1)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	4,884	3,500	680	8,001	1,870	487	114	**19,536**
Revenues from other segments	46	1,594	1,103	96	155	119	(3,113)	**-**
Total revenues	**4,930**	**5,094**	**1,783**	**8,097**	**2,025**	**606**	**(2,999)**	**19,536**
Net income/(charges) from commodity risk management	15	82	-	(12)	(18)	2	-	**69**
Gross operating margin	**179**	**566**	**984**	**1,820**	**449**	**390**	**11**	**4,399**
Depreciation, amortization and impairment losses	57	140	225	668	155	91	27	**1,363**
Operating income	**122**	**426**	**759**	**1,152**	**294**	**299**	**(16)**	**3,036**
Capital expenditure	**1**	**39**	**238** (2)	**417**	**229** (3)	**204**	**4**	**1,132**

(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) Does not include €2 million regarding units classified as "Held for sale".
(3) Does not include €2 million regarding units classified as "Held for sale".

Sales

Operations

Electricity sales

Millions of kWh	1st Quarter			
	2012	2011	Change	
Free market:				
- mass-market customers	7,000	7,092	(92)	-1.3%
- business customers [1]	3,248	2,528	720	28.5%
- safeguard market customers	483	493	(10)	-2.0%
Total free market	**10,731**	**10,113**	**618**	**6.1%**
Regulated market (enhanced protection market)	**16,177**	**16,803**	**(626)**	**-3.7%**
TOTAL	**26,908**	**26,916**	**(8)**	**-**

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

Electricity sold by the Sales Division in the 1st Quarter of 2012 amounted to 26,908 million kWh, essentially in line with the volumes registered in the same period of 2011. More specifically, the higher volumes sold on the free market, mainly to business customers, were offset by lower sales to customers in the enhanced protection market, as a result of the ongoing shift of customers from the regulated system to the free market.

Gas sales

Millions of m^3	1st Quarter			
	2012	2011	Change	
Mass-market customers [1]	1,771	1,682	89	5.3%
Business customers	323	374	(51)	-13.6%
Total	**2,094**	**2,056**	**38**	**1.8%**

(1) Includes residential customers and microbusinesses.

Gas sales in the 1st Quarter of 2012 totaled 2,094 million cubic meters, up 38 million cubic meters compared with the same period of the previous year, partly reflecting the increase in sites served between the two periods under review.

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	5,325	4,930	395
Net income/(charges) from commodity risk management	32	15	17
Gross operating margin	*176*	*179*	*(3)*
Operating income	94	122	(28)
Operating assets	6,660	5,209 (1)	1,451
Operating liabilities	6,414	6,050 (1)	364
Employees at period-end (no.)	3,696	3,745 (1)	(49)
Capital expenditure	3	1	2

(1) At December 31, 2011.

Revenues for the 1st Quarter of 2012 amounted to €5,325 million, up €395 million compared with the same period of 2011 (up 8.0%), as a result of the following main factors:

> an increase of €143 million in revenues on the regulated electricity market, mainly associated with the increase in average revenues covering generation costs, as well as revenues in respect of the sales service. These effects were partially offset by the decrease in amounts sold (down 0.6 TWh), as well as the recognition of prior-year items, which had a net negative impact of €44 million, connected with the recognition of purchase equalization adjustments in the two periods under review with regard to previous years;
> an increase of €122 million in revenues on the free electricity market, essentially due to higher volumes sold (up 0.6 TWh) and grid fees;
> an increase of €181 million in revenues from sales to end users on the natural gas market, mainly due to higher volumes sold (up 38 million cubic meters) and the increase in average sales prices due to the change in the market scenario and the revision of the component for retail sales (QVD).

The ***gross operating margin*** for the 1st Quarter of 2012 came to €176 million, down €3 million on the same period of 2011. The decline is attributable to:

> a €5 million decrease in the margin on the free market for electricity and gas, essentially due to reduction in the unit margin of the electricity market, only partially offset by an increase in the unit margin of the gas market and the positive volume effect for both commodities;
> a €2 million increase in the margin on the regulated electricity market, mainly associated with the improvement in the electricity margin, due to an increase in revenues recognized for the sales service. This was only partially offset by the effect of a decline in the number of customers served.

Operating income in the 1st Quarter of 2012, after depreciation, amortization and impairment losses of €82 million (€57 million the same period of 2011), amounted to €94 million, down €28 million compared with the 1st Quarter of 2011. In addition to the decrease in the gross operating margin, the decline reflects an increase of €23 million in impairment losses on trade receivables.

Capital expenditure

Capital expenditure amounted to €3 million, up €2 million compared with the same period of the previous year.

Generation and Energy Management

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2012	2011	Change	
Thermal	14,791	12,397	2,394	19.3%
Hydroelectric	2,428	4,321	(1,893)	-43.8%
Other resources	2	1	1	-
Total net generation	**17,221**	**16,719**	**502**	**3.0%**

In the 1st Quarter of 2012, net electricity generation amounted to 17,221 million kWh, an increase of 3.0% compared with the same period of the previous year. The decrease in hydroelectric output (down 1,893 million kWh) due to poorer water availability was more than offset by the increase in thermal generation (up 2,394 million kWh), thanks to the considerable competitiveness of coal-fired plants and, in part, the exceptionally cold weather experienced in the 1st Quarter of 2012.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2012		2011		Change	
High-sulfur fuel oil (S>0.25%)	158	1.0%	146	1.1%	12	8.2%
Low-sulfur fuel oil (S<0.25%)	321	2.0%	106	0.8%	215	-
Total fuel oil	*479*	*3.0%*	*252*	*1.9%*	*227*	*90.1%*
Natural gas	4,108	26.0%	4,957	37.7%	(849)	-17.1%
Coal	11,120	70.3%	7,815	59.5%	3,305	42.3%
Other fuels	109	0.7%	117	0.9%	(8)	-6.8%
TOTAL	**15,816**	**100.0%**	**13,141**	**100.0%**	**2,675**	**20.4%**

Gross thermal generation in the 1st Quarter of 2012 totaled 15,816 million kWh, a rise of 2,675 million kWh or 20.4% compared with the same period of 2011. The fuel mix shows an especially large rise in generation from coal (up 3.3 TWh) and in generation from fuel oil, reflecting the gas emergency in the 1st Quarter of 2012.

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	6,035	5,094	941
Net income/(charges) from commodity risk management	78	82	(4)
Gross operating margin	*448*	*566*	*(118)*
Operating income	296	426	(130)
Operating assets	16,572	16,522 (1)	50
Operating liabilities	4,586	5,106 (1)	(520)
Employees at period-end (no.)	6,225	6,277 (1)	(52)
Capital expenditure	34	39	(5)

(1) At December 31, 2011.

Revenues for the 1st Quarter of 2012 amounted to €6,035 million, up €941 million or 18.5% compared with the same period of 2011 as a result of the following main factors:

> a €613 million increase in revenues from electricity sales, mainly due to higher revenues from sales to re-sellers on the domestic market (up €252 million), the increase of €243 million in revenues from sales on the Power Exchange (essentially connected with higher volumes handled and higher average sales prices), and the increase of €135 million (with an increase of 0.5 TWh in volumes) in revenues from electricity sales to other Group Divisions, especially the Sales Division;

> a €509 million increase in revenues from fuel trading, essentially attributable to sales of natural gas (€513 million), partially offset by a decline of €89 million in revenues from trading on international electricity mar-kets (with a decrease of 3.8 TWh in volumes handled);

> a €37 million increase in revenues mainly associated with the fees for plants essential to system security, partly offset by a reduction in the revenue component for transmission capacity usage rights;

> a €96 million decrease in revenues from the sale of green certificates to the Energy Services Operator (ESO), partly offset by a €21 million increase in revenues for CO_2 emissions rights (Certified Emission Reductions);

> a €32 million decrease in revenues for grants to “new entrants” in the emissions trading system, essentially attributable to the impact of the recognition in the 1st Quarter of 2011 of certain prior-year items associated with the commercial operation of unit 4 of the Torreval-daliga Nord plant.

The ***gross operating margin*** for the 1st Quarter of 2012 amounted to €448 million, down €118 million or 20.8% compared with the €566 million registered in the same period of 2011. The decrease is largely attributable to:

> a decline in the generation margin (down €81 million), essentially due to the decline in the unit margin and poorer water conditions;

> an increase in the margin on natural gas sales and trad-ing (up €43 million), due essentially to more favorable sourcing conditions on the market;

> the effect, noted in the comments on revenues, of the grants to “new entrants” in the emissions trading sys-tem;

> an increase of €74 million in the margin on ancillary services;

> a decrease in the margin on green certificate activities, as well as the effect (€17 million) of the change in the method used to consolidate Hydro Dolomiti Enel and SF Energy.

Operating income amounted to €296 million, down €130 million or 30.5% (including an increase of €12 million in depreciation, amortization and impairment losses) com-pared with the €426 million registered in the same period of 2011.

Capital expenditure

Capital expenditure in the 1st Quarter of 2012 amounted to €34 million, including €16 million for the continuation of work on thermal plants, comprising the completion of the coal conversion of the Torrevaldaliga Nord plant and work on the Brindisi plant. Capital expenditure on hydroelectric plants regarded the refurbishing/repowering of existing plants (including the refurbishment of the Ancipa dam in Sicily).

Infrastructure and Networks

Operations

Transport of electricity

	1st Quarter			
	2012	2011	Change	
Electricity transported on Enel's distribution network (millions of kWh) (1)	61,461	62,586	(1,125)	-1.8%

(1) The figure for 2011 takes account of a more accurate calculation of quantities transported.

Energy transported on the Enel network in Italy in the 1st Quarter of 2012 decreased by 1,125 million kWh or 1.8%, going from 62,586 million kWh in the 1st Quarter of 2011 to 61,461 million kWh in the 1st Quarter of 2012 (a decrease of 863 million kWh on an unchanged scope of consolidation basis, excluding the electricity transmitted by Deval). The change is essentially in line with developments in electricity demand in Italy.

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	1,806	1,783	23
Gross operating margin	*954*	*984*	*(30)*
Operating income	724	759	(35)
Operating assets	18,024	17,479 (1)	545
Operating liabilities	6,395	6,418 (1)	(23)
Employees at period-end (no.)	18,883	18,951 (1)	(68)
Capital expenditure	309	238 (2)	71

(1) At December 31, 2011.
(2) The figure does not include €2 million regarding units classified as "Held for sale".

Revenues in the 1st Quarter of 2012 amounted to €1,806 million, up €23 million or 1.3% compared with the total registered in the same period of the previous year. The change is essentially attributable to:

> a net positive effect from the application of the Resolution of the Authority for Electricity and Gas no. 199/11 (increase in transmission rates and introduction of the mechanism for the equalization of transmission costs);
> an increase in revenues (€17 million) from the sale of digital meters and associated services to the Iberia and Latin America Division.

The ***gross operating margin*** amounted to €954 million, a decrease of €30 million or 3.0%, essentially accounted for by:

> an increase of €6 million in the margin on the transport of electricity, due mainly to an increase in the number of customers, especially in the low-voltage segment;

- the effect of the change in the scope of consolidation with regard to Deval (a decrease of €3 million);
- an increase in operating expenses, mainly due to personnel costs.

Operating income, after depreciation, amortization and impairment losses of €230 million (€225 million in the 1st Quarter of 2011), amounted to €724 million, down €35 million or 4.6% compared with the same period of 2011.

Capital expenditure

Capital expenditure in the 1st Quarter of 2012 amounted to €309 million, a rise of €71 million compared with the same period of the previous year. It mainly regarded the work done on the medium- and high-voltage grids for improvements in service quality and for the connection of renewables plants.

Iberia and Latin America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2012	2011	Change	
Thermal	20,440	17,701	2,739	15.5%
Nuclear	7,276	5,819	1,457	25.0%
Hydroelectric	9,448	9,874	(426)	-4.3%
Wind	31	35	(4)	-11.4%
Total net generation	**37,195**	**33,429**	**3,766**	**11.3%**

Net electricity generation in the 1st Quarter of 2012 totaled 37,195 million kWh, a rise of 3,766 million kWh compared with the same period of 2011.

In the 1st Quarter of 2012, net electricity generation in Europe increased by 3,163 million kWh: the increase in thermal generation (28.5%) and nuclear generation (25.0%), which in the 1st Quarter of 2011 was affected by maintenance work, more than offset the decline in hydroelectric output (55.2%) associated with the poorer water conditions in the period.

In Latin America, net electricity generation posted a rise of 603 million kWh, mainly as a result of greater hydroelectric generation in Brazil, Colombia and Chile, partially offset by the decline in thermal generation in all the other Latin American countries in which the Division operates, with the exception of Brazil.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2012		2011		Change	
High-sulfur fuel oil (S>0.25%)	1,836	6.3%	2,042	8.2%	(206)	-10.1%
Natural gas	8,672	29.8%	9,183	37.0%	(511)	-5.6%
Coal	9,936	34.1%	6,434	25.9%	3,502	54.4%
Nuclear fuel	7,589	26.1%	6,066	24.5%	1,523	25.1%
Other fuels	1,084	3.7%	1,077	4.4%	7	0.6%
Total	**29,117**	**100.0%**	**24,802**	**100.0%**	**4,315**	**17.4%**

Gross thermal generation in the 1st Quarter of 2012 amounted to 29,117 million kWh, a rise of 4,315 million kWh compared with the same period of the previous year. The generation mix used in Spain saw the use of coal increase following both the entry into force of a government subsidy for the use of domestic coal and more favorable import prices for that fuel. In addition to this increase in coal generation, the decline in natural gas generation reflects the decrease in operations at a number of plants in Peru and Chile.

Electricity sales

Millions of kWh	1st Quarter			
	2012	2011	Change	
Free market:				
- Iberian peninsula	26,728	27,207	(479)	-1.8%
- Latin America	1,939	1,882	57	3.0%
Total free market	**28,667**	**29,089**	**(422)**	**-1.5%**
Regulated market:				
- Latin America	13,022	12,105	917	7.6%
Total regulated market	**13,022**	**12,105**	**917**	**7.6%**
TOTAL	**41,689**	**41,194**	**495**	**1.2%**
- of which Iberian peninsula	*26,728*	*27,207*	*(479)*	*-1.8%*
- of which Latin America	*14,961*	*13,987*	*974*	*7.0%*

Electricity sales to end users in the 1st Quarter of 2012 totaled 41,689 million kWh, up 495 million kWh compared with the same period of 2011.

The increase of sales in Latin America (up 974 million kWh), especially in Brazil and Chile, as a result of the increase in electricity demand, was partially offset by the decrease in volumes sold in the Iberian peninsula (down 479 million kWh).

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	8,491	8,097	394
Net income/(charges) from commodity risk management	(1)	(12)	11
Gross operating margin	*1,881*	*1,820*	*61*
Operating income	1,172	1,152	20
Operating assets (1)	76,335	76,124 (2)	211
Operating liabilities (3)	11,366	11,852 (2)	(486)
Employees at period-end (no.) (4)	22,985	22,877 (2)	108
Capital expenditure (5)	356	417	(61)

(1) Of which €383 million regarding units classified as "Held for sale" at March 31, 2012 (€359 million at December 31, 2011).
(2) At December 31, 2011.
(3) Of which €67 million regarding units classified as "Held for sale" at March 31, 2012 (€32 million at December 31, 2011).
(4) Includes 112 in units classified as "Held for sale" at March 31, 2012 (113 at December 31, 2011).
(5) The figure does not include €21 million in capital expenditure regarding units classified as "Held for sale" .

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	1st Quarter			1st Quarter			1st Quarter		
	2012	2011	Change	**2012**	2011	Change	**2012**	2011	Change
Europe	5,874	5,644	230	1,107	1,133	(26)	688	702	(14)
Latin America	2,617	2,453	164	774	687	87	484	450	34
Total	**8,491**	**8,097**	**394**	**1,881**	**1,820**	**61**	**1,172**	**1,152**	**20**

Revenues in the 1st Quarter of 2012 increased by €394 million, due to:

> an increase of €230 million in revenues in Europe, essentially attributable to the increase in revenues from the sale of electricity and in grants for extra-peninsular generation in the amount of €69 million. Those factors were only partially offset by the decline in revenues from electricity distribution operations connected with the entry into force in the Spanish electrical system of *Real Decreto Ley* no. 13/2012. Revenues in Europe also reflected the transfer of the Division's ICT operations and Compostilla Re to the Services and Other Activities area;

> an increase of €164 million in revenues in Latin America, essentially due to the rise in the volume of electricity sold.

The ***gross operating margin*** amounted to €1,881 million, up €61 million or 3.4% compared with the same period of 2011, as a result of:

> an increase of €87 million in the gross operating margin in Latin America, essentially attributable to higher distribution margins and the effect of the recognition in the 1st Quarter of 2011 of the net worth tax (€109 million) in Colombia. These factors were only partially offset by a decline in generation margins;

> a decrease of €26 million in the gross operating margin in Europe, essentially the net result of:

- the reduction in the distribution margin on the Spanish regulated market, which was adversely affected by the entry into force of *Real Decreto Ley* no. 13/2012 mentioned earlier;
- the elimination of the mechanism provided for in that decree for financing the social bonus in Spain, which had been borne by generating companies (with a benefit of €30 million);
- the change in the scope of consolidation with the transfer of Division's ICT operations and Compostilla Re, with a negative impact of €5 million.

Operating income in the 1st Quarter of 2012, after depreciation, amortization and impairment losses amounting to €709 million (€668 million in the 1st Quarter of 2011, with an increase essentially associated with thermal generation plants and distribution lines), totaled €1,172 million, a rise of €20 million compared with the same period of 2011.

Capital expenditure

Capital expenditure amounted to €356 million, a decrease of €61 million compared with the same period of the previous year. In particular, capital expenditure in the 1st Quarter of 2012 primarily concerned work on the distribution network (€234 million), mainly in Spain (€131 million) and Brazil (€50 million). Investment in generation plants (€110 million) focused primarily on the construction of the El Quimbo hydroelectric plant in Colombia.

International

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2012	2011	Change	
Thermal	12,660	12,371	289	2.3%
Nuclear	3,897	3,865	32	0.8%
Hydroelectric	1,151	1,217	(66)	-5.4%
Other resources	8	7	1	14.3%
Total net generation	**17,716**	**17,460**	**256**	**1.5%**

Net generation in the 1st Quarter of 2012 came to 17,716 million kWh, a rise of 256 million kWh compared with the same period of 2011. The change is mainly attributable to an increase of 1,678 million kWh by Enel OGK-5 following the completion of the new combined-cycle plants of Sredneuralskaya and Nevinnomysskaya. The increase was only partially offset by the decline in output resulting from the sale of Enel Maritza East 3 in June 2011 (a decrease of 1,320 million kWh) and lower hydroelectric generation owing to unfavorable water conditions in the period.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2012		2011		Change	
High-sulfur fuel oil (S>0.25%)	104	0.6%	29	0.2%	75	-
Natural gas	6,964	39.7%	5,723	32.9%	1,241	21.7%
Coal	6,301	35.9%	7,478	43.0%	(1,177)	-15.7%
Nuclear fuel	4,180	23.8%	4,147	23.9%	33	0.8%
Total	**17,549**	**100.0%**	**17,377**	**100.0%**	**172**	**1.0%**

Gross thermal generation in the 1st Quarter of 2012 rose by 172 million kWh, to 17,549 million kWh. The increase, which primarily involved generation from natural gas, was a consequence of the completion of the Enel OGK-5 plants noted earlier. This was only partially offset by the decline in coal generation following the disposal of Enel Maritza East 3.

Electricity sales

Millions of kWh	1st Quarter			
	2012	2011	Change	
Free market:				
- Romania	306	257	49	19.1%
- France	3,522	2,548	974	38.2%
- Russia	5,963	5,348	615	11.5%
- Slovakia	1,062	889	173	19.5%
Total free market	**10,853**	**9,042**	**1,811**	**20.0%**
Regulated market:				
- Romania	2,144	2,102	42	2.0%
- Russia	788	686	102	14.9%
Total regulated market	**2,932**	**2,788**	**144**	**5.2%**
TOTAL	**13,785**	**11,830**	**1,955**	**16.5%**
- of which Romania	*2,450*	*2,359*	*91*	*3.9%*
- of which France	*3,522*	*2,548*	*974*	*38.2%*
- of which Russia	*6,751*	*6,034*	*717*	*11.9%*
- of which Slovakia	*1,062*	*889*	*173*	*19.5%*

Electricity sold by the International Division in the 1st Quarter of 2012 increased by 1,955 million kWh, mainly accounted for by the increase of 974 million kWh in sales by Enel France, as a result of both the greater anticipated capacity available compared with the same period of 2011 and the entry into force on July 1, 2011 of the ARENH ("*Accès Régulé à l'Electricité Nucléaire Historique*") mechanism, the increase of 717 million kWh in the Russian market and the increase of 173 million kWh in sales in Slovakia.

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	2,300	2,025	275
Net income/(charges) from commodity risk management	47	(18)	65
Gross operating margin	*423*	*449*	*(26)*
Operating income	335	294	41
Operating assets	13,834	13,480 (1)	354
Operating liabilities	5,200	5,254 (1)	(54)
Employees at period-end (no.)	13,673	13,779 (1)	(106)
Capital expenditure	262	229 (2)	33

(1) At December 31, 2011.
(2) The figure does not include €2 million regarding units classified as "Held for sale".

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	1st Quarter			1st Quarter			1st Quarter		
	2012	2011	Change	**2012**	2011	Change	**2012**	2011	Change
Central Europe	1,225	955	270	260	257	3	202	194	8
South-eastern Europe	258	313	(55)	17	71	(54)	26	3	23
Russia	817	757	60	146	121	25	107	97	10
Total	**2,300**	**2,025**	**275**	**423**	**449**	**(26)**	**335**	**294**	**41**

Revenues in the 1st Quarter of 2012 increased by €275 million or 13.6%, going from €2,025 million to €2,300 million. The net rise was the product of:

> an increase of €270 million in revenues in central Europe, mainly associated with the increase of revenues in Slovakia (€206 million) and greater revenues from the sale of electricity by Enel France (€56 million). Both changes are due to an increase in volumes sold;
> an increase of €60 million in revenues in Russia, essentially in respect of Enel OGK-5 (€57 million) and associated with the rise in output following the completion of the new plants noted earlier. This impact was only partially offset by the decrease in average sales prices for electricity;
> a decrease of €55 million in revenues in south-eastern Europe as a result of the change in the scope of consolidation after the sale of Enel Maritza East 3 and Enel Operations Bulgaria in June 2011.

The ***gross operating margin*** amounted to €423 million, a decrease of €26 million compared with the 1st Quarter of 2011. The change is attributable to:

> an increase of €3 million in the gross operating margin in central Europe, due to the rise in the margin achieved by Slovenské elektrárne (€17 million, essentially attributable to the rise in average sales prices), only partially offset by the decline of €14 million in the margin in France and Belgium, essentially the consequence of the fall in average electricity prices in its market;
> an increase of €25 million in the gross operating margin in Russia, the joint effect of the rise in the margin of Enel OGK-5 (€11 million) and RusEnergoSbyt (€14 million);
> a decrease of €54 million in the gross operating margin in south-eastern Europe as a result of the exit of the Division's Bulgarian companies from the scope of consolidation (€32 million), in addition to the decrease in the margin posted in Romania (€22 million) as a result of the decline in the electricity margin and connection fees.

Operating income in the 1st Quarter of 2012 totaled €335 million, a rise of €41 million or 13.9% compared with the same period of 2011. The result takes account of a decrease of €67 million in depreciation, amortization and impairment losses, essentially due to the writeback recognized in the 1st Quarter of 2012 on a trade receivable in Romania (€42 million), and impairment losses recognized in the same period of the previous year in respect of certain assets of the Bulgarian companies that were divested in 2011 (€28 million).

Capital expenditure

Capital expenditure amounted to €262 million, up €33 million compared with the same period of the previous year, mainly in respect of repowering activities at thermal plants in Slovakia and Russia.

Renewable Energy

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2012	2011	Change	
Italy:				
hydroelectric	899	1,470	(571)	-38.8%
geothermal	1,302	1,320	(18)	-1.4%
wind	260	195	65	33.3%
other resources	12	-	12	-
Total net generation in Italy	**2,473**	**2,985**	**(512)**	**-17.2%**
International:				
hydroelectric	1,216	1,241	(25)	-2.0%
geothermal	82	77	5	6.5%
wind	1,917	1,383	534	38.6%
other resources	178	164	14	8.5%
Total net generation abroad	**3,393**	**2,865**	**528**	**18.4%**
TOTAL	**5,866**	**5,850**	**16**	**0.3%**

Net electricity generation by the Division amounted to 5,866 million kWh in the 1st Quarter of 2012, an increase of 16 million kWh or 0.3%. Of the total rise, 528 million kWh is attributable to greater generation abroad, mainly as a result of the entry into service of a number of wind plants in the United States (an increase of 240 million kWh), the Iberian peninsula (up 112 million kWh) and Romania (up 108 million kWh).

Net electricity generation in Italy in the 1st Quarter of 2012 decreased by 512 million kWh compared with the same period of 2011, reflecting a decline of 571 million kWh in hydroelectric generation as a result of less favorable water conditions and one of 18 million kWh in geothermal generation.

Performance

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	605	606	(1)
Net income/(charges) from commodity risk management	(6)	2	(8)
Gross operating margin	*379*	*390*	*(11)*
Operating income	266	299	(33)
Operating assets (1)	11,171	11,204 (2)	(33)
Operating liabilities	1,282	1,475 (2)	(193)
Employees at period-end (no.)	3,300	3,229 (2)	71
Capital expenditure	275	204	71

(1) Of which €4 million regarding units classified as “Held for sale” at March 31, 2012 (€4 million at December 31, 2011).
(2) At December 31, 2011.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	1st Quarter			1st Quarter			1st Quarter		
	2012	2011	Change	**2012**	2011	Change	**2012**	2011	Change
Italy and the rest of Europe	351	357	(6)	211	213	(2)	157	169	(12)
Iberia and Latin America	196	194	2	131	137	(6)	86	102	(16)
North America	58	55	3	37	40	(3)	23	28	(5)
Total	**605**	**606**	**(1)**	**379**	**390**	**(11)**	**266**	**299**	**(33)**

Revenues in the 1st Quarter of 2012 were essentially in line with those in the same period of 2011. The performance reflects:

> a decrease of €6 million in revenues in Italy and the rest of Europe, essentially as a result of:
  - a decline of €27 million in revenues for Enel.si, mainly connected with the reduction in sales of photovoltaic panels;
  - a decrease in revenues from generation in Italy, mainly due to the fall in revenues under bilateral contracts and lower revenues for subsidized CIP 6 electricity, partially offset by a rise in revenues on the Power Exchange;
  - an increase of €20 million in revenues in the rest of Europe, mainly in Romania as a result of the increase in installed capacity;

> an increase of €2 million in revenues in the Iberian peninsula and Latin America. Excluding the impact of the income recognized in the 1st Quarter of 2011 in respect of the fair value remeasurement of the portion of the net assets of Sociedad Eólica de Andalucía held before the purchase of an additional equity stake resulting in the acquisition of control (€23 million), revenues were up €25 million. The increase is mainly associated with the rise in generation volumes and higher average sales prices;

> an increase of €3 million in revenues in North America, which reflected the rise in volumes generated, more than offsetting the impact (€16 million) of the recognition in the 1st Quarter of 2011 of an indemnity from the Canadian authorities in settlement of a dispute.

The ***gross operating margin*** amounted to €379 million, down €11 million or 2.8% compared with the same period of 2011. The decline is attributable to:

> a decrease of €6 million in the margin in the Iberian peninsula and in Latin America. Excluding the non-recurring income associated with the Sociedad Eólica de Andalucía transaction, the margin rose by €17 million thanks primarily to the rise in average sales prices;

> a decrease of €3 million in the margin in North America. Excluding the indemnity discussed in the comments on revenues, the margin rose by €13 million thanks to greater volumes generated;

> a decrease of €2 million in the margin in Italy and the rest of Europe.

Operating income amounted to €266 million, a decrease of €33 million, taking account of a rise of €22 million in depreciation, amortization and impairment losses reflecting the entry into service of a number of plants.

Capital expenditure

Capital expenditure in the 1st Quarter of 2012 amounted to €275 million, a rise of €71 million compared with the same period of the previous year. Investments mainly regarded wind plants in North America, Romania, Italy, the Iberian peninsula and Latin America (€164 million), solar plants in Italy, Greece and North America (€42 million), geothermal plants in Italy (€39 million) and hydroelectric plants in Italy, Guatemala, Costa Rica and North America (€24 million).

Other, eliminations and adjustments

Millions of euro	1st Quarter		
	2012	2011	Change
Revenues	(3,369)	(2,999)	370
Revenues (net of eliminations)	461	474	(13)
Gross operating margin	*41*	*11*	*30*
Operating income	15	(16)	31
Employees at period-end (no.) (1)	6,486	6,502 (2)	(16)
Capital expenditure	75 (3)	4	71

(1) Includes 22 in units classified as "Held for sale" at March 31, 2012 (22 at December 31, 2011).
(2) At December 31, 2011.
(3) The figure does not include €1 million regarding units classified as "Held for sale".

Performance

Revenues net of eliminations in the 1st Quarter of 2012 amounted to €461 million, a decrease of €13 million compared with the same period of the previous year (down 2.7%), essentially attributable to:

> a decrease of €86 million in revenues from the sale of electricity to the Single Buyer, associated with the expiry (December 31, 2011) of the long-term import contract on the Swiss border with Alpiq;

> a total increase of €62 million in revenues following the change in the scope of operations with the transfer of ICT services in Spain and the reinsurance company Compostilla Re.

The ***gross operating margin*** in the 1st Quarter of 2012 amounted to €41 million, a rise of €30 million. The change was largely associated with the increase in the margin of the Parent Company (€10 million) as a result of lower operating expenses, as well as the impact of the change in scope noted above (€5 million).

Operating income totaled €15 million, an improvement of €31 million compared with the 1st Quarter of 2011, in line with developments in the gross operating margin.

Capital expenditure

Capital expenditure in the 1st Quarter of 2012 amounted to €75 million, a rise of €71 million compared with the same period of the previous year. Investments mainly regarded the acquisition of mineral interests by the Upstream Gas function.

Significant events in the 1st Quarter of 2012

Disposal of stake in Terna

On February 2, 2012, Enel completed the disposal, launched late the previous afternoon, of 102,384,037 ordinary shares (equal to 5.1% of share capital) of Terna SpA. The overall price for the sale totaled €281 million. The amount sold represented the entire interest held by Enel in Terna, whose shares are traded on the Mercato Telematico Azionario (MTA) operated by Borsa Italiana SpA. The transaction, which was carried out through an accelerated bookbuilding with Italian and international institutional investors, was priced at €2.74 per share. The transaction was settled with the delivery of shares and payment of the price on February 7, 2012. Enel engaged Banca IMI, JP Morgan, Mediobanca and UniCredit as joint bookrunners to carry out the transaction.

Purchase of mineral interest in Algeria

On February 3, 2012, following ratification by the Algerian authorities, the contract for the purchase of 18.375% of a mineral interest in respect of the Isarene exploration permit from the Irish company Petroceltic International took full effect, and Enel Trade paid Petroceltic an initial price of about $100 million.

Bond issue for Italian retail investors

Within the scope of the resolution of the Enel SpA Board of Directors of November 9, 2011 concerning bond issues, on February 13, 2012, Enel's public offering of fixed- and floating-rate bonds for retail investors was closed. During the offer period, Enel increased the nominal value of the offering from the initial amount of €1.5 billion to the maximum of €3 billion, while demand amounted to more than €5 billion.

The total amount issued came to €2.5 billion for the fixed-rate bonds and €500 million for the floating-rate bonds.

The fixed-rate bonds (maturing February 20, 2018) will pay a nominal annual gross interest rate equal to 4.875% and were issued at a price equal to 99.95% of their nominal value. Accrued interest will be paid to investors annually in arrears.

The floating-rate bonds (maturing February 20, 2018) will pay interest to investors semi-annually in arrears. The nominal annual floating rate will be calculated as the sum of 6-month Euribor and a spread of 310 basis points. The floating-rate bonds were issued at a price equal to 100% of their nominal value.

Partnership between Enel Distribuzione and General Electric

On February 27, 2012, General Electric, one of the largest and most diversified companies in the world, and Enel Distribuzione reached a strategic partnership agreement, lasting until December 31, 2014, to develop projects for energy efficiency and cutting CO_2 emissions throughout Italy. The integrated approach to the projects, the synergies between the technical and financial expertise of the General Electric group, combined with Enel Distribuzione's experience with the white certificate mechanism, will make it possible to carry out complex projects to customer specifications in an operationally effective manner. The two companies will soon begin carrying out the first large-scale projects to develop solutions that are technologically, operationally and financially innovative, taking advantage of the opportunities presented by recent regulatory changes designed to encourage energy efficiency in Italy and involving a variety of partners from throughout Italy specializing in certain technologies or target customers.

Enel rating revised by Standard & Poor's

On March 8, 2012, the rating agency Standard & Poor's announced that it had lowered its long-term rating for Enel to "BBB+" (from "A-"). The agency also announced that it had confirmed its short-term rating of "A-2" for Enel. Following the removal of the negative creditwatch, the outlook was rated as stable.

The change in the Enel rating mainly reflects the deterioration in the macroeconomic situation in Italian and Spanish markets and the higher volatility of margins in the power generation sector. The downgrade was accompanied by an analogous revision of the stand-alone rating of the Company and follows Standard & Poor's downgrade of its rating of Italian sovereign debt.

Finally, the agency noted that the measures the Company is taking to counter the impact of the economic crisis will help improve the financial risk profile of the Enel Group despite the weakness of the economic outlook that Standard & Poor's has projected for the Italian and Spanish markets.

Agreement with China Huaneng for the development of clean coal, renewables and distributed generation

On March 19, 2012, Enel signed a Memorandum of Understanding with the Clean Energy Research Institute of the Huaneng Group for cooperation in the development of clean coal technologies, renewable energy and distributed generation. The agreement between Enel and Huaneng, China's largest power company, sets out a framework for implementing best practices for environmentally sustainable energy generation. Enel and the Huaneng Group have already been collaborating for three years on a feasibility study for the construction of a carbon capture and storage facility at a Chinese coal-fired plant and the use of CO_2 for enhanced oil recovery. Enel's contribution will apply to the following areas of expertise: flue gas purification, carbon capture and storage, analysis of the pilot project for urban electricity generation integrated with sustainable technologies, renewable energy generation and implementation of a regulatory framework to foster additional pilot emissions reduction programs and the development of emissions trading programs in China.

Framework agreement with Confagricoltura to promote renewable energy resources and energy efficiency

On March 30, 2012, Confagricoltura and Enel signed a framework agreement for the joint development of renewable energy and energy efficiency. Confagricoltura and Enel will develop synergies in the most appropriate renewable energy resources for the agricultural sector. Enel will offer companies technical and commercial support, helping to select the best renewables plants on the basis of the specific features of local areas. Accordingly, opportunities associated with photovoltaics, mini-wind, biogas and biomass will be assessed, with support for the connection of plants to the grid. Confagricoltura and Enel will also cooperate in exploiting agricultural by-products, recovering unplanted fields for agro-energy purposes, and developing pilot projects in the sectors of energy efficiency, smart grids and electric mobility for the transport of people and goods in agricultural areas. Within two months of the signing of the accord, an "Energy Panel" will be established to develop operational protocols, analyze specific situations and identify any administrative measures to support implementation. In addition, a "Quality Unit" will be established to provide constant liaison between agricultural enterprises and the service provided by Enel.

Equity partnership for the development of the Chisholm View wind farm (Oklahoma)

On March 30, 2012, EFS Chisholm, a subsidiary of GE Capital, and Enel Green Power North America signed an agreement for the development of the Chisholm View wind project in Oklahoma. The facility, which envisages a total investment of about $375 million, will have a total installed capacity of 235.2 MW and is supported by a long-term power purchase agreement for the electricity generated by the plant. Under the accord, Enel Green Power North America will invest about $184 million and hold 49% of the project. It also has an option to increase its stake by another 26%, which can be exercised on a number of specified dates.

Reference scenario

Developments in the main market indicators

	1st Quarter	
	2012	2011
Market indicators		
Average IPE Brent oil price ($/bbl)	118.3	105.2
Average price of low-sulfur fuel oil ($/t) (1)	741.2	593.4
Average price of coal ($/t CIF ARA) (2)	100.8	123.0
Average price of gas (Gb pence/therm) (3)	59.0	56.4
Average dollar/euro exchange rate	1.311	1.368
Six-month Euribor (average for the period)	1.34%	1.37%

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

After the broad decline in the closing months of 2011 (in any event a year characterized by a substantial rise in commodity prices), beginning in February energy commodity prices began to increase again, with the sole exception of coal, whose price declined for the entire 1st Quarter. Money market developments were mainly driven by the crisis in the financial markets.

Italy

The electricity market

Domestic electricity generation and demand

Millions of kWh	1st Quarter			
	2012	2011	Change	
Net electricity generation:				
- thermal	56,770	58,278	(1,508)	-2.6%
- hydroelectric	6,839	10,520	(3,681)	-35.0%
- wind	3,567	2,408	1,159	48.1%
- geothermal	1,304	1,323	(19)	-1.4%
- photovoltaic	3,574	798	2,776	-
Total net electricity generation	**72,054**	**73,327**	**(1,273)**	**-1.7%**
Net electricity imports	11,672	11,987	(315)	-2.6%
Electricity delivered to the network	**83,726**	**85,314**	**(1,588)**	**-1.9%**
Consumption for pumping	(681)	(649)	(32)	-4.9%
Electricity demand	**83,045**	**84,665**	**(1,620)**	**-1.9%**

Source: Terna - Rete Elettrica Nazionale (monthly report - March 2012).

Domestic *electricity demand* in the 1st Quarter of 2012 amounted to 83.0 TWh, down 1.9% compared with the same period of 2011. Of total electricity demand, 85.9% was met by net domestic electricity generation for consumption (85.8% in the 1st Quarter of 2011), with the remaining 14.1% being met by net electricity imports (14.2% in the 1st Quarter of 2011).

Net electricity imports in the 1st Quarter of 2012 decreased by 0.3 TWh, essentially due to the electricity price differential between foreign markets and the domestic market.

Net electricity generation in the 1st Quarter of 2012 declined by 1.7% on the year-earlier period (down 1.3 TWh). The entry into service of unschedulable renewables plants with dispatching priority (wind and photovoltaic), together with the fall in demand, had a negative impact on thermal generation. The decline was partially mitigated by the effect of lower hydroelectric generation, essentially due to a deterioration in water conditions in the 1st Quarter of 2012.

The gas market

Domestic gas demand

Billions of m^3	1st Quarter			
	2012	2011	Change	
Residential and civil	15.5	15.3	0.2	1.3%
Industrial and services	4.6	4.5	0.1	2.2%
Thermal generation	6.9	7.9	(1.0)	-12.7%
Other (1)	0.6	0.6	-	-
Total	**27.6**	**28.3**	**(0.7)**	**-2.5%**

(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 1st Quarter of 2012 amounted to 27.6 billion cubic meters, a decrease of 2.5%. While consumption for residential and civil uses increased slightly as a result of the colder weather registered in the 1st Quarter of 2012, consumption for thermal generation contracted sharply, reflecting the reduction in generation discussed above.

Spain

The electricity market

Electricity generation and demand in the peninsular market

Millions of kWh	1st Quarter			
	2012	2011	Change	
Gross electricity generation – ordinary regime:				
- thermal	27,337	22,013	5,324	24.2%
- nuclear	16,390	13,941	2,449	17.6%
- hydroelectric	4,099	10,933	(6,834)	-62.5%
Total gross electricity generation – ordinary regime	**47,826**	**46,887**	**939**	**2.0%**
Consumption for auxiliary services	(2,074)	(1,678)	(396)	-23.6%
Electricity generation – special regime	25,456	25,266	190	0.8%
Net electricity generation	**71,208**	**70,475**	**733**	**1.0%**
Net exports	(2,829)	(1,733)	(1,096)	-63.2%
Consumption for pumping	(1,344)	(1,059)	(285)	-26.9%
Electricity demand	**67,035**	**67,683**	**(648)**	**-1.0%**

Source: Red Eléctrica de España (Balance eléctrico diario peninsular - March 2012 report). Volumes in the 1st Quarter of 2012 based on estimates made on April 13, 2012. The volumes for the 1st Quarter of 2011 reflect the final figures published on July 7, 2011.

Electricity demand in the peninsular market declined by 1.0% in the 1st Quarter of 2012 compared with the same period of 2011, to 67.0 TWh. Demand was entirely met by net domestic generation for consumption.

Net electricity generation increased by 1.0% in the 1st Quarter of 2012. The decline in hydroelectric generation owing to unfavorable water conditions was more than offset by an increase in nuclear and thermal generation.

Regulatory and rate issues

Compared with the consolidated financial statements at December 31, 2011, which readers are invited to consult for a more detailed discussion of developments, the following section reports the main changes in the period with regard to regulatory and rate issues in the countries in which Enel operates.

The European regulatory framework

Proceedings of the European Commission concerning regulated prices

On February 27, 2012, the European Commission announced the closure of the infringement proceeding opened against Italy, essentially accepting the Italian position concerning the fully compatibility of the Single Buyer and enhanced protection systems with European law. The proceeding was opened in April 2011, when the Commission sent reasoned opinions to Italy, Poland and Romania calling on them to bring their national legislation on regulated end-user energy prices into line with EU rules.

Sales

Electricity

Retail market

As regards the measures of the indemnity system for limiting the credit risk associated with switching, in the 1st Quarter of 2012 the Authority for Electricity and Gas (the Authority) also introduced safeguards for the operator who takes over supply to the defaulting customer.

Gas

Retail market

In implementation of the Liberalization Decree, in March 2012 the Authority revised the formula for updating the QE component for the 2nd and 3rd Quarters of 2012 in order to take account of developments in European spot prices, lowering the value of the component by about 1% compared with the previous updating system.

Iberia and Latin America

Spain

Real Decreto Ley no. 12/2012

Real Decreto Ley no. 12/2012 introduced a number of fiscal measures with effect from March 31, 2012. In brief:

> a limit has been placed on the deductibility of net interest expense, equal to 30% of EBITDA adjusted in accordance with the new tax regulations. Interest expense that cannot be deducted in a specific tax period can be deducted over the subsequent 18 years, as long as EBITDA is sufficient;

> so-called "depreciation discretion" (i.e. the option of depreciating the entire cost of capital expenditure independently of the recognition of depreciation charges as determined for statutory reporting purposes) has been eliminated for all capital expenditure carried out after April 1, 2012;

> the introduction, for 2012-2013, of a requirement to make tax payments on account in the amount of 8% of net income for the year.

The above tax measures do not impact the performance of the Group's Spanish companies as they are mainly financial in nature.

Real Decreto Ley no. 13/2012

On March 30, 2012, the Council of Ministers approved a *Real Decreto Ley* (RDL no. 13/2012), which in addition to transposing the European measures of the "Third Energy Package" also introduces measures to reduce the costs of the electricity and gas system and handle the rate deficit. The decree establishes a set of measures to ensure compliance with the deficit ceiling established for 2012 (*Real Decreto Ley* no. 6/2010 and no. 14/2010) and the adjustment of rates to reflect the costs of regulated activities as from January 1, 2013. Among the main changes for 2012, the decree sets out reductions for the following regulatory items:

> the remuneration of electricity transmission;
> the remuneration of electricity distribution: two new criteria were introduced in the method for calculating the remuneration of new investment and existing depreciated assets. In addition, the remuneration of commercial activities and those of small distributors was reduced;
> the capacity payment system: the incentive for investment was cut by 10%, from €26,000/MW to €23,400/MW, while the incentive for environmental investment was reduced from €8,750/MW to €7,875/MW;
> the remuneration of island and extra-peninsular generation: within two months of the entry into force of the decree, the remuneration mechanism for generation plants in the areas being metered must be reviewed by the ministry using more restrictive criteria, with the revision of technical and financial parameters, the rate of remuneration, the calculation of the fuel price and capacity payments, as well as the frequency of revisions and the method for discounting the financial parameters;
> the remuneration of the system operator and the regulator (CNE);
> subsidies for domestic coal: the maximum volume of schedulable electricity generated from domestic coal, and thus the corresponding extra cost for the system, is reduced by 10%;
> compensation for interruptible customers: compensation for interruptible energy intensive customers is reduced by 10%.

In addition, provisions of the decree also regard the fund of the *Instituto para la Diversificación y Ahorro de la Energía* (IDAE) and the *Tarifa de Ultimo Recurso* (TUR). With regard to IDAE, the funds raised by the electrical system to finance energy efficiency measures, which to date have not been used, will be employed to reduce the rate deficit. As regards the TUR, the level of rates for the 1st Quarter of 2012 have been extended on an exceptional basis to the 2nd Quarter of 2012, pending the rate revision, which will have retroactive effect as from April 1, 2012, and – according to the government – will result in an overall increase of about 7%.

Retail market. TUR and the social bonus

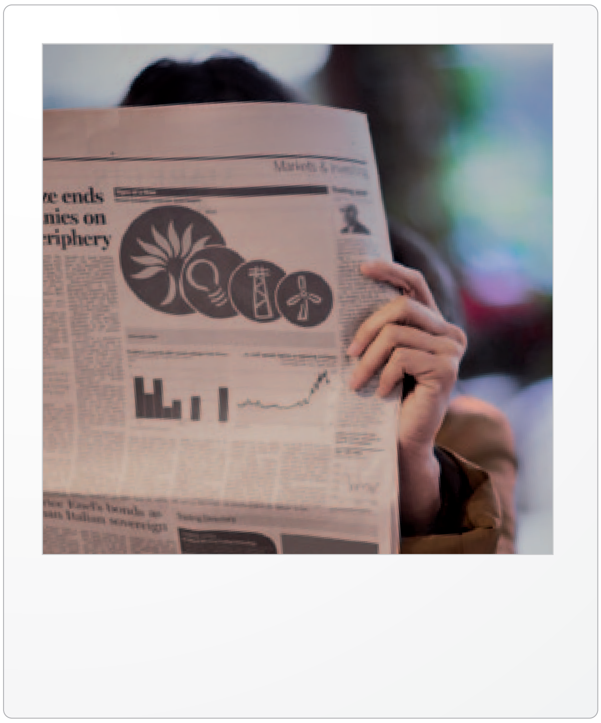
On February 7, 2012, the *Tribunal Supremo* granted the appeal filed by Iberdrola arguing that the cost of the social bonus should not be borne by electricity companies. The issue of measures to implement the ruling by the competent ministry is pending.

Outlook

The economic environment in the 1st Quarter of 2012 was again characterized by considerable uncertainty about the mature European economies, especially Italy and Spain, while the emerging markets of Eastern Europe, Russia and Latin America continued to grow.

In this context, geographical diversification, a well-balanced mix of technologies and regulated and unregulated businesses, together with the programs undertaken to boost operational efficiency and optimize investments, will enable Enel to achieve the consolidated performance and financial targets announced to the financial community for 2012, despite the adverse impact of the regulatory measures introduced in Spain.

Consolidated financial statements



Condensed Consolidated Income Statement

Millions of euro	1st Quarter			
	2012	2011	Change	
Total revenues	21,193	19,536	1,657	8.5%
Total costs	17,041	15,206	1,835	12.1%
Net income/(charges) from commodity risk management	150	69	81	-
GROSS OPERATING MARGIN	**4,302**	**4,399**	**(97)**	**-2.2%**
Depreciation, amortization and impairment losses	1,400	1,363	37	2.7%
OPERATING INCOME	**2,902**	**3,036**	**(134)**	**-4.4%**
Financial income	961	1,140	(179)	-15.7%
Financial expense	1,596	1,878	(282)	-15.0%
Total financial income/(expense)	**(635)**	**(738)**	**103**	**14.0%**
Share of income/(expense) from equity investments accounted for using the equity method	**26**	**58**	**(32)**	**-55.2%**
INCOME BEFORE TAXES	**2,293**	**2,356**	**(63)**	**-2.7%**
Income taxes	792	830	(38)	-4.6%
Net income from continuing operations	**1,501**	**1,526**	**(25)**	**-1.6%**
Net income from discontinued operations	**-**	**-**	**-**	**-**
NET INCOME FOR THE PERIOD (shareholders of the Parent Company and non-controlling interests)	**1,501**	**1,526**	**(25)**	**-1.6%**
Attributable to shareholders of the Parent Company	1,184	1,201	(17)	-1.4%
Attributable to non-controlling interests	317	325	(8)	-2.5%
Net earnings attributable to shareholders of the Parent Company per share (euro) [1]	*0.13*	*0.13*	-	-

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

Statement of Comprehensive Income

Millions of euro	1st Quarter	
	2012	2011
Net income/(loss) for the period	**1,501**	**1,526**
Other comprehensive income:		
- effective portion of change in the fair value of cash flow hedges	(404)	284
- income recognized in equity by companies accounted for using equity method	1	-
- change in the fair value of financial investments available for sale	(196)	(9)
- exchange rate differences	399	(993)
Income/(Loss) recognized directly in equity	**(200)**	**(718)**
Comprehensive income for the period	**1,301**	**808**
Attributable to:		
- shareholders of the Parent Company	755	1,124
- non-controlling interests	546	(316)

Condensed Consolidated Balance Sheet

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
ASSETS			
Non-current assets			
- Property, plant and equipment and intangible assets	102,014	101,570	444
- Goodwill	18,419	18,342	77
- Equity investments accounted for using the equity method	1,169	1,085	84
- Other non-current assets (1)	12,170	12,842	(672)
Total	**133,772**	**133,839**	**(67)**
Current assets			
- Inventories	2,978	3,148	(170)
- Trade receivables	13,818	11,570	2,248
- Cash and cash equivalents	8,994	7,015	1,979
- Other current assets (2)	13,168	13,852	(684)
Total	**38,958**	**35,585**	**3,373**
Assets held for sale	398	381	17
TOTAL ASSETS	**173,128**	**169,805**	**3,323**

(1) Of which long-term financial receivables and other securities at March 31, 2012 equal to €3,384 million (€3,496 million at December 31, 2011) and €123 million (€80 million at December 31, 2011), respectively.

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2012 equal to €2,115 million (€2,270 million at December 31, 2011), €4,342 million (€5,632 million at December 31, 2011) and €46 million (€52 million at December 31, 2011), respectively.

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
LIABILITIES AND SHAREHOLDERS' EQUITY			
- Equity attributable to the shareholders of the Parent Company	39,545	38,790	755
- Non-controlling interests	16,032	15,650	382
Total shareholders' equity	**55,577**	**54,440**	**1,137**
Non-current liabilities			
- Long-term loans	49,563	48,703	860
- Provisions and deferred tax liabilities	22,295	22,336	(41)
- Other non-current liabilities	3,707	3,620	87
Total	**75,565**	**74,659**	**906**
Current liabilities			
- Short-term loans and current portion of long-term loans	15,058	14,471	587
- Trade payables	11,623	12,931	(1,308)
- Other current liabilities	15,235	13,246	1,989
Total	**41,916**	**40,648**	**1,268**
Liabilities held for sale	70	58	12
TOTAL LIABILITIES	**117,551**	**115,365**	**2,186**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**173,128**	**169,805**	**3,323**

Statement of Changes in Consolidated Shareholders' Equity

Millions of euro	Share capital and reserves attributable to the shareholders of the Parent Company					
	Share capital	Share premium reserve	Legal reserve	Other reserves	Other retained earnings	Translation of financial statements in currencies other than euro
At January 1, 2011	9,403	5,292	1,881	2,262	14,217	456
Dividends and interim dividends	-	-	-	-	-	-
Allocation of net income from the previous year	-	-	-	-	3,450	-
Change in scope of consolidation	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	(368)
of which:						
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*(368)*
- Net income/(loss) for the period	-	-	-	-	-	-
At March 31, 2011	9,403	5,292	1,881	2,262	17,667	88
At January 1, 2012	9,403	5,292	1,881	2,262	15,831	120
Dividends and interim dividends	-	-	-	-	-	-
Allocation of net income from the previous year	-	-	-	-	3,208	-
Change in scope of consolidation	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	204
of which:						
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*204*
- Net income/(loss) for the period	-	-	-	-	-	-
At March 31, 2012	**9,403**	**5,292**	**1,881**	**2,262**	**19,039**	**324**

Reserve from measurement of financial instruments	Reserve from sale of shareholdings without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using equity method	Net income for the period	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
80	796	-	24	3,450	**37,861**	**15,684**	**53,545**
-	-	-	-	-	**-**	**(172)**	**(172)**
-	-	-	-	(3,450)	**-**	**-**	**-**
-	-	-	-	-	**-**	**(8)**	**(8)**
291	-	-	-	1,201	**1,124**	**(316)**	**808**
291	-	-	-	-	***(77)***	***(641)***	***(718)***
-	-	-	-	*1,201*	***1,201***	***325***	***1,526***
371	796	-	24	1,201	**38,985**	**15,188**	**54,173**
(49)	749	78	15	3,208	**38,790**	**15,650**	**54,440**
-	-	-	-	-	**-**	**(199)**	**(199)**
-	-	-	-	(3,208)	**-**	**-**	**-**
-	-	-	-	-	**-**	**35**	**35**
(634)	-	-	1	1,184	**755**	**546**	**1,301**
(634)	-	-	*1*	-	***(429)***	***229***	***(200)***
-	-	-	-	*1,184*	***1,184***	***317***	***1,501***
(683)	**749**	**78**	**16**	**1,184**	**39,545**	**16,032**	**55,577**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter		
	2012	2011	Change
Cash flows from operating activities (A)	**67**	**7**	**60**
Investments in property, plant and equipment and intangible assets	(1,336)	(1,136)	(200)
Investments in entities (or business units) less cash and cash equivalents acquired	(102)	(4)	(98)
Disposals of entities (or business units) less cash and cash equivalents sold	-	65	(65)
(Increase)/Decrease in other investing activities	256	(7)	263
Cash flows from (investing)/disinvesting activities (B)	**(1,182)**	**(1,082)**	**(100)**
Change in net financial debt	3,131	1,407	1,724
Incidental expenses in respect of sale of shareholdings without loss of control	-	(34)	34
Dividends and interim dividends paid	(78)	(266)	188
Cash flows from financing activities (C)	**3,053**	**1,107**	**1,946**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**35**	**(79)**	**114**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**1,973**	**(47)**	**2,020**
Cash and cash equivalents and short-term securities at the beginning of the period [1]	7,072	5,342	1,730
Cash and cash equivalents and short-term securities at the end of the period [2]	9,045	5,295	3,750

(1) Of which cash and cash equivalents equal to €7,105 million at January 1, 2012 (€5,164 million at January 1, 2011), short-term securities equal to €52 million at January 1, 2012 (€95 million at January 1, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €5 million at January 1, 2012 (€83 million at January 1, 2011).

(2) Of which cash and cash equivalents equal to €8,994 million at March 31, 2012 (€5,194 million at March 31, 2011), short-term securities equal to €46 million at March 31, 2012 (€41 million at March 31, 2011) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €5 million at March 31, 2012 (€60 million at March 31, 2011).

Operating performance and financial position

Group performance

Revenues

Millions of euro	1st Quarter		
	2012	2011	Change
Electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies	18,067	16,815	1,252
Gas sold and transported to end users	1,650	1,320	330
Other services, sales and revenues	1,476	1,401	75
Total	**21,193**	**19,536**	**1,657**

In the 1st Quarter of 2012 **revenues from electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies** amounted to €18,067 million, up €1,252 million compared with the corresponding period of the previous year (up 7.4%). The increase can principally be attributed to the following factors:

> an increase of €1,005 million in revenues from the wholesale business, mainly associated with the rise in revenues from sales on the Power Exchange and higher sales under bilateral contracts entered into by the generating companies;
> an increase of €319 million in revenues from the sale of electricity to end users, mainly due to increased revenues on regulated markets (€439 million), partially offset by a decline in revenues on free markets (€120 million), partly due to the decline in demand in Europe in the early months of 2012;
> an increase of €144 million in revenues from the transport of electricity, essentially attributable to higher revenues from the transport of electricity to end users as a result of the increase in system charges (€309 million), which more than offset the decline in revenues from the transport of electricity for other operators (€165 million);
> an increase of €74 million in revenues from contributions from the Electricity Equalization Fund and similar bodies, essentially attributable to the increase in contributions for extra-peninsular generation in Spain;
> a decrease of €290 million in revenues from electricity trading as a result of a fall in volumes handled.

Revenues from **gas sold and transported to end users** in the 1st Quarter of 2012 amounted to €1,650 million, an increase of €330 million or 25.0% with respect to the corresponding period of the previous year. The rise essentially reflected the increase in quantities sold and higher average sales prices as a result of developments in international energy conditions and the revision of certain rate components.

Revenues from **other services, sales and revenues** amounted to €1,476 million in the 1st Quarter of 2012 (€1,401 million in the 1st Quarter of 2011), an increase of €75 million or 5.4%. The increase was essentially the result of the following factors:

> a rise of €339 million in sales of fuel for trading, essentially reflecting the rise in revenues in Italy as a result of an increase in volumes sold and in the prices of the raw materials;
> a decrease of €127 million in revenues from the sale of goods, mainly attributable to a fall in sales of photovoltaic panels (€29 million) and green certificates (€98 million), partially offset by an increase in emissions allowances (€21 million);
> an overall reduction of €47 million in gains from remeasurement at fair value after changes in control and

gains from the disposal of assets. More specifically, in the 1st Quarter of 2012 such gains amounted to €2 million (of which €1 million from the remeasurement at fair value of the net assets of Enel Stoccaggi held by the Group prior to acquiring an additional 50% interest), compared with the €49 million posted in the 1st Quarter of 2011 (essentially in respect of the disposals of Compañía Americana de Multiservicios and Synapsis IT Soluciones y Servicios, as well as the acquisition of an additional stake in Sociedad Eólica de Andalucía);

> a decrease of €95 million in other revenues, mainly attributable to the impact of the recognition in the corresponding period of the previous year of a number of items concerning indemnities for losses and the grant received for white certificates.

Costs

Millions of euro	1st Quarter		
	2012	2011	Change
Electricity purchases	7,571	7,052	519
Consumption of fuel for electricity generation	2,338	1,803	535
Fuel for trading and gas for sale to end users	1,556	1,042	514
Materials	322	283	39
Personnel	1,161	1,143	18
Services, leases and rentals	3,853	3,539	314
Other operating expenses	600	672	(72)
Capitalized costs	(360)	(328)	(32)
Total	**17,041**	**15,206**	**1,835**

Costs for **electricity purchases** rose by €519 million or 7.4% in the 1st Quarter of 2012. This development mainly reflects the impact of the increase in activities through bilateral contracts (€419 million) and an increase in electricity purchases on the Power Exchange (€327 million), partially offset by the decrease in other costs for electricity purchases on domestic and foreign markets (€227 million) associated with the decline in demand.

Costs for the **consumption of fuel for electricity generation** amounted to €2,338 million in the 1st Quarter of 2012, up €535 million or 29.7% on the corresponding period of the previous year. The increase reflects both the increased quantities of coal acquired by the generating companies as a result of the greater use of that fuel in thermal generation and greater costs for gas as a result of higher average weighted prices, partially offset by the decline in volumes purchased.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €1,556 million in the 1st Quarter of 2012, up €514 million or 49.3% compared with the 1st Quarter of 2011. The rise is mainly attributable to higher costs for gas purchases as a result of developments in the prices of the associated petroleum products.

Costs for **materials** came to €322 million in the 1st Quarter of 2012, up €39 million compared with the year-earlier period.

Personnel costs in the 1st Quarter of 2012 amounted to €1,161 million, up €18 million or 1.6%. At March 31, 2012, Group employees numbered 75,248 (of which 38,581 employed abroad). The workforce at March 31, 2012 declined by 112 employees compared with the start of the year, entirely accounted for by the net negative balance between new hires and terminations. The change breaks down as follows:

Balance at December 31, 2011	**75,360**
Hirings	718
Terminations	(830)
Balance at March 31, 2012 (1)	**75,248**

(1) Includes 134 in units classified as "Held for sale".

Costs for **services, leases and rentals** in the 1st Quarter of 2012 amounted to €3,853 million, up €314 million compared with the 1st Quarter of 2011. This essentially reflects increased electricity transport costs (€245 million) as a result of higher system costs and costs for services associated with electricity systems in countries in which the Group operates (€26 million).

Other operating expenses in the 1st Quarter of 2012 amounted to €600 million, down €72 million compared with the corresponding period in 2011. The decrease reflects the effects of the elimination of the mechanism envisaged under *Real Decreto Ley* no. 13/2012 for financing the social bonus in Spain, the cost of which had been borne by the generating companies (€30 million), and the effect of the recognition in the corresponding period of the previous year of the net-worth tax in Colombia following the tax reform introduced in that country with Law 1430/2010 (€109 million). These changes were partially offset by the increase in charges for emissions as a result of the increase in thermal generation (€55 million).

In the 1st Quarter of 2012, **capitalized costs** came to €360 million, essentially unchanged on the corresponding period of the previous year.

Net income/(charges) from commodity risk management showed net income of €150 million in the 1st Quarter of 2012, compared with €69 million in the first three months of 2011. The performance in the first three months of 2012 is essentially attributable to net income realized in the period in the amount of €168 million (€89 million in the 1st Quarter of 2011), offset by €18 million (€20 million in the 1st Quarter of 2011) in net charges from the fair value measurement of derivatives positions open at the end of the period.

Depreciation, amortization and impairment losses in the 1st Quarter of 2012 came to €1,400 million, up €37 million compared with the €1,363 million registered in the 1st Quarter of 2011. The increase includes a rise of €65 million in depreciation and amortization and one of €25 million in net adjustments of trade receivables, partially offset by the decrease in impairment losses on assets other than trade receivables in the amount of €53 million. The latter change was mainly accounted for by the write-back of €37 million recognized on the value of land in the Balearic Islands following a favorable ruling by the Spanish courts.

Operating income in the 1st Quarter of 2012 amounted to €2,902 million, down €134 million or 4.4% compared with the corresponding period of the previous year.

Net financial expense in the 1st Quarter of 2012 totaled €635 million, compared with €738 million in the same period of 2011. The decline of €103 million essentially reflects the gain associated with the disposal of the equity interest in Terna (€185 million), partially offset by the impact of higher interest rates and the increase in average gross debt, which increased the associated financial expense (€80 million).

The **share of income/(expense) from equity investments accounted for using the equity method** showed net income of €26 million in the 1st Quarter of 2012, down €32 million compared with the first three months of the previous year.

Income taxes for the 1st Quarter of 2012 totaled €792 million (€830 million in the 1st Quarter of 2011), equal to 34.5% of taxable income (35.2% in the 1st Quarter of 2011). More specifically, the improvement in the effective tax rate for the 1st Quarter of 2012 reflected the virtually total exemption of the gain on Terna from taxation, partially offset by the negative effect of the application of the so-called Robin Hood Tax in Italy.

Analysis of the Group's financial position

Non-current assets - *€133,772 million*

Property, plant and equipment and intangible assets (including investment property) came to €102,014 million at March 31, 2012, an overall increase of €444 million, essentially attributable to positive exchange rate differences (€501 million), and capital expenditure for the period (€1,314 million), net of depreciation, amortization and impairment losses on those assets (€1,337 million) and other minor items.

Goodwill amounted to €18,419 million, an increase of €77 million in respect to December 31, 2011, due mainly to positive exchange differences in respect of the goodwill of the Russian companies following the appreciation of the ruble against the euro in the 1st Quarter of 2012.

Equity investments accounted for using the equity method amounted to €1,169 million, up €84 million compared with the end of 2011. This development includes the cost in respect of the equity partnership to develop the Chisholm View wind farm (Oklahoma) by the Renewable Energy Division.

Other non-current assets came to €12,170 million and include:

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
Deferred tax assets	6,040	6,011	29
Non-current financial assets	5,615	6,325	(710)
Receivables due from the Electricity Equalization Fund and similar bodies	82	85	(3)
Other long-term receivables	433	421	12
Total	**12,170**	**12,842**	**(672)**

The decrease of €672 million for the period is essentially due to the decline in non-current financial assets associated with the fair value measurement of financial derivatives and the reduction in the value of other equity investments as a result of the disposal of the interest in Terna (€266 million at December 31, 2011).

Current assets - *€38,958 million*

Inventories came to €2,978 million, a decrease of €170 million, largely attributable to a decline in gas inventories, only partially offset by the increase in inventories of green certificates and CO_2 emissions allowances.

Trade receivables amounted to €13,818 million, up €2,248 million. The change is mainly connected with the shift in invoicing schedules on the domestic electricity market as well as the increase in sales.

Other current assets, which totaled €13,168 million, break down as follows:

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
Current financial assets	9,259	10,466	(1,207)
Tax receivables	1,152	1,251	(99)
Receivables due from the Electricity Equalization Fund and similar bodies	1,356	959	397
Other short-term receivables	1,401	1,176	225
Total	**13,168**	**13,852**	**(684)**

The decrease of €684 million in the period is attributable to the following main factors:

> a decrease of €1,207 million in current financial assets, mainly due to the decline in receivables for factoring advances in the amount of €133 million and the collection of financial receivables in respect of the rate deficit through both the securitization plan launched by the Spanish government (€1,705 million) and direct reimbursement (€101 million). This decrease was partially offset by an increase of €591 million in the analogous receivable for the portion of the deficit financed in the period. These changes were offset by an increase of €223 million in financial assets in respect of financial derivatives;
> a decrease of €99 million in tax receivables, mainly reflecting the decline in receivables for taxes and surtaxes on the consumption of electricity and gas following the submission of consumption returns for the previous year and settlement of the associated taxes;
> an increase of €397 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;
> an increase of €225 million in other short-term receivables, mainly due to the increase in prepaid expenses.

Assets held for sale - *€398 million*

The item mainly includes the assets of Endesa Ireland and a number of other residual items that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale.

Equity attributable to the shareholders of the Parent Company - *€39,545 million*

The change in the first three months of 2012 in equity attributable to the shareholders of the Parent Company reflects the recognition of net income for the period (€1,184 million) and the result for the 1st Quarter of 2012 recognized directly in equity (a negative €429 million).

Non-current liabilities - *€75,565 million*

Long-term loans totaled €49,563 million (€48,703 million at December 31, 2011), consisting of bonds in the amount of €38,928 million (€37,461 million at December 31, 2011, including preference shares in the amount of €179 million) and bank and other loans in the amount of €10,635 million (€11,242 million at December 31, 2011).

Provisions and deferred tax liabilities came to €22,295 million at March 31, 2012 (€22,336 million at December 31, 2011) and include post-employment and other employee benefits totaling €3,019 million (€3,000 million at December 31, 2011), provisions for risks and charges totaling €7,741 million (€7,831 million at December 31, 2011) and deferred tax liabilities totaling €11,535 million (€11,505 million at December 31, 2011).

Other non-current liabilities amounted to €3,707 million (€3,620 million at December 31, 2011), up €87 million, mainly owing to an increase in liabilities in respect of financial derivatives.

Current liabilities - *€41,916 million*

Short-term loans and current portion of long-term loans increased by €587 million, from €14,471 million at the end of 2011 to €15,058 million at March 31, 2012. The net change reflects the effects of a decrease in short-term bank debt in the amount of €3,999 million (especially the fallen-due current portion of long-term loans), which was more than offset by an increase in the current portion of bonds (€758 million) and in commercial paper (€3,845 million).

Trade payables came to €11,623 million (€12,931 million at December 31, 2011), down €1,308 million.

Other current liabilities, which came to €15,235 million, break down as follows:

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
Payables due to customers	1,730	1,599	131
Payables due to Electricity Equalization Fund and similar bodies	3,117	2,783	334
Current financial liabilities	3,966	3,668	298
Social security contributions payable and payables to employees	612	700	(88)
Tax payables	2,451	1,559	892
Other	3,359	2,937	422
Total	**15,235**	**13,246**	**1,989**

The increase in the period, €1,989 million, was mainly due to the following:

> an increase of €334 million in payables due to the Electricity Equalization Fund and similar bodies from the application of equalization mechanisms to electricity purchases on the Italian market (€77 million) and the Spanish market (€257 million);

> an increase of €298 million in current financial liabilities, due essentially to the increase in financial liabilities in respect of financial derivatives and deferred income;

> an increase of €892 million in tax payables, attributable essentially to the estimate for income taxes for the period;

> an increase of €422 million in other liabilities, essentially attributable to the recognition of the liability in respect of dividends to be disbursed to non-controlling interests (€148 million) and the increase in deferred income (€126 million).

Liabilities held for sale - *€70 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 Mar. 31, 2012	at Dec. 31, 2011	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	102,014	101,570	444
- goodwill	18,419	18,342	77
- equity investments accounted for using the equity method	1,169	1,085	84
- other net non-current assets/(liabilities)	(1,084)	(365)	(719)
Total	**120,518**	**120,632**	**(114)**
Net current assets:			
- trade receivables	13,818	11,570	2,248
- inventories	2,978	3,148	(170)
- net receivables due from Electricity Equalization Fund and similar bodies	(1,761)	(1,823)	62
- other net current assets/(liabilities)	(6,809)	(5,525)	(1,284)
- trade payables	(11,623)	(12,931)	1,308
Total	**(3,397)**	**(5,561)**	**2,164**
Gross capital employed	**117,121**	**115,071**	**2,050**
Provisions:			
- post-employment and other employee benefits	(3,019)	(3,000)	(19)
- provisions for risks and charges and net deferred taxes	(13,236)	(13,325)	89
Total	**(16,255)**	**(16,325)**	**70**
Net assets held for sale	**328**	**323**	**5**
Net capital employed	**101,194**	**99,069**	**2,125**
Total shareholders' equity	**55,577**	**54,440**	**1,137**
Net financial debt	**45,617**	**44,629**	**988**

Net capital employed at March 31, 2012 amounted to €101,194 million and is funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €55,577 million and net financial debt of €45,617 million. The debt-to-equity ratio at March 31, 2012 came to 0.82 (0.82 at December 31, 2011).

Net financial debt

The following schedule shows the composition of and changes in net financial debt:

Millions of euro

	at Mar. 31, 2012	at Dec. 31, 2011	Change
Long-term debt:			
- bank loans	9,501	9,918	(417)
- bonds and preference shares	38,928	37,461	1,467
- other loans	1,134	1,324	(190)
Long-term debt	*49,563*	*48,703*	*860*
Long-term financial receivables and securities	(3,507)	(3,576)	69
Net long-term debt	46,056	45,127	929
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	3,503	6,894	(3,391)
- other short-term bank debt	280	888	(608)
Short-term bank debt	*3,783*	*7,782*	*(3,999)*
Bonds (short-term portion)	3,231	2,473	758
Other loans (short-term portion)	287	305	(18)
Commercial paper	7,049	3,204	3,845
Cash collateral and other financing on derivatives	646	650	(4)
Other short-term financial payables	62	57	5
Other short-term debt	*11,275*	*6,689*	*4,586*
Long-term financial receivables (short-term portion)	(4,342)	(5,632)	1,290
Factoring receivables	(237)	(370)	133
Financial receivables - cash collateral	(1,197)	(1,076)	(121)
Other short-term financial receivables	(681)	(824)	143
Cash with banks and short-term securities	(9,040)	(7,067)	(1,973)
Cash and cash equivalents and short-term financial receivables	*(15,497)*	*(14,969)*	*(528)*
Net short-term debt	**(439)**	**(498)**	**59**
NET FINANCIAL DEBT	**45,617**	**44,629**	**988**
Financial debt of "Assets held for sale"	**(1)**	**(1)**	**-**

Net financial debt was equal to €45,617 million at March 31, 2012, up €988 million on December 31, 2011.

Net long-term financial debt increased by €929 million as the net result of the increase in gross long-term debt in the amount of €860 million and the decrease in long-term financial receivables of €69 million. More specifically, bank loans totaled €9,501 million, a reduction of €417 million, due mainly to a reduction of €800 million in drawings on long-term credit lines by Enel Finance International partially offset by a new €340 million EIB loan to Enel Distribuzione.

The €10 billion five-year revolving credit line obtained in April 2010 by Enel SpA and Enel Finance International was entirely undrawn at March 31, 2012. In addition, at the same date the committed credit lines obtained by Enel SpA and Enel Finance International were drawn in the amount of €100 million.
Bonds and preference shares amounted to €38,928 million, up €1,467 million compared with the end of 2011, mainly as a result of private placements totaling €393 million by Enel Finance International and the issue of a retail bond by Enel SpA in the total amount of €3,000 million (of which €2,500 million fixed rate and €500 million floating rate), partially offset by the reclassification (totaling about €1,750 million) of the current portion of bonds and preference shares.

Net short-term financial debt showed a net creditor position of €439 million at March 31, 2012, an increase of

€59 million compared with the end of 2011. This was the result of a reduction in short-term bank debt of €3,999 million, an increase in other short-term debt of €4,586 million, and an increase of €528 million in cash and cash equivalents and short-term financial receivables.
More specifically, short-term bank debt decreased by €3,999 million compared with December 31, 2011, mainly due to the repayment of credit lines by Enel SpA and Endesa in the amount of about €3,400 million. Other short-term debt, totaling €11,275 million, includes the issue of commercial paper in the amount of €7,049 million, as well as bonds and preference shares maturing within 12 months in the amount of €3,231 million.
Cash and cash equivalents and short-term financial receivables came to €15,497 million, up €528 million compared with the end of 2011, thanks mainly to the increase in cash with banks and short-term securities in the amount of €1,973 million, offset by the securitization plant launched in 2011 by the Spanish government to reimburse the rate deficit, which produced receipts of €1,705 million in the first three months of 2012.

In the 1st Quarter of 2012, repayment was made on a fixed-rate bond (€600 million) and a floating rate bond (€400 million), both of which were issued by Enel SpA and matured in March 2012.
As regards significant financial funding transactions in the 1st Quarter of 2012, on February 20, 2012, Enel Finance International (with an Enel SpA guarantee) obtained a syndicated term loan facility of €3,200 million and two bilateral term loan facilities of €350 million with a maturity of 5 years as from the first use, and on February 27, 2012 Enel SpA obtained a new revolving credit line in the amount of €950 million.

Cash flows

Cash flows from operating activities in the first three months of 2012 amounted to €67 million, up €60 million on the year-earlier period. More specifically, the decline in uses of cash in connection with the change in net current assets in the two periods was partially offset by the change in the gross operating margin and a number of non-monetary components.

Cash flows from investing/disinvesting activities in the first three months of 2012 absorbed funds in the amount of €1,182 million, while in the corresponding period of 2011 they had absorbed liquidity totaling €1,082 million.
In particular, investments in property, plant and equipment and in intangible assets totaling €1,336 million increased by €200 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 €102 million and essentially regarded the payment of an advance for the future acquisition of an interest in the Mexican company Bii Nee Stipa (carried out by the Renewable Energy Division for a total of €97 million) and the acquisition of the remaining 50% of Enel Stoccaggi, in which the Group already held a 50% interest.
Cash flows generated by other investing/disinvesting activities in the 1st Quarter of 2012, which totaled €256 million, are essentially attributable to the proceeds (€281 million) in respect of the equity investment in Terna and disinvestments during the period (€65 million). These factors were only partially offset by the cash outlay in respect of the equity partnership for the development of the Chisholm View wind project in Oklahoma (€90 million).

Cash flows from financing activities generated liquidity in the amount of €3,053 million. In the 1st Quarter of 2011 liquidity generated came to €1,107 million. The flow in the 1st Quarter of 2012 was essentially attributable to the increase in net financial debt of €3,131 million (which reflects bond issues during the quarter), partially offset by dividend payments (€78 million).

In the first three months of 2012, cash flows generated by financing activities in the amount of €3,053 million and by operating activities in the amount of €67 million covered the cash requirements associated with investing activities in the amount of €1,182 million. The difference is reflected in the increase in cash and cash equivalents, which at March 31, 2012 amounted to €9,045 million compared with €7,072 million at the end of 2011. The increase also reflects positive exchange rate differences totaling €35 million.

Other information

Related parties

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

In addition, in compliance with the Enel Group's rules of corporate governance, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety. With a view to assuring substantive propriety – in order to ensure fairness in transactions with related parties, and to account for the special nature, value or other characteristics of a given transaction – the Board of Directors may ask independent experts to value the assets involved in the transaction and provide financial, legal or technical advice. In November 2010, the Board of Directors of Enel SpA approved a procedure (available at http://www.enel.com/it-IT/group/governance/principles/related_parts/) governing the approval and execution of transactions with related parties undertaken by Enel SpA either directly or indirectly through its subsidiaries. The procedure was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing rules established by CONSOB.

The following table summarizes the relationship.

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Mar. 31, 2012		**1st Quarter of 2012**	
Single Buyer	4	1,136	-	1,697
Energy Markets Operator	673	590	970	349
Terna	511	553	256	491
Eni	38	83	159	33
Electricity Services Operator	40	699	71	3
Poste Italiane	-	53	-	37
Other	61	17	13	15
Total	**1,327**	**3,131**	**1,469**	**2,625**

The following table shows transactions with associated companies outstanding at March 31, 2012 and carried out during the first three months of the year, respectively.

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Mar. 31, 2012		**1st Quarter of 2012**	
Enel Rete Gas	13	104	11	119
SeverEnergia	1	-	3	-
Elica 2	3	1	2	-
CESI	-	8	-	6
Other companies	42	27	2	61
Total	**59**	**140**	**18**	**186**

Contractual commitments and guarantees

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

Millions of euro	
	at Mar. 31, 2012
Guarantees given:	
- sureties and other guarantees granted to third parties	5,221
Commitments to suppliers for:	
- electricity purchases	53,210
- fuel purchases	66,080
- various supplies	3,253
- tenders	1,668
- other	2,469
Total	**126,680**
TOTAL	**131,901**

Guarantees granted to third parties amounted to €5,221 million and include €500 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months from July 2004. The value of such guarantees is reduced annually by a specified amount.

Commitments for electricity amounted to €53,210 million at March 31, 2012, of which €21,538 million refer to the period April 1, 2012-2016, €10,681 million to the period 2017-2021, €7,432 million to the period 2022-2026 and the remaining €13,559 million beyond 2026.

Commitments for the purchase of fuels are determined with reference to the parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2012 was €66,080 million, of which €39,722 million refer to the period April 1, 2012-2016, €19,536 million to the period 2017-2021, €4,877 million to the period 2022-2026 and the remaining €1,945 million beyond 2026.

Contingent assets and liabilities

Compared with the consolidated financial statements at December 31, 2011 which the reader is invited to consult, the following main changes have occurred in contingent assets and liabilities.

Registration fees

On March 27, 2012, the Revenue Agency served Enel Distribuzione with an assessment requesting payment of €38 million in additional registration fees, plus interest, that it considers due in respect of the disposal of Enel Linee Alta Tensione Srl. The assessment regards, in line with the established line of court decisions concerning abuse of right (requalification of transaction as a disposal of a business unit – subject to a proportionate registration fee), the transfer of the high-voltage business unit to Enel Linee Alta Tensione (as of January 1, 2009) and the subsequent sale of the equity investment to Terna (on April 1, 2009).

Enel feels that the assessment can be effectively and favorably challenged, both in view of the obvious economic reasons for the form of the transaction and the significant procedural flaws. Accordingly, the assessment is being challenged before the competent Provincial Tax Commission.

Subsequent events

Enel remains in FTSE4Good index

On April 3, 2012, the Enel Group announced that it had retained its position in the prestigious FTSE4Good index, which measures the conduct of companies in the areas of environmental sustainability, relations with stakeholders, respect for human rights and the fight against corruption. Enel also keeps its overall score of 4 out of 5 in ESG performance (Environmental - Social - Governance). The companies in the FTSE4Good index meet strict social and environmental standards and are considered capable of capitalizing the benefits of conducting business responsibly.

Roma Capitale, Enel and Acea join forces for "zero-emissions" mobility

On April 3, 2012, Roma Capitale, Enel and Acea signed a Protocol for the installation of 200 recharging points for electric vehicles in Rome, 100 by Enel and 100 by Acea. The points will have technology to ensure the interoperability of the infrastructure of the two companies and with the recharging points already installed by Enel as part of its E-Mobility Italy project. The sharing by Enel and Acea of interoperable charging technology brings major logistical and economic benefits: electric vehicle users can recharge at Enel and Acea points with no obstacles, both in Rome and the surrounding area, using a single card and paying for the recharge through their electric bill, in accordance with the terms of their contract with their own electricity company. The technological integration between the Enel and Acea recharging infrastructure will also enable the many people who live outside Rome and commute to the city for work (and vice-versa) to take advantage of electric mobility solutions.

New financing for three wind plants

On May 2, 2012, Enel Green Power, acting through its subsidiary Enel Green Power International, agreed a 12-year loan of €180 million with the Danish government's Export Credit Agency (EKF) and Citigroup, with the latter acting as agent and arranger. The loan bears an interest rate in line with the market benchmark and is guaranteed by Enel Green Power. The financing will be used to cover part of the investment (which will total about €670 million) for the wind farms Zephyr I in Romania, with an installed capacity of 120 MW, Caney River in the United States (200 MW), and Cristal in Brazil (90 MW), all owned by Enel Green Power.

Declaration of the officer responsible for the preparation of the company 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 March 31, 2012 corresponds with that contained in the accounting documentation, books and records.

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