Annual Report 2013

ENERGY TO LIFE

Annual Report 2013

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Report on operations

The Enel organizational model

As from February 2012, the Group has adopted an operating model designed to enhance operational flexibility, making Enel one of the most financially robust and, at the same time, most nimble companies in the energy industry. The 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 six 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 **Generation, Energy Management and Sales Italy Division** is responsible for:

> 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) and in Belgium with the Marcinelle thermoelectric plant operated by Enel Trade under a tolling agreement
  - trading on international and Italian markets, primarily through Enel Trade, Enel Trade Romania, Enel Trade Croatia and Enel Trade Serbia;

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

> the development of natural gas regasification plants (Nuove Energie);

> commercial activities in Italy, with the objective of developing an integrated package of electricity and gas products and services for end users. More specifically, it is responsible for the sale of electricity on the regulated market (Enel Servizio Elettrico) and the sale of electricity on the free market and the sale of natural gas to end users (Enel Energia). As from July 1, 2013, following the acquisition of Enel.si from the Renewable Energy Division, these businesses were joined by Enel's retail plant and franchising activities in Italy.

The **Infrastructure and Networks Division** is primarily responsible for the distribution of electricity (Enel Distribuzione) and public and artistic lighting (Enel Sole) in Italy.

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. The geographical areas in which it operates are as follows:

> Europe, with the generation, distribution and sale of electricity and the sale of natural gas in Spain and Portugal;

> Latin America, with the generation, distribution and sale of electricity in Chile, Brazil, Peru, Argentina and Colombia.

The **International Division** supports the Group's strategies for international growth, managing and integrating the foreign businesses outside the Iberian and Latin American markets, as well as 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 Belgium (Marcinelle Energie);
- south-eastern Europe, with the development of generation capacity in Romania (Enel Productie), and 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);
- 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);
- Iberia and Latin America, with power generation from renewable sources in Spain and Portugal (Enel Green Power España) and in Latin America (various companies);
- North America, with power generation from renewable sources (Enel Green Power North America).

The mission of the **Engineering and Research Division** is to serve the Group by managing the engineering processes related to the development and construction of power plants (conventional and nuclear), while meeting Enel's quality standards, ensuring compliance with the deadlines 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 manages research activities identified in the process of managing innovation, with a focus on strategic research and technology scouting.

In the Annual Report 2013, the results by operating segment are discussed on the basis of the organizational arrangements described above and taking account of the management approach as provided for under IFRS 8. For that reason, the generation and energy management results of the Generation, Energy Management and Sales Italy Division are shown separately from the results pertaining to electricity and gas sales in Italy, consistent with the practice in previous periods and with the structure of internal reporting to top management.
In addition, account was taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, 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, as well as the Upstream Gas Function.

Corporate boards

Board of Directors

Chairman

Paolo Andrea Colombo

Chief Executive Officer and General Manager

Fulvio Conti

Directors

Alessandro Banchi
Lorenzo Codogno
Mauro Miccio
Fernando Napolitano
Pedro Solbes Mira
Angelo Taraborrelli
Gianfranco Tosi

Secretary

Claudio Sartorelli

Board of Auditors

Chairman

Sergio Duca

Auditors

Lidia D'Alessio
Gennaro Mariconda

Alternate auditors

Giulia De Martino
Pierpaolo Singer
Franco Luciano Tutino

Independent auditors

Reconta
Ernst & Young SpA

Powers

Board of Directors

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

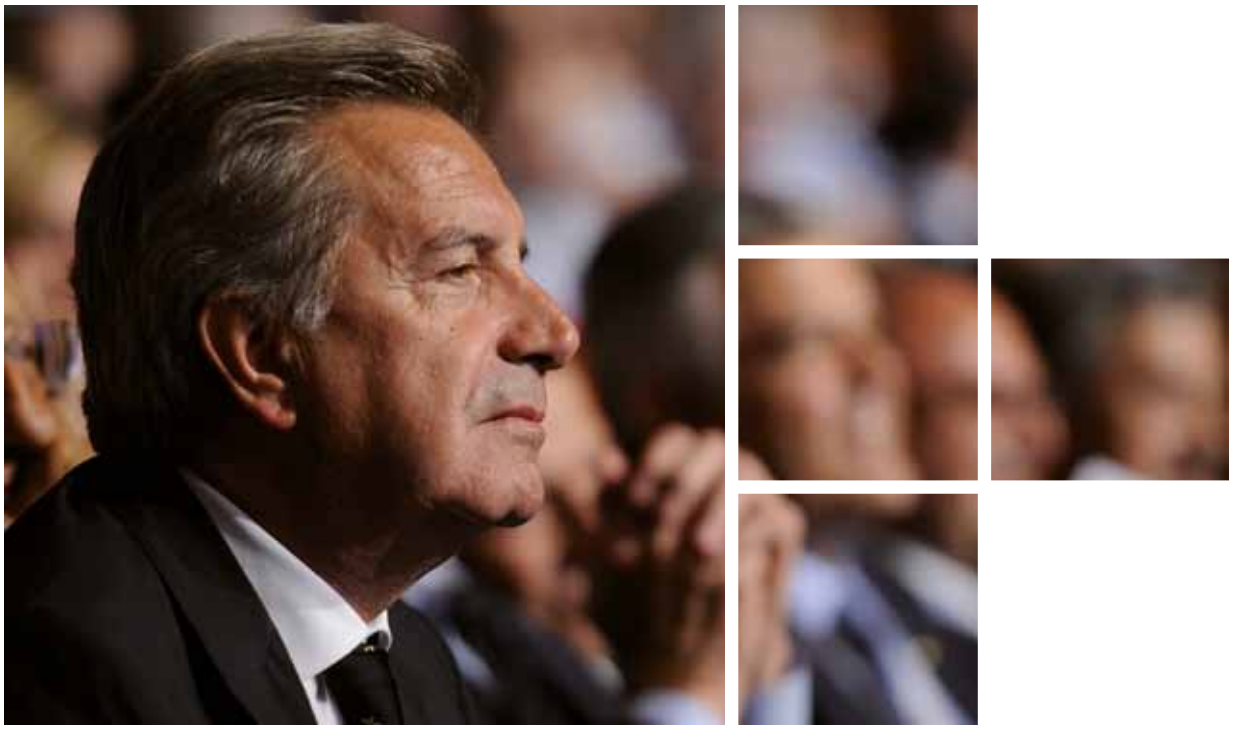
Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over shareholders' meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 2, 2011 (as amended on December 18, 2012), the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 2, 2011 (as amended on December 18, 2012) with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders



Dear stakeholders,

The economic crisis that has reigned in recent years in many western countries appears to have passed through its most acute phase. Some countries, like the United States, have started down the road to recovery more decisively, while others, such as the euro-area countries, are individually regaining economic stability but are also struggling to emerge from the crisis at the same speed. Then there are the emerging economies where the Group is present, such as those in Latin America, which are continuing to grow.

The trend in primary energy demand clearly reflects these dynamics. In the euro area, the fragile and slow recovery has not yet triggered a rise in consumption, which remains at its level of nearly two decades ago. Also weighing on the performance of the electricity industry in some countries, such as Italy and Spain, which are of great importance for Enel, are regulatory policies that have often looked to utilities as a source of funding for state budgets. The situation is different in eastern Europe and in Latin America, where development and economic growth continue to sustain the demand for electricity and gas, making new investment profitable. The growth of the renewable energy sector remains stable at the global level.

The conditions I have described represent a cross-section of a complex reality that Enel has tackled by exploiting its geographic diversification, a well-balanced mix of generation technologies, management action to reduce costs and the optimization of investments and the generation of cash flow, all accompanied by the expansion of the Group, especially in emerging markets and in renewable energy.

The results of the past year have now reached and in some cases exceeded the targets announced to investors and have permitted us to confirm the good returns offered by our stock.

The gross operating margin rose by 7.6% compared with 2012, reaching €17,011 million, despite revenue falling from €84,949 million in 2012 to €80,535 million in 2013.

At the end of 2013, net financial debt had fallen to €39,862 million, a decrease of €3,086 million

from the €42,948 million registered at the end of 2012 and about €16 billion lower than its peak in 2007. The results of current operations and non-recurring transactions completed during the year, including asset disposals, more than offset the cash requirements of investments and the payments of dividends, interest and taxes, enabling us to maintain a strong balance sheet. Enel generated free cash flow in the last few years, including 2013, of €3 billion.

For the future, we will face new market dynamics that are emerging under the pressure of four macro trends: the spread of new technologies, the growing contribution of the emerging markets to the world economy, the proactive role of customers and new approaches of institutions and governments in their energy and environmental policies.
The priorities on which we will concentrate are:

> redefining our strategy in response to the new business model and focusing:
  - on restructuring conventional generation in Italy and Spain and selective growth in that segment in growth markets;
  - on strengthening our leadership in renewable energy, with the creation of new capacity in high-potential markets and the development of new technologies on the path towards grid parity;
  - on maintaining our leadership in efficiency, service quality and the smart technologies of our distribution grid;
  - on delivering high-value-added services for our customers;
> maximizing cash flows, in both mature and emerging markets, through continuous improvements in operating efficiency, a selective investment plan and stringent control over working capital;
> completing the debt reduction plan, optimizing our asset portfolio and increasing the economic interest of the Group through minority buyouts and corporate reorganization.

These priorities are marked by a constant drive towards innovation, the only way to maintain and renew our leadership on a lasting basis, and by a strong focus on the sustainability of our operations, as a prerequisite for adding value over time to the benefit of our stakeholders.
Buoyed by the results we have achieved and aware of the tools we have to meet the challenges that lie ahead, we will continue to work to achieve these value targets in the markets of significance to our shareholders.

The contribution of the operating divisions to Group performance is briefly described below.

Generation, Energy Management and Sales Italy

In 2013, macroeconomic conditions in Italy and the rest of Europe led to a further decline in electricity demand, which amounted to 317.1 TWh (-3.4% on the previous year). This situation, together with the increasing share of output generated from renewable sources, has tightened competition and increased the demand for balancing services for the system.
Generation by the thermal power plants of the Division declined by 13.9% from 2012. Due to the considerable water availability during the year, hydroelectric generation recorded a 27.4% increase. Overall, the energy generated by the Division in Italy amounted to 59.6 TWh in 2013 (-5% on the previous year).
The gross operating margin of the Generation and Energy Management area amounted to €1,176 million in 2013, an increase of 7.8% compared with 2012, with a significant contribution coming from the services market, made possible by the availability and flexibility of our plant assets.

In the gas segment, a revision of withdrawal commitments allowed us to rebalance volumes, thereby permitting us to avoid extra costs for lower-than-agreed withdrawals. The continuation of actions to improve the operating efficiency, reliability and safety of our plants also enabled significant cost savings compared with 2012.

The Sales area in 2013 continued to focus its attention on the most valuable segments of the mass market. In a highly competitive retail market, characterized by increasingly knowledgeable customers, the strategy we have adopted seeks to innovate our product range through the development of a wide range of turnkey solutions for more responsible and efficient energy use, the so-called "New Downstream", shifting consumption to the most efficient supplier of electricity.
Enel Energia was once again the leading Italian operator in the energy market, with about 5.1 million electricity customers and 3.3 million natural gas customers at the end of 2013. Similarly, Enel Servizio Elettrico remained the leading operator in the enhanced protection market, with 22.4 million customers at December 31, 2013 (down 1.2 million compared with 2012 due to the gradual liberalization of the market).
The improvement in the quality of customer service perceived by customers enabled the two companies to hold first and second place in the ranking prepared by the Authority for Electricity and Gas (the Authority) of the best contact centers in the industry for the third year in a row. This performance was achieved through the rationalization of systems and integrated management of customers, without neglecting a constant focus on internal efficiency.
Quality is a distinguishing factor in developing the New Downstream segment. The new product offering, launched as a pilot project under the Enel Green Solution brand, has enabled Enel customers to improve the efficiency of their homes.
Our strategy and the actions of management are reflected in a gross operating margin of €866 million, an increase of 42.2% compared with 2012 and 54% compared with 2011.

Infrastructure and Networks Italy

The strong operational and financial performance of the Infrastructure and Networks Division in 2013 confirms Enel's leadership in electricity distribution, with a total of 31.7 million customers served and 230 TWh of power distributed. Last year, the Division had revenues of €7,698 million and a gross operating margin of €4,008 million, an increase of 10.6% compared with 2012.
The great commitment to operational excellence produced a further improvement in the service quality, easily outperforming the targets set by the Authority. The number of interruptions per customer declined from 3.7 in 2012 to 3.3 in 2013, while the total duration of outages per customer improved sharply, reaching an average of 41 minutes, compared with 46 in 2012.
In 2013, Enel connected about 105 thousand renewable generation plants to the grid (1,800 MW). The total number of plants connected to our network has reached 540 thousand, with a capacity of 25,500 MW.
In Italy, the automated remote management system for electronic meters executed more than 7 million contract transactions and more than 400 million remote readings. In Spain, the installation of electronic meters continued with the installation of more than 4 million units, with a goal of serving about 13 million customers in the coming years.
In the field of smart grids, Enel confirmed its European leadership, chairing the "European Distribution System Operators (EDSO) for Smart Grids" association, through which it develops the implementation plans for pilot projects. During 2013, several projects were initiated with financing under the 7th Framework Programme of the European Commission, seeking to introduce smart grid and smart city technologies, including the evolvDSO, ADVANCED and Grid4EU projects.

Innovative projects also continued in Italy, such as the smart grid project in Isernia – with support from the Authority – and the projects of the Interregional Operational Plan for the southern regions funded by the Ministry for Economic Development.
In the smart cities field, Enel has launched projects in Italy, in L'Aquila, and at the international level, in Santiago, Chile, initiatives that join the other projects of the Enel Group around the world (Malaga, Barcelona and Búzios in Latin America).
An important contribution to the development of electric mobility was the signing of a number of agreements in 2013 with local and regional governments (Rome, Bari and the Region of Umbria) and private companies (BMW). Enel's charging infrastructure for electric vehicles now exceeds 1,200 points.
The Public Lighting business area (Enel Sole) improved on the already positive results of the previous year and, thanks to developments in the Archilede® project and the extension of the CONSIP tender, has consolidated its leadership position in Italy and grew in Spain. In particular, thanks to the CONSIP "Servizio Luce 2" agreement, some 200 thousand lighting points were taken under management in 2013, with total revenues of over €265 million. Last year also saw the consolidation of Enel Sole's presence in Spain, as the company – together with Endesa Ingeniería – was awarded three long-term integrated management contracts (in Abarán, Rincón de la Victoria and Móra d'Ebre, for a total of more than 10 thousand lighting points).

Iberia and Latin America

In 2013, the Iberia and Latin America Division posted a gross operating margin of €6,746 million, a decrease of 6.7% compared with 2012. The decline was attributable to a fall of 18.7% in the margin achieved in Spain and Portugal, mainly as a result of regulatory and fiscal measures adopted in 2012 and 2013 by the Spanish government. However, the decline was partly offset by an improvement of 8.2% in the margin in Latin America and an increase in operating efficiency.
Investments in Spain and Portugal declined, to about €849 million, while they increased in Latin America, reaching €1,332 million.
Net financial debt also improved, largely as a result of the capital increase by the minority shareholders of Enersis, who paid the increase with €1,796 million in cash. The operation, which was successfully completed in March 2013, will help expand operations in the region with new investments, through both organic growth and the acquisition of non-controlling interests.
In Spain, the €396 million in costs from the application of regulatory measures approved in 2012 were joined by the effects of other fiscal and regulatory measures approved during 2013, with an additional negative impact of €933 million on the gross operating margin.
Despite the adverse effect of the additional measures, the gross operating margin in the Iberian peninsula only fell by €750 million compared with 2012, to €3,253 million. This was achieved thanks to the implementation of a targeted commercial strategy, with the launch and the strengthening of our value-added products and services, energy efficiency policies and the reduction of fixed costs. Other positive factors include increased hydroelectric generation and better margins in energy trading operations.

Unlike Spain (where the electricity demand in the peninsular area fell by 2.2% between 2012 and 2013), the Latin American countries in which the Division operates are characterized by rapid growth in electricity demand: Peru (+6.6%), Chile (+4.2% in the SIC, +3.8% in the SING), Argentina (+3.6%), Brazil (+3.4%) and Colombia (+2.4%).
The distribution companies of the Division handled 61,512 GWh of power, with increases in Brazil (+4.4%), Chile (+4.4%), Peru (+2.7%), Argentina (+1.3%) and Colombia (+1.0%).

The gross operating margin of Latin American operations came to €3,493 million, an increase of 8.2% despite the adverse impact of drought in the region and the depreciation of local currencies against the euro (which led to a reduction of €350 million). Excluding this effect, the gross operating margin would have increased by 18%, confirming the region's position as an important platform for growth.
This rise in profitability was due, among other things, to the payment by the Argentine government of a portion of costs not transferred to rates from 2007 to September 2013 (€381 million) and to an improvement of the generation business in Chile.

International

In 2013, the International Division posted revenues of €7,737 million and a gross operating margin of €1,405 million, reaching the targets set out in the business plan despite the deterioration in the business environment. The past year was characterized by numerous critical issues in the countries in which the Division operates, with a decline in demand and electricity prices, increased competition in retail markets and increased regulatory pressure from governments. On the operational side, output amounted to 63.2 TWh, a slight decrease compared with 2012. The effect of this decline on the income statement was offset by the effective operational management of assets and the maximization of institutional and regulatory factors. Finally, retail sales totaled 45.7 TWh, a decrease from the previous year due to the combined effect of developments in sourcing in France and the decline in demand in Romania and Russia.
In Slovakia, the Division achieved a gross operating margin of €708 million. The availability of nuclear facilities increased further, with an average load factor of 92.3%, making Slovenské elektrárne the world's leading operator of VVER plants. Also in the nuclear field, work is continuing on construction of new units at the Mochovce plant. Once completed, and following the changes introduced to ensure compliance with new safety requirements determined with stress tests, the plant will be one of the most advanced systems among those currently in operation in Europe.
In Russia, Enel OGK-5 posted a gross operating margin of €399 million, an increase over the previous year thanks to higher prices and the initiatives taken to streamline and rationalize the cost structure, despite the decline in output attributable to the slowdown in demand and the concomitant entry into the market of our competitors' new, more efficient units. The sales company RusEnergoSbyt, in which Enel holds a stake of 49.5%, has continued to diversify its commercial portfolio, achieving a gross operating margin for 2013 (pro-rated for the interest held by Enel) of about €112 million.
In Romania, the three distribution companies continued their activities to modernize grids and improve service quality, bringing their performance parameters close to the benchmarks typical of the most advanced countries. This achievement was made possible by the implementation of infrastructure and management initiatives based on the best practices adopted within the Enel Group. Including the performance of the electricity sales companies, the country posted a gross operating margin of €289 million, an increase of 25% over the previous year.
In France, the termination of the agreement with EDF on the Flamanville 3 project, which gave Enel anticipated capacity to sell on the market, prompted Enel France to focus on reorganizing its commercial portfolio. The gradual reduction of that anticipated capacity to zero, to be completed by 2015, made it necessary to review the sourcing of power and reduce overhead costs in order to protect margins in an environment of declining market prices and rising sourcing costs. This laid the foundations for a more flexible structure, one able to exploit any opportunities that could arise in the current process of market liberalization.

Renewable Energy Division

In 2013, the Renewable Energy Division continued to pursue its strategy of rapid growth, focused on emerging markets with abundant natural resources, strong growth in electricity demand and stable social and economic systems. At the same time, the Division continued to consolidate its presence in European markets.

Net installed capacity at the end of 2013 amounted to 8.9 GW, an increase of 0.9 GW compared with 2012 (+11.0 %). Net Group electricity generation amounted to 29.5 TWh in 2013, an increase of 4.3 TWh (up 17.3%) on 2012, due primarily to the increase in installed capacity.

The changes in capacity and output are reflected in an increase in the main financial aggregates. Division revenues amounted in 2013 to €2,827 million, an increase of 4.9% compared with 2012. The rise was mainly due to higher revenues from the sale of electricity, including incentives, thanks to increased production. The gross operating margin totaled €1,788 million, up 9.0% from the €1,641 million posted in 2012.

The Division developed major projects during the year.

In the United States, an agreement was reached with GE Capital to raise the Division's stake in the Chisholm View (235 MW) and Prairie Rose (200 MW) wind farms to 75%. In the geothermal sector, the Cove Fort plant in the state of Utah (25 MW) entered service, while the wind segment saw the start of construction of the Origin facility (150 MW) in Oklahoma.

In Latin America, and in particular Brazil in the states of Bahia, Pernambuco and Rio Grande do Norte, construction began on three new wind farms with a total installed capacity of 192 MW. In Chile, the Division completed and connected its first two wind farms to the grid: the Talinay plant, in the Coquimbo region (90 MW) and the Valle de los Vientos plant, in the region of Antofagasta (90 MW). In Mexico, construction began on two new wind farms totaling 202 MW.

The Division also consolidated its presence in Europe during the year.

In Romania and Greece, photovoltaic plants with 77 MW of capacity were built and connected to the grid. In Greece, ESSE, an equally held joint venture with Sharp, placed 15 MW of photovoltaic capacity into service.

The Division strengthened its presence in Italy, thanks to the entry into service of two new photovoltaic plants at Serre Persano, in the province of Salerno, with a total installed capacity of 21 MW. In Sardinia, a project to convert a former Eridania sugar refinery into a 50 MW power plant was begun: the initiative is part of a broader plan to develop the locally sourced biomass generation industry in Italy.

Finally, in South Africa, as part of the renewable energy tender organized by the government, the Division was awarded the right to enter into electricity supply contracts with the South African utility Eskom for a total of 513 MW, including 314 MW of photovoltaic projects and 199 MW of wind projects. The photovoltaic systems will use thin-film solar panels produced by the 3SUN factory in Catania, the equally held joint venture between Enel Green Power, Sharp and STMicroelectronics. The plant is expected to enter service in 2016. This important achievement places Enel Green Power among the leading renewable energy players in South Africa and also opens the way to possible future development opportunities for the Enel Group.

Upstream Gas

The year 2013 was marked by the sale of Enel's stake in SeverEnergia, one of the largest gas fields in Russia, to Itera (Rosneft Group) for a total of $1.8 billion. This sale, which produced a gain of about €1 billion, and the concomitant signing of a long-term contract for the supply of gas to the power plants of Enel OGK-5 on particularly advantageous terms, confirmed the value and competitive advantage that a selective, focused presence in the upstream gas segment brings to the Group as a whole.

Enel's activities are continuing in Algeria, where the Isarene project is being developed, with the start of production expected by the end of 2017. The field is estimated to have a plateau of about 3.5 billion cubic meters. In addition, the second exploration period of the South East Illizi project will follow the two discoveries made in the first exploration period.
Excellent results have been obtained also in Italy, where Enel has completed a seismic survey and so far identified a total of four exploration prospects that will be drilled over the next two years and expanded its portfolio with the submission of new applications for exploration permits.

Engineering and Research

During 2013, the Engineering and Research Division was involved in the refurbishment of the conventional and nuclear power plants of the Group and in supervision of the safety and performance of the nuclear assets of Endesa and Slovenské elektrárne.
The Research unit, in particular, continued to pursue the Group's strategic research programs.
In Italy, the renovation of the port facilities at the Brindisi power plant was completed. Construction of a covered coal storage facility at the same site park is under way.
In Sicily, at Porto Empedocle, work began on the partial conversion of the existing power plant from fuel oil to gas turbine systems. The construction of a regasification terminal within the port area also began.
In Russia, at the Reftinskaya power station, the largest plant in the world for the dry transportation and storage of ash (DARS) was completed, as were environmental improvements and revamping of the first 10 units of the power plant. The environmental upgrading of other units is also under way.
In Spain a feasibility study for the environmental upgrading and extension of the useful life of the Litoral coal-fired plant was carried out. In South America, the Division partnered with Endesa on a feasibility study for new coal-fired plants.
With regard to the Nuclear area, the monitoring activities of the Nuclear Safety Oversight unit were strengthened through greater integration with the operating units of the Group's nuclear facilities and by sharing best practices with other leading nuclear operators.
At the nuclear power plants in Slovakia and Spain, engineering activities were begun to support the implementation of improvement measures identified during the stress testing. Finally, the team engaged in the engineering and construction of units 3 and 4 at the Mochovce nuclear power plant was strengthened further.
In the field of renewables generation, the Research unit was involved in the study and experimentation of new technologies and solutions to improve the integration into the grid of the electricity produced by distributed generators. Supplementing this effort, work continued on developing new generation storage systems, aimed at optimizing investment and electricity flows on the grid.
Finally, development work continued on creating energy efficiency solutions and value-added services for remote users, industrial districts and residential customers.

Outlook

The Group's strategic priorities in the period covered by the 2014-2018 Business Plan respond to the expected structural evolution in the world's macroeconomic conditions and in the energy industry. More specifically, the former will continue to move ahead at two speeds: on the one hand the European countries, which are emerging slowly from the crisis; on the other, the emerging economies, especially those in Latin America, where electricity demand is still expanding rapidly.
In this context, Enel expects the following main trends to drive the evolution of these scenarios: (i) the emerging markets will continue to fuel global growth; (ii) technological innovation will be one of the key factors driving trends in the energy sector; (iii) end users will be increasingly well-informed

about technology and environmental matters; and (iv) regulatory systems will sharpen their focus on environmental issues and system costs.

In the business plan, the Group confirms the increasingly important role of the emerging markets, with an investment policy targeted at consolidating its position and simplifying its corporate structure. Renewables will expand substantially, with careful selection of high-return investment opportunities. Another area of action will be the retail market, energy efficiency and, more generally, value-added services, a segment with robust growth potential. In this area, as in the smart grid field, Enel intends to strengthen its leadership position, leveraging the key driver, technological innovation, and a geographically and technologically well-diversified asset portfolio which forms the foundation of the Group's future development.

Reducing debt and generating cash flows will also remain a top priority for the Group. And maximization of cash flows is precisely the goal of the plan for optimizing operating costs launched in 2013, which has already led to the identification of major opportunities for efficiency gains, with results that have easily exceeded expectations. These opportunities will continue to be pursued in the coming years, with a special focus on businesses in the mature markets.

The Chief Executive Officer
Fulvio Conti

Summary of results

TOTAL NET GENERATION (TWh)

Total **286.1**

ELECTRICITY SOLD (TWh)

Total **295.5**

ELECTRICITY TRANSPORTED (TWh)

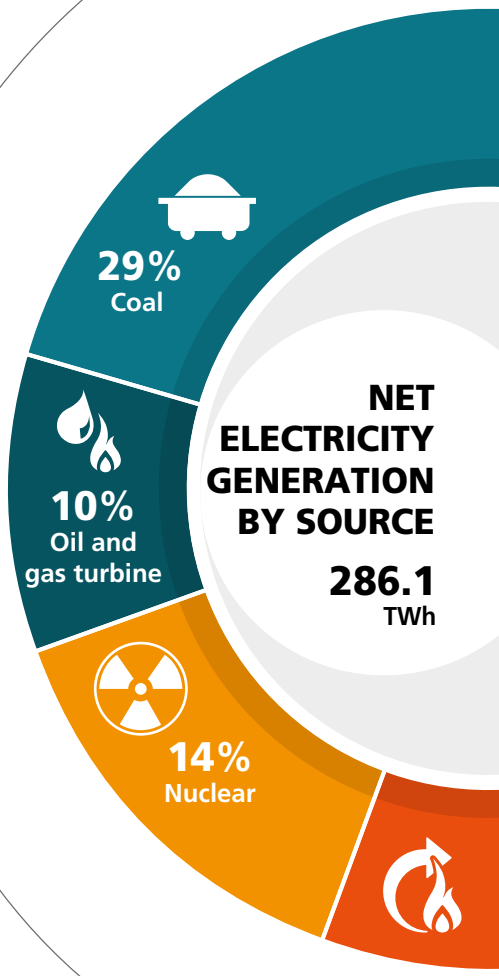
Total **404.0**

GAS SALES (billions of m³)

Total **8.6**

NET ELECTRICITY GENERATION BY SOURCE

286.1 TWh



PERFORMANCE FIGURES FOR 2013

(compared with 2012)

Revenues
€80,535 million
(-5.2%)

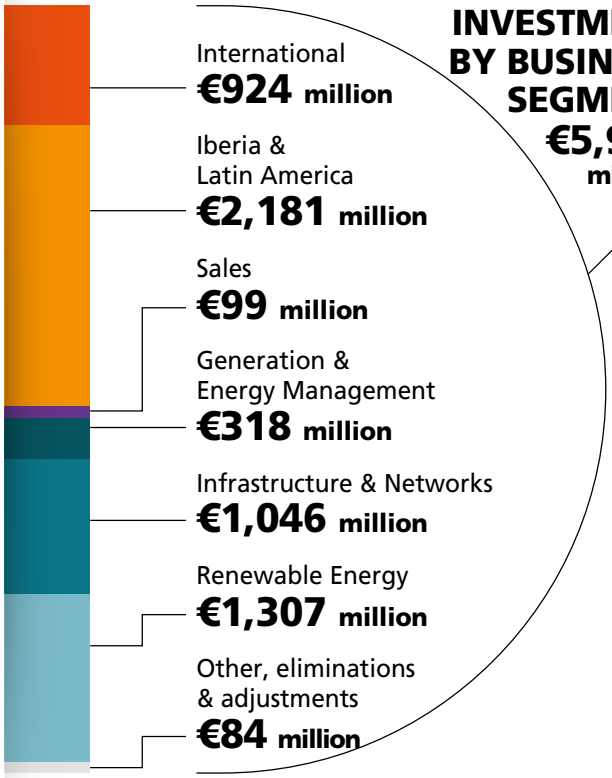
Gross operating margin
€17,011 million
(+7.6%)

Operating income
€9,944 million
(+46.1%)

Net income
€4,780 million

INVESTMENT BY BUSINESS SEGMENT

€5,959 million



International
€924 million

Iberia & Latin America
€2,181 million

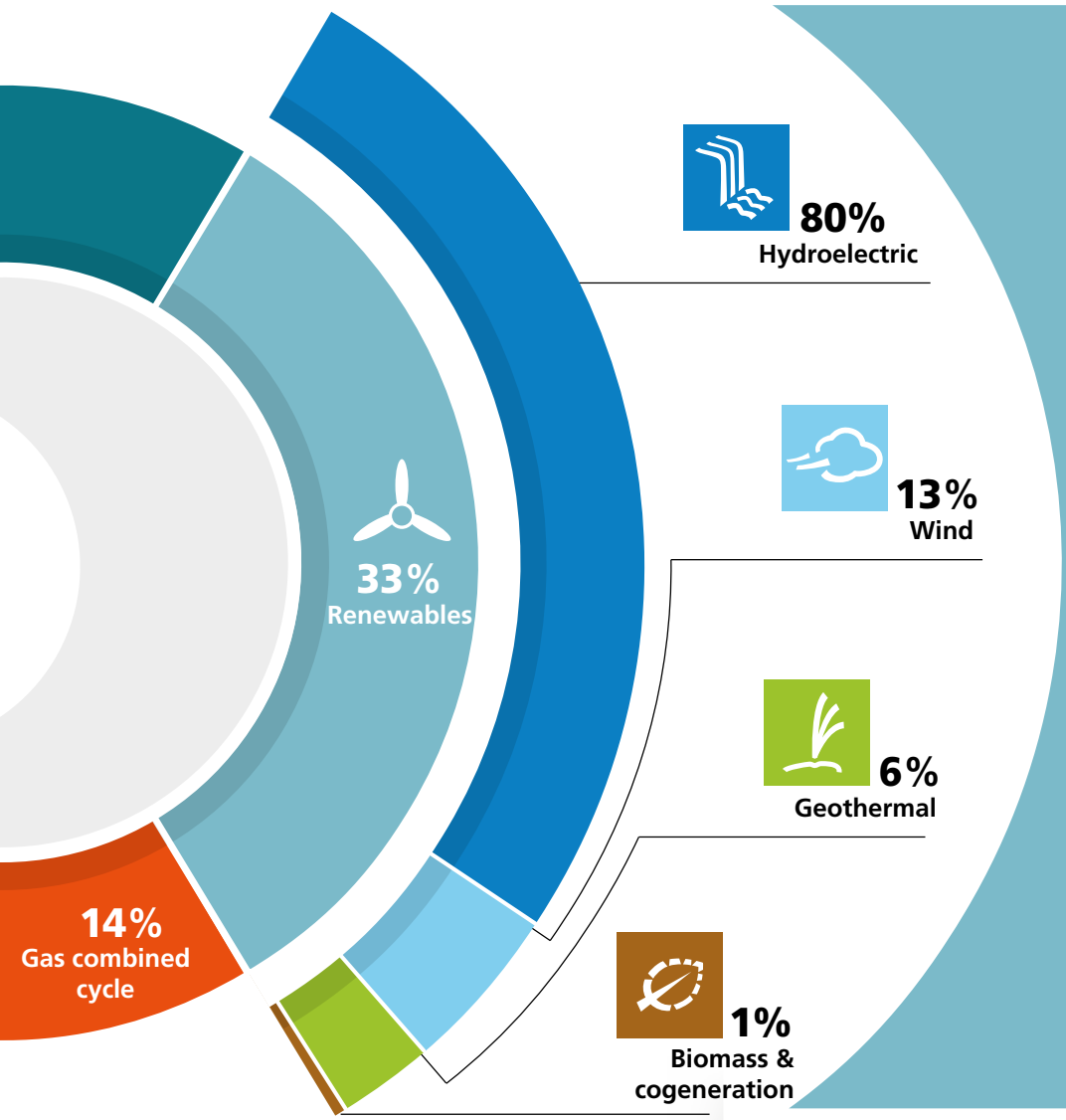
Sales
€99 million

Generation & Energy Management
€318 million

Infrastructure & Networks
€1,046 million

Renewable Energy
€1,307 million

Other, eliminations & adjustments
€84 million



NET ELECTRICITY GENERATION RENEWABLES

93.1
TWh
(33%)

INVESTMENT IN RENEWABLE ENERGY

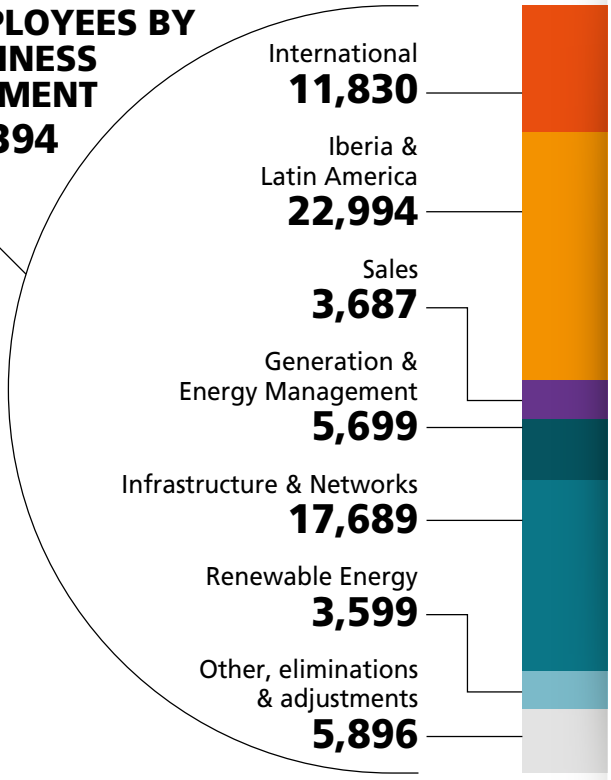
€1,307
million

EMPLOYEES IN RENEWABLE ENERGY

3,599

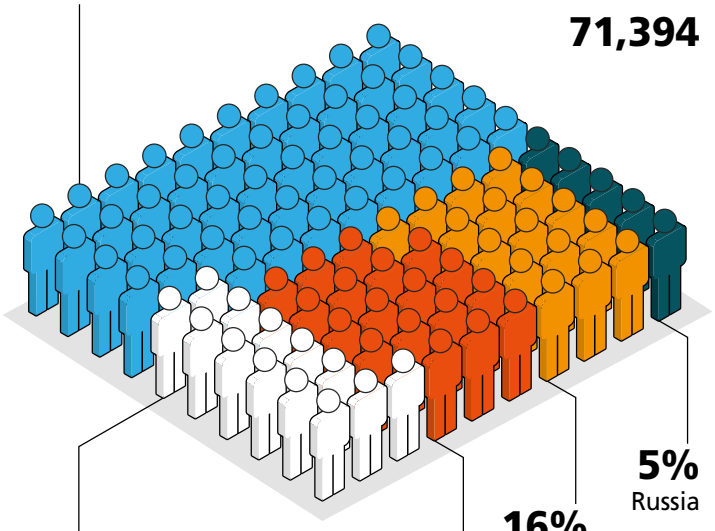
EMPLOYEES BY BUSINESS SEGMENT

71,394



EMPLOYEES BY GEOGRAPHICAL AREA

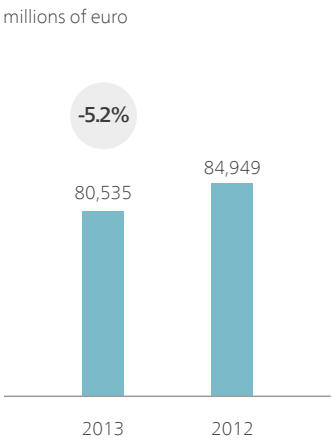
71,394



Performance data

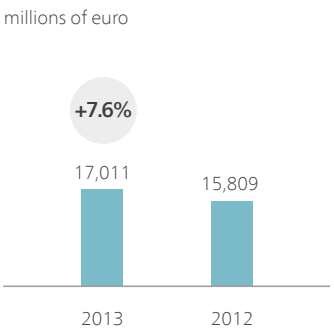
Revenues

Revenues in 2013 amounted to €80,535 million, a decrease of €4,414 million (-5.2%) compared with 2012. The decline is essentially attributable to the contraction in revenues from the sale of electricity, largely due to the decline in volumes sold, only partly offset by an increase in revenues from the transport of electricity and the sale of fuels. Revenues for 2013 also include the gain (€964 million) on the disposal of Artic Russia (and indirectly the stake held by the latter in SeverEnergia, a hydrocarbon extraction company in Russia), in the 4th Quarter of 2013.



Millions of euro

	2013	2012 restated	Change	
Sales	16,921	18,351	(1,430)	-7.8%
Generation and Energy Management	22,919	25,244	(2,325)	-9.2%
Infrastructure and Networks	7,698	8,117	(419)	-5.2%
Iberia and Latin America	30,935	34,169	(3,234)	-9.5%
International	7,737	8,703	(966)	-11.1%
Renewable Energy	2,827	2,696	131	4.9%
Other, eliminations and adjustments	(8,502)	(12,331)	3,829	31.1%
Total	**80,535**	**84,949**	**(4,414)**	**-5.2%**

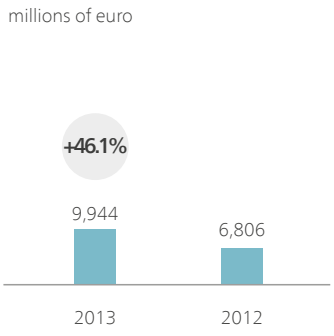


Gross operating margin

The **gross operating margin** for 2013 totaled €17,011 million, up 7.6% compared with 2012. The margin for 2013 includes the gain on the disposal of Artic Russia, while that for 2012 reflects an adjustment (in the amount of €929 million) made for comparative purposes only in compliance with the new version of IAS 19 upon first-time application. The adjustment mainly regards the recognition of charges for the transition-to-retirement plan for certain employees in Italy at the end of 2012. Excluding those items, the decline in the gross operating margin is mainly attributable to the expected contraction in the results achieved in Spain and conventional generation activities in Italy, only partly offset by the good performance of the Sales Italy business area, the Renewable Energy Division and Latin American operations, with the latter posting their result despite adverse developments in the exchange rates of local currencies against the euro.

Millions of euro

	2013	2012 restated	Change	
Sales	866	609	257	42.2%
Generation and Energy Management	1,176	1,091	85	7.8%
Infrastructure and Networks	4,008	3,623	385	10.6%
Iberia and Latin America	6,746	7,230	(484)	-6.7%
International	1,405	1,650	(245)	-14.8%
Renewable Energy	1,788	1,641	147	9.0%
Other, eliminations and adjustments	1,022	(35)	1,057	-
Total	**17,011**	**15,809**	**1,202**	**7.6%**



Operating income

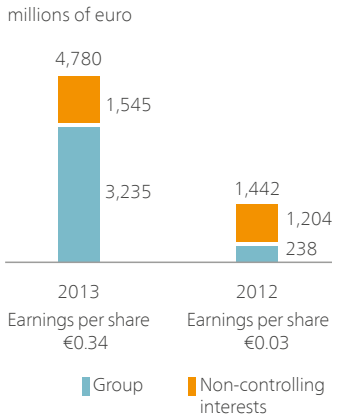
Operating income came to €9,944 million in 2013, an increase of 46.1% compared with 2012 (€6,806 million), reflecting in part the adjustment associated with the first-time application of IAS 19 Revised. The change in depreciation, amortization and impairment losses reflects the effect of the difference in the impairment recognized in 2013 and 2012 on the goodwill of a number of cash generating units (€744 million in 2013 and €2,584 million in 2012). More specifically, the impairment recognized in 2013 was entirely accounted for by the writedown of part of the goodwill of the "Enel OGK-5" cash generating unit to reflect the expected contraction in estimated future cash flows, as a result of the continuing slowdown in economic growth and the consequent decline in the forecast growth in prices in the medium term in the Russian market. In this regard, an impairment loss of €112 million had already been recognized in 2012 following the emergence of the first signs of change in outlook and a deterioration in the profitability of that CGU. In addition, the impairment losses recognized in 2012 included impairment of €2,392 million on the goodwill of the "Endesa-Iberia" CGU.

Millions of euro

	2013	2012 restated	Change	
Sales	362	103	259	-
Generation and Energy Management	554	505	49	9.7%
Infrastructure and Networks	3,028	2,629	399	15.2%
Iberia and Latin America	3,836	1,675	2,161	-
International	85	978	(893)	-91.3%
Renewable Energy	1,171	1,081	90	8.3%
Other, eliminations and adjustments	908	(165)	1,073	-
Total	**9,944**	**6,806**	**3,138**	**46.1%**

Net income

Net income pertaining to shareholders of the Parent Company amounted to €3,235 million in 2013, compared with €238 million the previous year. The increase is essentially attributable to the gain on the disposal of Artic Russia, the difference in the impairment losses recognized in respect of goodwill in 2013 and 2012, the adjustment booked on first-time application of IAS 19 Revised (equal to €627 million net of tax effects and non-controlling interests) and the improvement in financial performance.

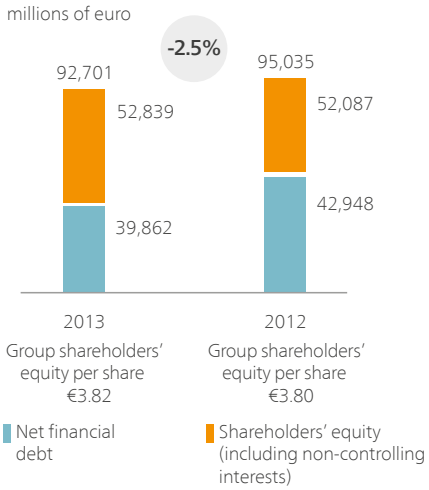


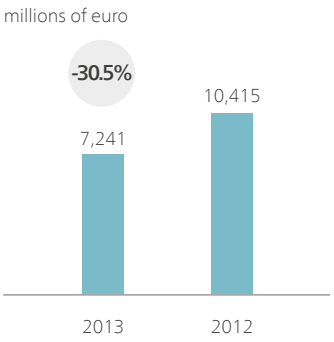
Financial data

Net capital employed

Net capital employed, including net assets held for sale of €221 million, amounted to €92,701 million at December 31, 2013 and was financed by equity pertaining to shareholders of the Parent Company and non-controlling interests of €52,839 million and net financial debt of €39,862 million. At December 31, 2013, the debt/equity ratio came to 0.75 (0.82 at December 31, 2012).

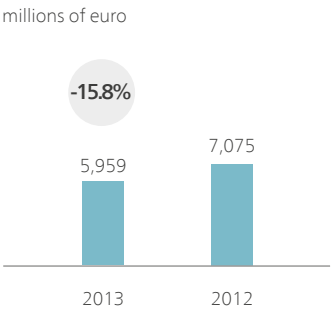
Net financial debt came to €39,862 million, a decrease of €3,086 million compared with December 31, 2012. More specifically, cash flows from operations, the disposal of a number of non-strategic assets and the capital increase carried out by the Chilean subsidiary Enersis were only partially used for capital expenditure in the period and the payment of dividends.





Cash flow from operations

Cash flow from operations amounted to €7,241 million in 2013, down €3,174 million compared with the previous year.



Capital expenditure

Capital expenditure amounted to €5,959 million in 2013 (of which €5,346 million in respect of property, plant and equipment), a decrease of €1,116 million compared with 2012.

Millions of euro

	2013	2012 restated	Change	
Sales	99	97	2	2.1%
Generation and Energy Management	318	403	(85)	-21.1%
Infrastructure and Networks	1,046	1,497	(451)	-30.1%
Iberia and Latin America	2,181	2,497 (1)	(316)	-12.7%
International	924	1,161	(237)	-20.4%
Renewable Energy	1,307 (2)	1,257	50	4.0%
Other, eliminations and adjustments	84	163 (3)	(79)	-48.5%
Total	**5,959**	**7,075**	**(1,116)**	**-15.8%**

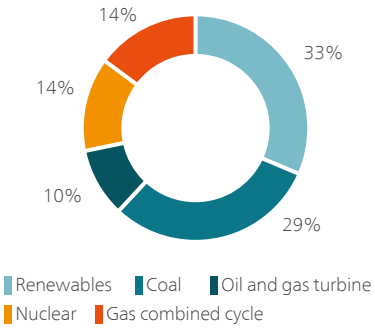
(1) The figure for 2012 does not include €73 million regarding units classified as "held for sale".
(2) The figure for 2013 does not include €1 million regarding units classified as "held for sale".
(3) The figure for 2012 does not include €1 million regarding units classified as "held for sale".

Operations

	Italy	Abroad	**Total**	Italy	Abroad	**Total**
	2013			2012		
Net electricity generated by Enel (TWh)	72.9	213.2	**286.1**	74.4	220.4	**294.8**
Electricity transported on the Enel distribution network (TWh)	230.0	174.0	**404.0**	238.5	175.7	**414.2**
Electricity sold by Enel (TWh) (1)	92.2	203.3	**295.5**	102.3	214.5	**316.8**
Gas sold to end users (billions of m^3)	4.1	4.5	**8.6**	4.3	4.4	**8.7**
Employees at year-end (no.) (2)	34,451	36,943	**71,394**	36,205	37,497	**73,702**

(1) Excluding sales to resellers.
(2) Includes 37 in units classified as "held for sale" at December 31, 2013 and at December 31, 2012.

Net electricity generation by source (2013)

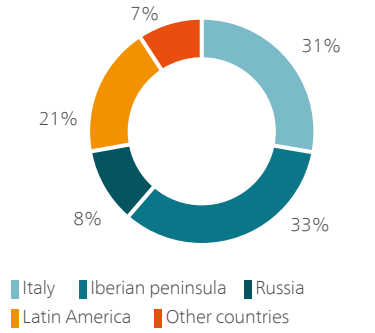


Net electricity generated by Enel in 2013 fell by 8.7 TWh (-3.0%), with a contraction in output abroad (-7.2 TWh) and a decline in generation in Italy (-1.5 TWh). More specifically, an increase in hydroelectric generation (+6.2 TWh), attributable to an increase in water availability, and in generation from other renewables (+3.3 TWh), thanks to the entry into service of new wind plants, were more than offset by the contraction in conventional thermal generation (-17.4 TWh) and in nuclear generation (-0.8 TWh).

Electricity transported on the Enel distribution network came to 404 TWh, a decrease of 10.2 TWh (-2.5%), largely due to the fall in electricity demand in Italy and Spain.

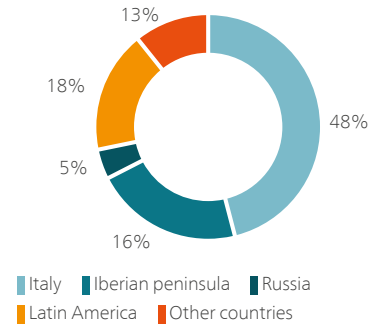
Electricity sold by Enel in 2013 decreased by 21.3 TWh (-6.7%), mainly attributable to a decline in amounts sold in Italy (-10.1 TWh) and the Iberian peninsula (-6.6 TWh), only partly offset by an increase in sales in Latin America (+1.8 TWh).

Electricity sold by geographical area (2013)



At December 31, 2013, Enel Group **employees** numbered 71,394 (73,702 at the end of 2012). The Group's workforce contracted by 2,308 employees in 2013, attributable to the balance between new hirings and terminations (for a net decrease of 2,336), partially offset by the change in the scope of consolidation, largely attributable to the acquisition of PowerCrop (an increase of 28).

Employees by geographical area (at December 31, 2013)



	Employees (no.)	
	2013	2012
Sales	3,687	3,674
Generation and Energy Management	5,699	6,043
Infrastructure and Networks	17,689	18,632
Iberia and Latin America	22,994	22,807
International	11,830 (1)	12,652
Renewable Energy	3,599	3,512
Other, eliminations and adjustments	5,896	6,382
Total	**71,394**	**73,702**

(1) Of which 37 in units classified as "held for sale" at December 31, 2013 and at December 31, 2012.

Restatement of the balance sheet and the income statement

The main impacts of the application, as from January 1, 2013 with retrospective effect, of the new version of "IAS 19 - Employee benefits" on the balance sheet and income statement figures reported for comparative purposes only in these consolidated financial statements are as follows:

> as the corridor approach may no longer be used, all actuarial gains and losses are recognized directly in equity. Accordingly, the amortization accruing in 2012 in respect of the excess gains and losses outside the corridor, as quantified at December 31, 2012, was eliminated from the income statement (€19 million). In addition, the actuarial gains and losses not recognized in application of the previous method were recognized in equity, with a consequent adjustment of the respective defined-benefit obligation and the net plan assets recognized in the balance sheet;

> as the recognition of past service cost in the income statement may no longer be deferred, the portion not recognized at December 31, 2012 was recognized as an increase in the defined-benefit obligation, posted to equity for the amount pertaining to previous years and to profit or loss for the amount accruing for 2012. More specifically, the amount recognized in the income statement involved €932 million in respect of charges for the transition-to-retirement plan established in 2012 for certain employees in Italy;

> in application of the new standard, interest income on plan assets is recognized in substitution of the expected return on those assets. That interest is no longer reported under financial income but rather is offset against the financial expense associated with the benefit plans.

In all cases, the theoretical tax effects were calculated and amounts pertaining to non-controlling interests were allocated.

In addition, in 2013, the Group adopted a new accounting treatment as part of the project to harmonize the treatment of the recognition and presentation of the various types of environmental certificates (CO_2 allowance, green certificates, energy efficiency certificates, etc.). The new approach is based on the business model of the companies involved in the incentive mechanisms for environmental certificates and led to a number of reclassifications in the consolidated income statement.

Finally, as a result of the definitive allocation of the purchase prices of the Kafireas pipeline, Stipa Nayaá and Eólica Zopiloapan, companies operating in the Renewable Energy Division, which was completed after December 31, 2012, the balance-sheet accounts at that date have been restated to reflect the measurement at fair value of the net assets acquired.

For more information, please see note 4 of these consolidated financial statements. The following tables present the effects on the revenues, gross operating margin and operating income of the Group's divisions.

Revenues

Millions of euro

	2012	New environmental certificates policy	2012 restated
Sales	18,351	-	18,351
Generation and Energy Management	25,237	7	25,244
Infrastructure and Networks	8,117	-	8,117
Iberia and Latin America	34,169	-	**34,169**
International	8,703	-	8,703
Renewable Energy	2,696	-	**2,696**
Other, eliminations and adjustments	(12,384)	53	(12,331)
Total	**84,889**	**60**	**84,949**

Gross operating margin

Millions of euro

	2012	IAS 19/R effect	2012 restated
Sales	689	(80)	609
Generation and Energy Management	1,271	(180)	1,091
Infrastructure and Networks	4,138	(515)	3,623
Iberia and Latin America	7,212	18	**7,230**
International	1,650	-	1,650
Renewable Energy	1,681	(40)	**1,641**
Other, eliminations and adjustments	97	(132)	(35)
Total	**16,738**	**(929)**	**15,809**

Operating income

Millions of euro

	2012	IAS 19/R effect	2012 restated
Sales	183	(80)	103
Generation and Energy Management	685	(180)	505
Infrastructure and Networks	3,144	(515)	2,629
Iberia and Latin America	1,657	18	**1,675**
International	978	-	978
Renewable Energy	1,121	(40)	**1,081**
Other, eliminations and adjustments	(33)	(132)	(165)
Total	**7,735**	**(929)**	**6,806**

Sustainability indicators

	2013	2012	Change	
ISO 14001-certified net efficient capacity (% of total)	94.0	92.6	1.4	1.5%
Average efficiency of thermal plants (%)	39.8	39.9	(0.1)	-0.3%
Total specific emissions of CO_2 from net generation (gCO_2/kWh_{eq})	391	418	(27)	-6.5%
"Zero-emission" generation (% of total)	46.7	42.4	4.3	10.1%
Injury frequency rate [1]	1.42	1.98	(0.56)	-28.3%
Serious injury rate [2]	0.07	0.10	(0.03)	-30.0%
Serious and fatal injuries at Enel	13	15	(2)	-13.3%
Serious and fatal injuries at contractors	27	34	(7)	-20.6%
Average hours of training per employee	39.8	44.8	(5.0)	-11.2%
Verified violations of the Code of Ethics	27	41	(14)	-34.1%

(1) The indicator is calculated as the ratio between the total number of injuries and the number of hours worked, in millions (INAIL standard).
(2) The indicator is calculated as the ratio between the number of days lost for injuries and the number of hours worked, in thousands (INAIL standard).

The proportion of ISO 14001-compliant capacity was equal to 94.0% at December 31, 2013, an increase of 1.5% on the previous year. The rise reflects new certifications of the combined-cycle plant at Pego, the diesel plant on Ibiza, the combined-cycle plant at Marcinelle and new wind farms of Enel Green Power.

In 2013 the *average efficiency of thermal plants* was in line with that of the previous year.

The *decrease in specific emissions of* CO_2 is attributable to increased renewables generation.

In 2013, 46.7% of Enel's *generation* came from *zero emissions* resources, an increase of 10.1% on 2012. The increase is due both to the contingent improvement in water conditions in 2013 compared with 2012, with availability above the average for the last five years, and to the structural factor of the increase in renewables capacity during the year. The 940 MW of new renewables capacity installed in 2013 confirm our commitment to expanding carbon-free generation, which will continue in the coming years.

The *injury frequency and severity rates* declined by 28.3% and 30.0% compared with 2012. The improvement is attributable to constant and intensive information, training and awareness-raising activities conducted in order to disseminate a culture of safety at all levels and to promote the adoption of safe behavior, as well as the ongoing implementation of measures to enhance workplace health and safety standards and management processes.

Serious and fatal injuries involving Enel personnel decreased by 13.3% compared with 2012, even though there were 6 fatal accidents involving Enel employees. Serious and fatal injuries involving the employees of contractors working for Enel fell by 20.6% compared with 2012, thanks to ongoing implementation of measures to enhance workplace health and safety in all stages of the tendering process.

The *average hours of training per employee* declined by 11.2% owing to the greater focus on specific segments of the workforce, although a number of large-scale projects were continued.

As regards the *Code of Ethics*, the number of reports received in 2013 was broadly in line with 2012, while verified violations declined.

Overview of the Group's operations, performance and financial position

Definition of performance indicators

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

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

Group net ordinary income: this is Group net income produced by ordinary operations.

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 809/2004/EC and in line with the CONSOB instructions of July 26, 2007, net of financial receivables and long-term securities.

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of the following main transactions.

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);
- acquisition, on June 27, 2012, of an additional 50% of a number of companies in the Kafireas wind power pipeline in Greece, which had previously been included under "Elica 2" and accounted for using the equity method in view of the 30% stake held; as from that date the companies have therefore been consolidated on a line-by-line basis;
- acquisition, on June 28, 2012, of 100% of Stipa Nayaá, a Mexican company operating in the wind generation sector;
- disposal, on August 2, 2012, of the entire capital of Water & Industrial Services Company (Wisco), which operates in the waste water treatment sector in Italy;
- disposal, on October 9, 2012, of the entire share capital of Endesa Ireland, a company operating in the generation of electricity;
- acquisition, on October 12, 2012, of the additional 58% of Trade Wind Energy, a company in which the Group had held a stake of 42%; as a result of the purchase, the company is no longer consolidated using the equity method but is consolidated on a line-by-line basis;
- acquisition, on December 21, 2012, of 99.9% of Eólica Zopiloapan, a Mexican company operating in the wind generation sector.

2013

- acquisition, on March 22, 2013, of 100% of Parque Eólico Talinay Oriente, a company operating in the wind generation sector in Chile;
- acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector; in view of the joint control exercised over the company together with another operator, the company is consolidated on a proportionate basis;
- disposal, on April 8, 2013, of 51% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States;
- acquisition, on May 22, 2013, of 26% of Chisholm View Wind Project and Prairie Rose Wind Project, both operating in wind generation in the United States, in which the Group previously held an interest of 49%. Following the acquisition, the two companies have been consolidated on a line-by-line basis rather than using equity method accounting;
- acquisition, on August 9, 2013, of 70% of Domus Energia (now Enel Green Power Finale Emilia), a company operating in the biomass generation sector;
- acquisition, on October 31, 2013, of 100% of Compañía Energética Veracruz, a company operating in the development of hydroelectric plants in Peru;
- disposal, on November 13, 2013, of the 40% stake in Artic Russia, with the consequent deconsolidation of the interest held by the latter in SeverEnergia;
- acquisition, in November and December 2013, of nine companies (representing three business combinations) operating in the development of wind power projects in the United States;
- disposal, on December 20, 2013, of the remaining stake in Enel Rete Gas, which had previously been accounted for using the equity method.

The balance-sheet figures at December 31, 2013 exclude (unless otherwise indicated) assets and liabilities held for sale, which essentially include Marcinelle Energie and other smaller companies that, on the basis of the status of negotiations for their sale, fall within the scope of IFRS 5.

Group performance

Millions of euro

	2013	2012 restated	Change	
Total revenues	80,535	84,949	(4,414)	-5.2%
Total costs	63,146	69,178	(6,032)	-8.7%
Net income/(charges) from commodity risk management	(378)	38	(416)	-
GROSS OPERATING MARGIN	**17,011**	**15,809**	**1,202**	**7.6%**
Depreciation, amortization and impairment losses	7,067	9,003	(1,936)	-21.5%
OPERATING INCOME	**9,944**	**6,806**	**3,138**	**46.1%**
Financial income	2,453	2,185	268	12.3%
Financial expense	5,266	5,197	69	1.3%
Total financial income/(expense)	**(2,813)**	**(3,012)**	**199**	**6.6%**
Share of income/(expense) from investments accounted for using the equity method	**86**	**88**	**(2)**	**-2.3%**
INCOME BEFORE TAXES	**7,217**	**3,882**	**3,335**	**85.9%**
Income taxes	2,437	2,440	(3)	-0.1%
NET INCOME FROM CONTINUING OPERATIONS	**4,780**	**1,442**	**3,338**	**-**
NET INCOME FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**
NET INCOME (Group and non-controlling interests)	**4,780**	**1,442**	**3,338**	**-**
Net income pertaining to shareholders of Parent Company	3,235	238	2,997	-
Net income pertaining to non-controlling interests	1,545	1,204	341	28.3%

Revenues

Millions of euro

	2013	2012 restated	Change	
Electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies	67,285	71,322	(4,037)	-5.7%
Gas sold and transported to end users	4,451	4,402	49	1.1%
Gains on the disposal of assets	944	6	938	-
Remeasurement at fair value after changes in control	21	16	5	31.2%
Other services, sales and revenues	7,834	9,203	(1,369)	-14.9%
Total	**80,535**	**84,949**	**(4,414)**	**-5.2%**

Revenues from **electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies** in 2013 amounted to €67,285 million, down €4,037 million compared with 2012 (-5.7%). The decrease is attributable to the following factors:

> a decline of €3,621 million in revenues from the sale of electricity to end users, of which €2,111 million on regulated markets and €1,510 million on free markets. The decrease is essentially due to the decline in quantities of electricity sold as a result of weakening demand, partly offset by a rise in revenues from the wholesale electricity business (€648 million); the latter is mainly attributable to an increase in revenues from sales on electricity exchanges, which more than offset the decline in sales under bilateral contracts entered into by the generation company;

> a decline of €1,243 million in revenues from electricity trading, reflecting a decline in volumes handled;

> a decrease of €401 million in revenues from contributions from the Electricity Equalization Fund and similar bodies, essentially attributable to the fall in revenues from extra-peninsular generation in Spain, reflecting lower volumes generated and the negative effects of the entry into force of Royal Decree Law 20/2012 starting from the 2nd Half of 2012;

> an increase of €580 millions in revenues from the transport of electricity, due essentially to the increase in revenues from the transport of electricity for other operators.

Revenues from **gas sold and transported to end users** amounted to €4,451 million, up €49 million (1.1%) compared with the previous year. This performance essentially reflects both the increase in quantities sold and the increase in average sales prices in Spain and Portugal due to developments in the international energy market and the revision of a number of rate components.

Gains on the disposal of assets amounted to €944 million in 2013 and mainly regard the gain on the disposal of Artic Russia and, indirectly, the stake held in SeverEnergia (€964 million), and the sale of 51% of the Buffalo Dunes Wind Project (€20 million). These gains were partly offset by a partial adjustment (€43 million) of the result of the disposal of certain renewable generation assets to Acciona in 2009, as part of Enel's acquisition of an additional 25.01% of Endesa.

The gain from **remeasurement at fair value after changes in control** amounted to €21 million in 2013 (€16 million in 2012). The gain is mainly attributable to the remeasurement at fair value of the net assets attributable to the Group (totaling 49% of the company) following the loss of control of the Buffalo Dunes Wind Project, in accordance with the provisions of IFRS 3 Revised. In 2012, the gains included €11 million in respect of Trade Wind Energy, €4 million in respect of Sociedad Eólica de los Lances and €1 million in respect of Enel Stoccaggi. In all three of these cases, the gain refers to the remeasurement of the net assets already held by the Group prior to acquiring additional interests giving the Group full control of those companies.

Income from **other services, sales and revenues** in 2013 amounted to €7,834 million (€9,203 million in 2012), a decrease of €1,369 million (-14.9%) compared with the previous year. The fall is essentially attributable to the following factors:

> a decrease of €1,651 million in revenues from the sale of other goods, mainly due to lower sales of CO_2 emissions allowances and other environmental certificates;
> the recognition in 2012 by the Authority for Electricity and Gas (Resolution 157/2012) of the right to be reimbursed for charges incurred by the Group as a result of the termination of the Electrical Worker Pension Fund (FPE) as from January 1, 2000, in the amount of €615 million;
> the payment of a government grant of €381 million to the Argentine distribution company Edesur under the provisions of *Resolución* 250/2013 concerning the *Mecanismo de Monitoreo de Costos*;
> an increase of €696 million in revenues from the sale of fuels for trading, including revenues for shipping services, essentially due to an increase in volumes handled in Italy.

Costs

Millions of euro

	2013	2012 restated	Change	
Electricity purchases	28,297	30,080	(1,783)	-5.9%
Consumption of fuel for electricity generation	6,883	8,653	(1,770)	-20.5%
Fuel for trading and natural gas for sale to end users	5,096	4,840	256	5.3%
Materials	1,577	3,123	(1,546)	-49.5%
Personnel	4,596	5,789	(1,193)	-20.6%
Services, leases and rentals	15,310	15,666	(356)	-2.3%
Other operating expenses	2,837	2,774	63	2.3%
Capitalized costs	(1,450)	(1,747)	297	-17.0%
Total	**63,146**	**69,178**	**(6,032)**	**-8.7%**

Costs for **electricity purchases** in 2013 amounted to €28,297 million, a decrease of €1,783 million (-5.9%). The decrease is essentially attributable to the combined effect of a decline in costs purchases of electricity through bilateral contracts (€1,166 million) and lower costs for electricity purchases on domestic and foreign markets (€1,228 million), largely connected with the decrease in demand. These factors were partially offset by an increase in purchases on electricity exchanges (€608 million).

Costs for the **consumption of fuel for electricity generation** in 2013 amounted to €6,883 million, a decrease of €1,770 million on the previous year (-20.5%). The decrease reflects the decline in volumes of electricity from thermal generation and an improvement in the fuel mix, associated with a decrease in the unit prices of raw materials.

Costs for the purchase of **fuel for trading and natural gas for sale to end users** came to €5,096 million, an increase of €256 million (5.3%) compared with 2012. The rise is largely attributable to natural gas and developments in its average purchase price, which is correlated with changes in the prices of petroleum products.

Costs for **materials** amounted to €1,577 million in 2013, a decrease of €1,546 million compared with 2012, mainly as a result of a decline in costs for provisioning CO_2 emissions allowances and environmental certificates.

Personnel costs in 2013 totaled €4,596 million, a decrease of €1,193 million (-20.6%) compared with 2012.
More specifically, the decline reflected the recognition in 2012 – partly as a result of the restatement carried out for comparative purposes only in the first-time application of IAS 19 Revised – of charges in the amount of €970 million in respect of the transition-to-retirement plan established for certain employees in Italy at the end of 2012, as well as lower personnel costs associated to the decline in the average workforce for the year. In addition, the agreements signed on September 6, 2013 implementing the framework agreement of May 9, 2013, laying out the approach to be taken in activating the measures provided for in Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the Fornero Act) led to the recognition of a net expense of €858 million (taking account of the partial reversal of certain liabilities in respect of other benefits previously awarded such employees in the amount of €38 million). These charges, however, were more than offset by the positive effect (€1,028 million) of the termination of the transition-to-retirement plan after no employees opted to participate and the fact that a significant number of those entitled to participate in that plan instead have opted to participate in the mechanism provided for under Article 4 of the Fornero Act, as the latter offers better financial and organizational conditions, making the earlier plan unattractive.

The Enel Group's workforce at December 31, 2013 numbered 71,394 employees (73,702 at December 31, 2012), about 52% of whom were employed abroad.
The Group's workforce decreased by 2,308 during the year, reflecting the balance between new hirings and terminations (a decrease of 2,336) and the change in the scope of consolidation, essentially attributable to the acquisition of PowerCrop (28 employees). At December 31, 2013, the number of employees in units classified as asset held for sale, comprising the Belgian company Marcinelle Energie, was 37.
The change, compared with December 31, 2012, breaks down as follows:

Balance at December 31, 2012	**73,702**
Change in scope of consolidation	28
Hirings	2,612
Terminations	(4,948)
Balance at December 31, 2013 (1)	**71,394**

(1) Includes 37 in units classified as "held for sale" (37 at December 31, 2012).

Costs for **services, leases and rentals** in 2013 amounted to €15,310 million, a decrease of €356 million (-2.3%) compared with 2012. The change is essentially attributable to the decrease in electricity transport costs (€218 million), related to the decline in consumption in the main markets in which the Group operates. Another factor was the decrease in operating costs of electrical systems (€93 million), including fees for transport capacity use rights in respect of the Energy Markets Operator (EMO).

Other operating expenses in 2013 amounted to €2,837 million, an increase of €63 million compared with the previous year (2.3%). More specifically, the rise is mainly attributable to an increase in taxes and duties, largely associated with taxes on emissions in Spain, following the entry into force of Law 15/2012 in that country, and greater charges for emissions, mainly offset by the reduction in provisions for risks and charges (€383 million).

Capitalized costs amounted to €1,450 million in 2013 (€1,747 million in 2012), with the decrease mainly attributable to a decline in investments.

Net income/(charges) from commodity risk management showed net charges of €378 million in 2013 (net income of €38 million in the previous year). More specifically, the net charges for 2013 include €264 million of net realized charges for the period (€219 million of net income in 2012) and net unrealized charges from the fair value measurement of derivatives positions open at the end of the year in the amount of €114 million (€181 million in 2012).

Depreciation, amortization and impairment losses totaled €7,067 million in 2013, a decrease of €1,936 million (-21.5%). The decrease is attributable to a decrease in impairment losses on assets, net of any writebacks, in the amount of €1,817 million, a decline in depreciation and amortization of €187 million, partially offset by an increase of €68 million in net impairment losses on receivables. More specifically, the decrease in impairment losses is essentially attributable to the effect of the impairment recognized in the two years examined here on goodwill. In 2012, impairment losses, net of any writebacks, were recognized in the total amount of €2,819 million, essentially in respect of the impairment of goodwill of the cash generating units Endesa-Iberia (€2,392 million), Enel OGK-5 (€112 million) and Endesa Ireland (€67 million), as well as the adjustment to estimated realizable value of the net assets of Marcinelle Energie (€145 million). Impairment losses in 2013 amounted to €1,002 million and include €744 million in respect of the partial writedown of the goodwill of the Enel OGK-5 cash generating unit.

Operating income in 2013 amounted to €9,944 million, an increase of €3,138 million compared with the previous year (46.1%), taking account of the decrease in depreciation, amortization and impairment losses noted above.

Net financial expense in 2013 totaled €2,813 million, a decrease of €199 million compared with the previous year (€3,012 million). The fall is mainly attributable to a decrease in financial expense in respect of the accretion of provisions for employee benefits and the positive impact of exchange rate differences. These factors were partly offset by a decrease in income from equity investments, which in 2012 included the gain on the disposal of the interest in Terna, as well as by an increase in net charges on derivatives transactions.

The **share of income/(expense) from investments accounted for using the equity method** showed net income of €86 million in 2013, largely in line with the previous year.

Income taxes for 2013 amounted to €2,437 million (€2,440 million in 2012) equal to 33.8% of taxable income, compared with 62.9% in 2012. More specifically, the change in the tax burden in 2013 reflects the recognition in 2012 of the impairment losses on goodwill with no corresponding tax benefit and the effect of greater essentially tax-exempt capital gains in 2013.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	99,445	103,399	(3,954)	-3.8%
- goodwill	15,015	15,910	(895)	-5.6%
- equity investments accounted for using the equity method	647	1,115	(468)	-42.0%
- other net non-current assets/(liabilities)	(1,236)	(962)	(274)	28.5%
Total	**113,871**	**119,462**	**(5,591)**	**-4.7%**
Net current assets:				
- trade receivables	11,533	11,719	**(186)**	**-1.6%**
- inventories	3,586	3,338	**248**	**7.4%**
- net receivables due from Electricity Equalization Fund and similar bodies	(2,567)	(2,435)	(132)	5.4%
- other net current assets/(liabilities)	(4,530)	(5,295)	765	-14.4%
- trade payables	(13,004)	(13,903)	899	-6.5%
Total net current assets	**(4,982)**	**(6,576)**	**1,594**	**24.2%**
Gross capital employed	108,889	112,886	(3,997)	-3.5%
Sundry provisions:				
- post-employment and other employee benefits	(3,696)	(4,542)	846	-18.6%
- provisions for risks and charges and net deferred taxes	(12,713)	(13,618)	905	-6.6%
Total provisions	**(16,409)**	**(18,160)**	**1,751**	**9.6%**
Net assets held for sale	**221**	**309**	**(88)**	**-28.5%**
Net capital employed	**92,701**	**95,035**	**(2,334)**	**-2.5%**
Total shareholders' equity	**52,839**	**52,087**	**752**	**1.4%**
Net financial debt	**39,862**	**42,948**	**(3,086)**	**-7.2%**

Property, plant and equipment and intangible assets (including investment property) came to €99,445 million at December 31, 2013, a decrease of €3,954 million. The decrease is essentially attributable to depreciation, amortization and impairment losses for the year (€5,632 million) and exchange rate losses (€3,970 million), partly offset by investments (€5,959 million) and changes in the scope of consolidation (€593 million). The latter are largely accounted for by acquisitions of a number of companies operating in renewables generation in the United States.

Goodwill amounted to €15,015 million, a decrease of €895 million compared with December 31, 2012. The reduction mainly reflects impairment losses of the Enel OGK-5 cash generating unit (€744 million) and the net loss recognized from the translation at current exchange rates of goodwill expressed in currencies other than the euro, in particular that on the CGUs associated with acquisitions in Russia. These effects were only partly offset by the recognition (for some on a provisional basis) of the goodwill associated with the acquisition of control of a number of minor companies of the Renewable Energy Division.

Equity investments accounted for using the equity method amounted to €647 million, down €468 million compared with December 31, 2012. The decrease reflects the disposal in the 4th Quarter of 2013 of the interests held in SeverEnergia and Enel Rete Gas (€395 million), following their reclassification under assets held for sale.

Other net non-current liabilities at December 31, 2013 amounted to €1,236 million, an increase of €274 million compared with December 31, 2012 (net liabilities of €962 million). The change is attributable to the following factors:

> an increase of €196 million in net non-current financial liabilities, mainly due to the adjustment of the fair value of the investments in Echelon and Bayan Resources (-€54 million) and the fair value of financial derivatives (-€213 million). More specifically, the latter change reflects the increase in net assets in respect of cash flow hedge deriva-

tives on interests rates, which was more than offset by the decrease in the net fair value of analogous derivatives on exchange rates. These negative factors were partly offset by the increase in deferred financial charges (€70 million);

> an increase of €78 million in net other non-current liabilities, mainly due to the increase in sundry tax liabilities arising in respect of higher taxes on emissions in Spain following the entry into force of Law 15/2012.

Net current assets came to a negative €4,982 million at December 31, 2013, an increase of €1,594 million compared with December 31, 2012. This change is due to the following factors:

> a decrease of €186 million in *trade receivables*, essentially correlated with developments in sales;

> an increase of €248 million in *inventories*, mainly associated with greater quantities of green certificates and other environmental certificates, which more than offset the decline in stocks of gas and other fuels as a result of the decline in generation;

> a decrease of €132 million in *net receivables due from Electricity Equalization Fund and similar bodies* reflecting the application of equalization mechanisms to electricity purchases;

> an increase of €765 million in *other current assets less related liabilities*. This change is due to the following factors:

- an increase of €522 million in net income tax receivables; the rise is essentially associated with income tax payments in the amount of €2,606 million, partially offset by the recognition of current taxes (net of adjustments for previous years) totaling €2,280 million;
- an increase of €143 million in net current assets, attributable to the rise in receivables for grants to be received in respect of green certificates in the amount of €142 million and other receivables and payables totaling €395 million, mainly in respect of the receivable for the government grant received by the Argentine distribution company Edesur under the provisions of *Resolución* 250/2013 concerning the *Mecanismo de Monitoreo de Costos*. This factor was partly offset by a decline in net tax receivables other than current income taxes in the amount of €394 million, essentially in respect of VAT in Italy and taxes and surtaxes on the consumption of electricity and gas;
- an increase of €76 million in net current financial assets, attributable to an increase of €60 million in the fair value of derivatives;

> a decrease of €899 million in *trade payables*.

Sundry provisions, totaling €16,409 million, fell by €1,751 million compared with 2012. This change is connected with the following factors:

> a decrease of €846 million in provisions for post-employment and other employee benefits, mainly due to the termination of the transition-to-retirement plan after no employees opted to participate and the fact that a significant number of those entitled to participate in that plan instead have opted to participate in the mechanism provided for under Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the Fornero Act), as the latter offers better financial and organizational conditions, making the earlier plan unattractive;

> a decrease of €601 million in provisions for risks and charges. The decline is essentially attributable to the net reduction in the provision for nuclear decommissioning of plants in Slovakia and Spain. For the latter, the reduction was connected with the remeasurement of the liabilities following recent regulatory changes in Spain, partly offset by a rise in the provision for early retirement incentives. The latter increase reflected the recognition of the liability in respect of the company-level union agreements signed in September 2013 in implementation of the framework agreement of May 9, 2013, governing the approach to be taken in implementing the measures of Law 92/2012, partly offset by utilization of the provision, essentially for the early retirement plan at the Spanish companies;

> a decrease of €304 million in net deferred tax liabilities, mainly due to the reversal of a portion to profit or loss and exchange rate differences on the net deferred taxes of companies that use a currency other than the euro.

Net assets held for sale amounted to €221 million at December 31, 2013 (€309 million at December 31, 2012), and comprise the net assets of Marcinelle Energie and other minor companies that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale.

Net capital employed at December 31, 2013 came to €92,701 million and was funded by shareholders' equity pertaining to the shareholders of the Parent Company and non-controlling interests in the amount of €52,839 million and net financial debt of €39,862 million. At December 31, 2013, the debt/equity ratio was 0.75 (0.82 at December 31, 2012).

Analysis of the financial structure

Net financial debt

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

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Long-term debt:				
- bank loans	8,287	13,282	(4,995)	-37.6%
- bonds and preference shares	41,483	41,509	(26)	-0.1%
- other loans	1,343	1,168	175	15.0%
Long-term debt	*51,113*	*55,959*	*(4,846)*	*-8.7%*
Long-term financial receivables and securities	(4,951)	(3,576)	(1,375)	-38.5%
Net long-term debt	**46,162**	**52,383**	**(6,221)**	**-11.9%**
Short-term debt:				
Bank loans:				
- short-term portion of long-term bank debt	1,788	714	1,074	-
- other short-term bank debt	150	283	(133)	-47.0%
Short-term bank debt	*1,938*	*997*	*941*	*94.4%*
Bonds and preference shares (short-term portion)	2,649	3,115	(466)	-15.0%
Other loans (short-term portion)	253	228	25	11.0%
Commercial paper	2,202	2,914	(712)	-24.4%
Cash collateral and other financing on derivatives	119	691	(572)	-82.8%
Other short-term financial payables	58	82	(24)	-29.3%
Other short-term debt	*5,281*	*7,030*	*(1,749)*	*-24.9%*
Long-term financial receivables (short-term portion)	(2,977)	(5,318)	2,341	44.0%
Factoring receivables	(263)	(288)	25	8.7%
Financial receivables and cash collateral	(1,720)	(1,402)	(318)	-22.7%
Other short-term financial receivables	(512)	(521)	9	1.7%
Cash and cash equivalents and short term securities	(8,047)	(9,933)	1,886	19.0%
Cash and cash equivalents and short-term financial receivables	*(13,519)*	*(17,462)*	*3,943*	*22.6%*
Net short-term debt	**(6,300)**	**(9,435)**	**3,135**	**33.2%**
NET FINANCIAL DEBT	**39,862**	**42,948**	**(3,086)**	**-7.2%**
Net financial debt of "assets held for sale	**(10)**	**(10)**	**-**	**-**

Net financial debt amounted to €39,862 million at December 31, 2013, a decrease of €3,086 million compared with December 31, 2012: the decrease of €6,221 million in **net long-term debt** was partly offset by an increase of €3,135 million in net short-term debt.

More specifically, long-term *bank loans* totaled €8,287 million, a decrease of €4,995 million, mainly due to:

- reduced borrowing on long-term revolving credit facilities (€341 million by Endesa and €100 million by Enel SpA);
- the reclassification to current liabilities of €650 million by Slovenské elektrárne;
- the early repayment of the 2009 credit facility in the amount of €610 million (with a nominal value of €617 million), falling due in 2014, by Enel SpA and Enel Finance International;
- the early repayment of credit lines in the amount of €345 million (with a nominal value of €350 million), maturing in 2017, by Enel Finance International;
- the early repayment of the 2012 credit facility in the

amount of €3,167 million (with a nominal value of €3,200 million), maturing in 2017, by Enel Finance International.

These factors were partially offset by drawings on lines of financing by Enel Green Power Latin America in the amount of €217 million, EIB loans to Enel Distribuzione totaling €270 million and to Enel Green Power International totaling €170 million.

The €10 billion five-year revolving credit line established in April 2010 by Enel SpA and Enel Finance International was undrawn at December 31, 2013. At the same date, the committed credit lines obtained by Enel SpA and Enel Finance International were also undrawn.

Bonds and preference shares amounted to €41,483 million, a decrease of €26 million on the end of 2012, mainly attributable to private placements totaling €479 million by Enel Finance International and issues of the following hybrid financial instruments by Enel SpA:

- €1,250 million fixed-rate 6.50%, maturing January 10, 2074 with a call option exercisable at January 10, 2019;
- £400 million fixed-rate 7.75%, maturing September 10, 2075 with a call option exercisable at September 10, 2020;
- $1,250 million fixed-rate 8.75%, maturing September 24, 2073 with a call option exercisable at September 24, 2023.

These effects were partly offset by the reclassification to short term of the current portion of a bond issued by Enel SpA in 2007 in the amount of €1,000 million, a bond issued by Enel Finance International in 2009 in the amount of $1,250 million and bonds issued by Endesa in the amount of €586 million.

Net short-term debt showed a net positive position of €6,300 million at December 31, 2013, an increase of €3,135 million on the end of 2012, the result of an increase in short-term bank debt of €941 million, essentially due to an increase in the short-term portion of credit lines and bank loans in the amount of about €1,074 million, a decrease of €3,943 million in cash and cash equivalents and short-term financial receivables and a decrease in other short-term debt in the amount of 1,749 million.

Commercial paper includes issues by Enel Finance International, Endesa Latinoamérica and Endesa Capital in the total amount of €2,202 million. Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,720 million, while cash collateral received from such counterparties amounted to €119 million.

Cash and cash equivalents and short-term financial receivables came to €13,519 million, a decrease of €3,943 million on the end of 2012, mainly reflecting a decrease in liquidity held with banks and short-term securities in the amount of €1,886 million and a decrease in the current portion of long-term financial receivables in the amount of €2,341 million.

Among major transactions in 2013, on January 15, 2013, Enel SpA renegotiated a bilateral revolving credit facility in the overall amount of €500 million falling due 2014, and on February 8, 2013 Enel SpA and Enel Finance International obtained a forward starting revolving credit facility totaling about €9.4 billion falling due in April 2018. This credit facility will replace the current revolving credit line of €10 billion, starting from the expiry date of that facility, which is contractually scheduled for 2015. On July 18, 2013 Enel SpA repaid a bilateral revolving credit facility early in the amount of €500 million, maturing in 2014. The Company also renegotiated a bilateral revolving credit facility in the overall amount of €800 million into the following tranches: €400 million maturing in 2015 and €400 million maturing in 2016.

Cash flows

Millions of euro

	2013	2012 restated	Change
Cash and cash equivalents at the start of the period [1]	**9,933**	**7,072**	**2,861**
Cash flows from operating activities	7,241	10,415	(3,174)
Cash flows from investing/disinvesting activities	(4,147)	(6,588)	2,441
Cash flows from financing activities	(4,544)	(995)	(3,549)
Effect of exchange rate changes on cash and cash equivalents	(426)	29	(455)
Cash and cash equivalents at the end of the period [2]	**8,057**	**9,933**	**(1,876)**

(1) Of which cash and cash equivalents equal to €9,891 million at January 1, 2013 (€7,015 million at January 1, 2012), short-term securities equal to €42 million at January 1, 2013 (€52 million at January 1, 2012) and cash and cash equivalents pertaining to assets held for sale in the amount of zero at January 1, 2013 (€5 million at January 1, 2012).

(2) Of which cash and cash equivalents equal to €8,030 million at December 31, 2013 (€9,891 million at December 31, 2012), short-term securities equal to €17 million at December 31, 2013 (€42 million at December 31, 2012) and cash and cash equivalents pertaining to assets held for sale in the amount of €10 million at December 31, 2013 (none at December 31, 2012).

Cash flows from operating activities in 2013 amounted to €7,241 million, a decrease of €3,174 million with respect to the previous year as a result of increased use of cash connected with the change in net current assets, which was only partly offset by the improvement in operating income.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €4,147 million in 2013, compared with €6,588 million in 2012.

Cash requirements in respect of investments in property, plant and equipment and in intangible assets, totaling €5,960 million, fell by €1,189 million in reflection of the selective investment policy. Cash used in investments in entities or business units, net of cash and cash equivalents acquired, amounted to €210 million, up €28 million. Investments in entities or business units in the period were largely accounted for by the acquisition of 100% of Parque Eólico Talinay Oriente, a company operating in the wind generation field in Chile, the acquisition of 50% di PowerCrop, a company operating in the biomass generation sector, the acquisition of an additional 26% of Chisolm View Wind Project and Prairie Rose Wind Project, both operating in wind generation in the United States, in which the Group had previously held 49%, and other smaller acquisitions.

The disposal of entities or business units, net of cash and cash equivalents sold, generated cash flows of €1,409 million (up €1,021 million on the previous year, reflecting the previously announced disposal plan) and regarded the disposal of the 40% stake in Artic Russia and of 51% of the Buffalo Dunes Wind Project.

Cash flows generated by other investing/disinvesting activities amounted to €614 million. They were essentially attributable to the proceeds from the sale of the non-strategic investments in Medgaz, Enel Rete Gas, Endesa Gas T&D and other smaller interests.

Cash flows from financing activities absorbed cash in the amount of €4,544 million, compared with €995 million in 2012. The change is essentially due to repayments of loans, which offset the effects of the capital increase at the Chilean subsidiary Enersis paid in cash by non-controlling shareholders and the issue of hybrid financial instruments.

In 2013, cash flows from operating activities in the amount of €7,241 million were used to cover the cash requirements of financing activities in the amount of €4,544 million and of investing activities in the amount of €4,147 million. The difference is reflected in the decrease in cash and cash equivalents, which at December 31, 2013 came to €8,057 million compared with €9,933 million at the end of 2012 (including the liquidity pertaining to net assets held for sale in the amount of €10 million). This decrease was also affected by exchange rate losses (€426 million).

Results by business area

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above.

Results by business area for 2013 and 2012

Results for 2013 (1)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenues from third parties	16,699	18,878	3,669	30,825	7,103	2,337	1,024	**80,535**
Revenues from other segments	222	4,041	4,029	110	634	490	(9,526)	-
Total revenues	**16,921**	**22,919**	**7,698**	**30,935**	**7,737**	**2,827**	**(8,502)**	**80,535**
Net income/(charges) from commodity risk management	(82)	(165)	-	(148)	(4)	21	-	**(378)**
Gross operating margin	**866**	**1,176**	**4,008**	**6,746**	**1,405**	**1,788**	**1,022**	**17,011**
Depreciation, amortization and impairment losses	504	622	980	2,910	1,320	617	114	**7,067**
Operating income	**362**	**554**	**3,028**	**3,836**	**85**	**1,171**	**908**	**9,944**
Capital expenditure	**99**	**318**	**1,046**	**2,181**	**924**	**1,307**(2)	**84**	**5,959**

(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 €1 million regarding units classified as "held for sale".

Results for 2012 restated (1) (2)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenues from third parties	18,170	18,869	3,820	33,708	8,015	2,264	103	**84,949**
Revenues from other segments	181	6,375	4,297	461	688	432	(12,434)	-
Total revenues	**18,351**	**25,244**	**8,117**	**34,169**	**8,703**	**2,696**	**(12,331)**	**84,949**
Net income/(charges) from commodity risk management	17	131	-	(161)	57	(6)	-	**38**
Gross operating margin	**609**	**1,091**	**3,623**	**7,230**	**1,650**	**1,641**	**(35)**	**15,809**
Depreciation, amortization and impairment losses	506	586	994	5,555	672	560	130	**9,003**
Operating income	**103**	**505**	**2,629**	**1,675**	**978**	**1,081**	**(165)**	**6,806**
Capital expenditure	**97**	**403**	**1,497**	**2,497** (3)	**1,161**	**1,257**	**163** (4)	**7,075**

(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) The figures have been restated as a result of the change, with retrospective effect, in the accounting treatment of employee benefits under IAS 19/R, and in the accounting policy used for environmental certificates.
(3) Does not include €73 million regarding units classified as "held for sale".
(4) Does not include €1 million regarding units classified as "held for sale".

1 Sales

Operations

Electricity sales

Millions of kWh	2013	2012	Change	
Free market:				
- mass-market customers	25,913	26,011	(98)	-0.4%
- business customers [1]	9,265	13,258	(3,993)	-30.1%
- safeguard market customers	1,721	2,020	(299)	-14.8%
Total free market	**36,899**	**41,289**	**(4,390)**	**-10.6%**
Regulated market - enhanced protection market customers	**54,827**	**60,328**	**(5,501)**	**-9.1%**
TOTAL	**91,726**	**101,617**	**(9,891)**	**-9.7%**

(1) Large customers and energy-intensive users (annual consumption greater than 1 GWh).

Average number of customers

	2013	2012	Change	
Free market:				
- mass-market customers	4,693,080	4,045,330	647,750	16.0%
- business customers [1]	38,566	45,640	(7,074)	-15.5%
- safeguard market customers	37,558	41,832	(4,274)	-10.2%
Total free market	**4,769,204**	**4,132,802**	**636,402**	**15.4%**
Regulated market - enhanced protection market customers	**23,050,677**	**23,899,698**	**(849,021)**	**-3.6%**
TOTAL	**27,819,881**	**28,032,500**	**(212,619)**	**-0.8%**

(1) Large customers and energy-intensive users (annual consumption greater than 1 GWh).

Electricity sold in 2013 amounted to 91,726 million kWh, down 9,891 million kWh on the previous year. More specifically, this decline in sales to all types of customer reflects the deterioration of macroeconomic conditions in Italy and the ongoing shift of customers from the regulated system to the free market.

Gas sales and customers

	2013	2012	Change	
Gas sales (millions of m^3)				
- mass-market customers [1]	3,394	3,440	(46)	-1.3%
- business customers	707	902	(195)	-21.6%
Total sales	**4,101**	**4,342**	**(241)**	**-5.6%**
Average number of customers	**3,245,996**	**3,158,532**	**87,464**	**2.8%**

(1) Includes residential customers and microbusinesses.

Gas sales in 2013 amounted to 4,101 million cubic meters, a decrease of 241 million cubic meters (5.6%) on the previous year, affecting all categories of customer and mainly reflecting the adverse economic climate in Italy.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	16,921	18,351	(1,430)	-7.8%
Gross operating margin	*866*	*609*	*257*	*42.2%*
Operating income	362	103	259	-
Employees at year-end (no.)	3,687	3,674	13	0.4%
Capital expenditure	99	97	2	2.1%

Revenues amounted to €16,921 million, a decrease of €1,430 million compared with 2012 (-7.8%), as a result of the following main factors:

> a decrease of €1,098 million in revenues on the regulated electricity market, mainly associated with the decline in quantities sold (-5.5 TWh), a reduction in revenues from the rate component covering generation costs and a decrease in revenues for the sales service. Another factor was the decrease in revenues from services provided to the distributor and the related reimbursements for service interruptions, pursuant to Resolution 333/2007 of the Authority for Electricity and Gas (€62 million). These effects were only partially offset by the recognition of prior-year items totaling €90 million connected with the equalization mechanism for purchases;

> a decrease of €195 million in revenues on the free electricity market, essentially due to the decrease in quantities sold (-4.4 TWh);

> a decrease of €76 million in revenues from sales to end users on the natural gas market, mainly due to the decrease in quantities sold.

The **gross operating margin** for 2013 amounted to €866 million, an increase of €257 million compared with 2012 (42.2%). More specifically, the change is attributable to:

> an increase of €167 million in the margin on the regulated electricity market, essentially attributable to the reduction in operating costs, including the effects of the recognition in 2012 of the charge for the transition-to-retirement plan (€73 million), which more than offset the impact of the decline in quantities sold, the reduction in revenues for the sales service and the decrease in revenues for services provided to the distributor under Authority Resolution 333/2007;

> an increase of €90 million in the margin on the free market for electricity and gas, due essentially to the rise in the unit margins on both commodities, which more than offset the decrease in amounts sold and greater costs essentially linked to customer acquisition. In addition, 2012 included the charge for the transition-to-retirement plan in the amount of €12 million.

Operating income for 2013, after depreciation, amortization and impairment losses of €504 million (€506 million in 2012), amounted to €362 million, an increase of €259 million compared with 2012.

Capital expenditure

Capital expenditure amounted to €99 million, broadly in line with 2012 (€97 million).

2 Generation and Energy Management

Operations

Net electricity generation

Millions of kWh

	2013	2012	Change	
Thermal	42,728	49,623	(6,895)	-13.9%
Hydroelectric	18,285	14,348	3,937	27.4%
Other resources	9	9	-	-
Total net generation	**61,022**	**63,980**	**(2,958)**	**-4.6%**
- of which Italy	*59,649*	*62,797*	*(3,148)*	*-5.0%*
- of which Belgium	*1,373*	*1,183*	*190*	*16.1%*

In 2013, net electricity generation by the Division amounted to 61,022 million kWh, a decrease of 4.6% compared with 2012. The change was reflected in a sharp reduction in conventional thermal generation in Italy, which contracted by 7,085 million kWh (-14.6%), attributable to the decline in demand for electricity and the increasing weight of renewables in the national energy mix, partially offset by the difference in the contribution of the Marcinelle plant in Belgium, which is operated under a tolling agreement and entered service in the 2nd Quarter of 2012.

In these conditions, the improvement in water availability boosted hydroelectric generation, which expanded by 3,937 million kWh.

Contribution to gross thermal generation

Millions of kWh

	2013		2012		Change	
High-sulfur fuel oil (S>0.25%)	426	0.9%	849	1.6%	(423)	-49.8%
Low-sulfur fuel oil (S<0.25%)	165	0.4%	455	0.9%	(290)	-63.7%
Total fuel oil	*591*	*1.3%*	*1,304*	*2.5%*	*(713)*	*-54.7%*
Natural gas	9,616	20.9%	13,913	26.2%	(4,297)	-30.9%
Coal	35,106	76.3%	37,379	70.3%	(2,273)	-6.1%
Other fuels	696	1.5%	553	1.0%	143	25.9%
TOTAL	**46,009**	**100.0%**	**53,149**	**100.0%**	**(7,140)**	**-13.4%**

Gross thermal generation in 2013 totaled 46,009 million kWh, a decrease of 7,140 million kWh (-13.4%) compared with 2012. The decrease was seen across all the major fuel types and was essentially connected with the decline in weight of conventional thermal generation in the Italian fuel mix, in an environment of falling demand for electricity as a result of the recession in Italy.

More specifically, the decline in gas generation was due to the reduction in the use of that fuel in combined-cycle plants, while the decrease in generation from coal is attributable to the reduction in the use of certain units of the Brindisi Sud plant and technical stoppages for maintenance at the Torrevaldaliga Nord plant.

Net efficient generation capacity

MW

	at Dec. 31, 2013	at Dec. 31, 2012	Change	
Thermal plants (1)	24,629	24,687	(58)	-0.2%
Hydroelectric plants	12,177	12,168	9	0.1%
Alternative resources	41	41	-	-
Total	**36,847**	**36,896**	**(49)**	**-0.1%**

(1) Of which 3,631 MW unavailable due to long-term technical issues (1,640 MW at December 31, 2012).

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	22,919	25,244	(2,325)	-9.2%
Gross operating margin	*1,176*	*1,091*	*85*	*7.8%*
Operating income	554	505	49	9.7%
Employees at year-end (no.)	5,699	6,043	(344)	-5.7%
Capital expenditure	318	403	(85)	-21.1%

Revenues for 2013 amounted to €22,919 million, a decrease of €2,325 million (-9.2%) compared with 2012. The decline is largely attributable to the following factors:

> a decrease of €1,220 million in revenues from trading on international electricity markets, essentially due to a decrease in quantities handled (-9.1 TWh);

> a decrease of €1,326 million in revenues from the sale of CO_2 emissions allowances and green certificates;

> the impact of the recognition in 2012 of revenues for grants due to new entrants in the emissions trading system for the Torrevaldaliga Nord plant in the amount of €44 million;

> an increase of €13 million in revenues from electricity sales, mainly due to higher revenues from sales on the power exchanges as a result of an increase in volumes traded, only partially offset by a decline in revenues from the sale of electricity within the Group as a result of a change in the procedures for sourcing electricity adopted by the other divisions beginning in 2013;

> an increase of €310 million in revenues from fuel trading, essentially attributable to transactions in natural gas.

The **gross operating margin** for 2013 amounted to €1,176 million, an increase of €85 million (7.8%) on the €1,091 million registered in 2012. The change is attributable to:

> a decrease of €285 million in operating expenses, essentially due to a reduction in personnel costs (€261 million) and lower net provisions for risks and charges. More specifically, the reduction in personnel costs reflects the impact of the recognition in 2012 of charges (€185 million) in respect of the transition-to-retirement plan established at the end of 2012 (most for the past service cost recognized in retrospective application of IAS 19 Revised) and the net positive impact in 2013 of the termination of that plan and the recognition of charges for the obligations assumed in implementation of Article 4 of Law 92/2012;

> a reduction of €21 million in the generation margin, essentially due to a decline in the amount of electricity generated and higher costs for compliance with environmental restrictions, partially offset by the effects of a more advantageous generation mix, characterized by greater utilization of hydroelectric plants, as well as the higher margin on dispatching services;

> a reduction of €179 million in the margin on natural gas sales and trading.

Operating income amounted to €554 million, an increase of €49 million (9.7%) on the €505 million posted in 2012. The performance reflects:

> a decrease of €110 million in depreciation, mainly attributable to the end of the useful life of certain generation plants and the revision in 2012 of the useful lives of assets previously classified as to be relinquished free of charge following the enactment of Law 134/2012;

> an increase of €146 million in impairment losses, the combined effect of the writeback recognized in 2012 on the Mercure biomass plant and the impairment losses posted in 2013 for a number of generation plants and fuel storage facilities in view of their expected future use by the Group.

Capital expenditure

Millions of euro

	2013	2012	Change	
Generation plants:				
- thermal	210	247	(37)	-15.0%
- hydroelectric	76	113	(37)	-32.7%
- alternative resources	5	22	(17)	-77.3%
Total generation plants	**291**	**382**	**(91)**	-23.8%
Other investments in property, plant and equipment and intangible assets	27	21	6	28.6%
TOTAL	**318**	**403**	**(85)**	**-21.1%**

Capital expenditure came to €318 million, of which €291 million in respect of generation plants. The main investments in 2013 included €210 million for the continuation of work at thermal plants, including sundry works at the Brindisi plant (totaling €71 million), the completion of the coal conversion of the Torrevaldaliga Nord plant and other work on the Termini Imerese and Porto Empedocle plants.

3 Infrastructure and Networks

Operations

Electricity distribution and transport networks

	2013	2012	Change	
Medium-voltage lines at year-end (km)	349,386	347,927	1,459	0.4%
Low-voltage lines at year-end (km)	782,624	777,039	5,585	0.7%
Total electricity distribution network (km)	**1,132,010**	**1,124,966**	**7,044**	**0.6%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**230,032**	**238,505**	**(8,473)**	**-3.6%**

(1) The figure for 2012 reflects a more accurate determination of amounts transported.

The electricity distribution network expanded by 7,044 km, essentially due to the connection of self-generators to distribution grids. Energy transported on the Enel network in Italy in 2013 amounted to 230,032 million kWh, a decrease of 3.6% compared with the previous year.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	7,698	8,117	(419)	-5.2%
Gross operating margin	*4,008*	*3,623*	*385*	*10.6%*
Operating income	3,028	2,629	399	15.2%
Employees at year-end (no.)	17,689	18,632	(943)	-5.1%
Capital expenditure	1,046	1,497	(451)	-30.1%

Revenues in 2013 amounted to €7,698 million, a decrease of €419 million (-5.2%) on the previous year. The change was essentially attributable to:

> the impact of the recognition in the 3rd Quarter of 2012 of the reimbursement entitlement for charges incurred following the elimination of the Electrical Worker Pension Fund (FPE), as provided for in the Authority's Resolution 157/2012, in the amount of €615 million;
> a €260 million decrease in connection fees;
> a €38 million decrease in revenues from the sale of electronic meters and associated services to the Iberia and Latin America Division;
> an increase of €389 million in rate revenues. More specifically, the increase is attributable to the rise in distribution and transmission rates following application of Authority Resolution 122/2013, as well as the positive impact of equalization mechanisms in the amount of €190 million;
> an increase of €59 million in grants from the Electricity Equalization Fund for the sale of white certificates.

The **gross operating margin** amounted to €4,008 million, an increase of €385 million (10.6%), essentially the effect of:

> an increase of €294 million in the margin on the transport of electricity, largely due to the increase in rates implemented with Resolution 122/2013, noted above, and the positive impact of equalization mechanisms;
> a decrease of €642 million in personnel costs, due essentially to the recognition in 2012 of a charge of €523 million (mainly in retrospective application of IAS 19 Revised) in respect of the transition-to-retirement plan established for certain employees at the end of 2012 and the net positive impact of the termination of that plan in the 3rd Quarter of 2013 and the recognition of a charge for the obligations assumed in implementation of Article 4 of Law 92/2012;
> a reduction of €256 million in provisions for litigation as a result of the redetermination of estimates of certain forms of risk;
> a €260 million decrease in connection fees;
> an increase of €90 million in the margin on white certificates;
> the impact of the Authority's reimbursement of charges for the elimination of the FPE.

Operating income, after depreciation, amortization and impairment losses of €980 million (€994 million in 2012), amounted to €3,028 million, an increase of €399 million on the previous year (15.2%).

Capital expenditure

Millions of euro

	2013	2012	Change	
Electricity distribution networks	997	1,447	(450)	-31.1%
Other investments in property, plant and equipment and intangible assets	49	50	(1)	-2.0%
Total	**1,046**	**1,497**	**(451)**	**-30.1%**

Capital expenditure in 2013 amounted to €1,046 million, a decrease of €451 million on the previous year. The decline is mainly due to a reduction in investment in connections to customers and generation plants and a more selective policy for work on the low- and medium-voltage grids for improvements in service quality, in line with the standards set by the Authority in Resolution 198/2011.

4 Iberia and Latin America

Operations

Net electricity generation

Millions of kWh

	2013	2012	Change	
Thermal	65,936	73,538	(7,602)	-10.3%
Nuclear	25,967	26,967	(1,000)	-3.7%
Hydroelectric	40,379	39,850	529	1.3%
Wind	145	153	(8)	-5.2%
Total net generation (1)	**132,427**	**140,508**	**(8,081)**	**-5.8%**
- of which Iberian peninsula	*69,690*	*77,386*	*(7,696)*	*-9.9%*
- of which Argentina	*15,743*	*15,139*	*604*	*4.0%*
- of which Brazil	*4,992*	*5,183*	*(191)*	*-3.7%*
- of which Chile	*19,874*	*19,559*	*315*	*1.6%*
- of which Colombia	*12,747*	*13,251*	*(504)*	*-3.8%*
- of which Peru	*8,529*	*9,060*	*(531)*	*-5.9%*
- of which other countries	*852*	*930*	*(78)*	*-8.4%*

(1) The figure for 2012 reflects a more accurate determination of amounts.

Net electricity generation by the Division in 2013 amounted to 132,427 million kWh, a decrease of 8,081 million kWh compared with 2012.

More specifically, in 2013, net electricity generation in the Iberian peninsula decreased by 7,696 million kWh (-9.9%) as a result of the decline in conventional thermal generation (-23.8%), reflecting the fall in demand and the improvement in the water conditions in which the Division's hydroelectric plants operated. In Latin America, net electricity generation posted a net decrease of 307 million kWh, mainly as a result of lower hydroelectric generation associated with drought conditions over the entire area, only partially offset by the increase in thermal output in Brazil and Chile, the latter following the entry into service of the Bocamina II plant.

Contribution to gross thermal generation

Millions of kWh

	2013		2012		Change	
High-sulfur fuel oil (S>0.25%)	7,789	8.2%	8,541	8.1%	(752)	-8.8%
Natural gas	25,547	26.8%	28,471	26.9%	(2,924)	-10.3%
Coal	28,442	29.9%	35,167	33.2%	(6,725)	-19.1%
Nuclear fuel	27,063	28.4%	28,166	26.5%	(1,103)	-3.9%
Other fuels	6,400	6.7%	5,667	5.3%	733	12.9%
Total	**95,241**	**100.0%**	**106,012**	**100.0%**	**(10,771)**	**-10.2%**

Gross thermal generation by the Division in 2013 amounted to 95,241 million kWh, a decrease of 10,771 million kWh compared with the previous year (-10.2%). The decline was attributable to lower coal and gas generation in Spain as a

result of the developments in net generation noted above. In Latin America, natural gas generation by the Fortaleza plant increased, and there was also an increase in coal generation as a result of the entry into service of the Bocamina II plant.

Net efficient generation capacity

MW

	at Dec. 31, 2013	at Dec. 31, 2012	Change	
Thermal	21,306	21,166	140	0.7%
Nuclear	3,556	3,535	21	0.6%
Hydroelectric	13,334	13,305	29	0.2%
Wind	78	78	-	-
Total net efficient capacity	**38,274**	**38,084**	**190**	**0.5%**
- of which Iberian peninsula	*22,160*	*22,067*	*93*	*0.4%*
- of which Argentina	*4,403*	*4,403*	*-*	*-*
- of which Brazil	*977*	*972*	*5*	*0.5%*
- of which Chile	*5,912*	*5,905*	*7*	*0.1%*
- of which Colombia	*2,878*	*2,866*	*12*	*0.4%*
- of which Peru	*1,821*	*1,748*	*73*	*4.2%*
- of which other countries	*123*	*123*	*-*	*-*

Net efficient generation capacity at December 31, 2013 amounted to 38,274 MW, an increase of 190 MW compared with the end of 2012. The Edegel thermal plant in Peru was one of the major new plants to enter service.

Electricity distribution and transport networks

	2013	2012	Change	
High-voltage lines at year-end (km)	31,463	31,193	270	0.9%
Medium-voltage lines at year-end (km)	274,161	274,663	(502)	-0.2%
Low-voltage lines at year-end (km)	334,984	332,145	2,839	0.9%
Total electricity distribution network (km)	**640,608**	**638,001**	**2,607**	**0.4%**
Electricity transported on Enel's distribution network (millions of kWh)	**159,968**	**161,131**	**(1,163)**	**-0.7%**
- of which Iberian peninsula	*98,456*	*101,407*	*(2,951)*	*-2.9%*
- of which Argentina	*14,953*	*14,758*	*195*	*1.3%*
- of which Brazil	*18,799*	*18,000*	*799*	*4.4%*
- of which Chile	*13,030*	*12,485*	*545*	*4.4%*
- of which Colombia	*8,274*	*8,193*	*81*	*1.0%*
- of which Peru	*6,456*	*6,288*	*168*	*2.7%*

At December 31, 2013, the size of the electricity distribution network of the Iberia and Latin America Division had increased by 2,607 km, with the change mainly concentrated in the South American countries.

Energy transported in 2013 amounted to 159,968 million kWh, a decrease of 1,163 million kWh, reflecting the decline in demand in the Iberian Peninsula, which was only partially offset by the rise in demand in Latin America, notable in Brazil and Chile.

Electricity sales

Millions of kWh

	2013	2012	Change	
Free market	101,816	108,586	(6,770)	-6.2%
Regulated market	55,819	53,904	1,915	3.6%
Total	**157,635**	**162,490**	**(4,855)**	**-3.0%**
- of which Iberian peninsula	*96,123*	*102,765*	*(6,642)*	*-6.5%*
- of which Argentina	*14,953*	*14,758*	*195*	*1.3%*
- of which Brazil	*18,799*	*18,000*	*799*	*4.4%*
- of which Chile	*13,030*	*12,485*	*545*	*4.4%*
- of which Colombia	*8,274*	*8,193*	*81*	*1.0%*
- of which Peru	*6,456*	*6,289*	*167*	*2.7%*

Electricity sales to end users in 2013 totaled 157,635 million kWh, a decrease of 4,855 million kWh compared with 2012. The reduction in amounts sold in the Iberian peninsula (-6,642 million kWh) as a result of the continuing recession was only partly offset by an increase in sales in Latin America (+1,787 million kWh) caused by the increase in electricity demand in the area, especially in Brazil and Chile.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	30,935	34,169	(3,234)	-9.5%
Gross operating margin	*6,746*	*7,230*	*(484)*	*-6.7%*
Operating income	3,836	1,675	2,161	129.0%
Employees at year-end (no.)	22,994	22,807	187	0.8%
Capital expenditure	2,181	2,497 (1)	(316)	-12.7%

(1) Does not include €73 million regarding units classified as "held for sale" at December 31, 2012.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2013	2012 restated	Change	2013	2012 restated	Change	2013	2012 restated	Change
Europe	21,225	23,367	(2,142)	3,253	4,003	(750)	1,415	(398)	1,813
Latin America	9,710	10,802	(1,092)	3,493	3,227	266	2,421	2,073	348
Total	**30,935**	**34,169**	**(3,234)**	**6,746**	**7,230**	**(484)**	**3,836**	**1,675**	**2,161**

Revenues in 2013 decreased by €3,234 million, due to:

> a decrease of €2,142 million in revenues in Europe, essentially the result of:
- the decline in demand for electricity, which had an adverse impact of amounts generated and sold on the end user market;
- the decline in grants from extra-peninsular generation, which in addition to the contraction in generation volumes also reflected the impact of the entry into force, as from the 2nd Half of 2012, of Royal Decree Law 20/2012;
- a decline in revenues attributable to the change in the scope of consolidation with the sale of Endesa Ireland on October 1, 2012, and the shut-down in December 2012 of the Garoña nuclear power plant;
- a net decrease in rate revenues from electricity distribution as result of the provisions of Royal Decree Law 9/2013;

> a decrease of €1,092 million in revenues in Latin America, essentially the result of:
- a reduction in revenues in Brazil due to the entry into

force of the provisional *Medida* 579/2012 and the subsequent Decree 7891/2013, which suspended the rebilling to end users of certain costs incurred by electricity distributors (€164 million);
- a reduction of €514 million in revenues caused by the amendment of the Argentine regulatory framework concerning the fuel used in generation plants, which is procured by CAMMESA. The cost of fuel for these plants was recognized as a direct reduction in revenues from electricity sales;
- adverse developments in the exchange rates of local currencies against the euro.

These factors were only partially offset by the recognition of a government grant of €381 million to the Argentine company Edesur under *Resolución* 250/13 relating to the *Mecanismo de Monitoreo de Costos*.

The **gross operating margin** amounted to €6,746 million, a decrease of €484 million (-6.7%) compared with 2012, the result of:

> a decrease of €750 million in the gross operating margin in Europe, essentially attributable to:
  - a decrease of €645 million in the margin on regulated businesses, reflecting the reduction in the margin on extra-peninsular generation in Spain (which in addition to the decline in volumes of power generated was also adversely impacted by the entry into force of Royal Decree Law 20/2012 as from the 2nd Half of 2012 and Law 15/2012 as from January 1, 2013) and in the margin on electricity distribution;
  - a reduction of €147 million in the margin on unregulated businesses, due to the increase in taxes introduced in Spain on generation and sales activities (€473 million), partially offset by a more favorable generation mix due to improved water conditions and the positive impact of the reduction in fixed costs;
> an increase of €266 million in the gross operating margin in Latin America (which reflects the negative impact of the appreciation of the euro against local currencies, totaling €350 million), essentially attributable to:
  - the effect of the government grant to the Argentine distribution company Edesur;
  - higher generation margins, notably in Chile, Argentina and Colombia, mainly due to higher sales prices and lower provisioning costs.

Operating income in 2013 amounted to €3,836 million, an increase of €2,161 million compared with 2012. The change reflects the impact of the impairment loss of €2,392 million recognized in December 2012 on the goodwill of the Endesa-Iberian peninsula cash generating unit and the impairment of €67 million on the net assets held for sale in respect of Endesa Ireland, which was recognized to align its value with the estimated sale price.

Capital expenditure

Millions of euro

	2013	2012	Change	
Generation plants:				
- thermal	332	372	(40)	-10.8%
- hydroelectric	366	406	(40)	-9.9%
- nuclear	128	148	(20)	-13.5%
- alternative resources	2	5	(3)	-60.0%
Total generation plants	**828**	**931**	**(103)**	**-11.1%**
Electricity distribution networks	929	1,199	(270)	-22.5%
Other investments in property, plant and equipment and intangible assets	424	367	57	15.5%
TOTAL	**2,181**	**2,497** [(1)]	**(316)**	**-12.7%**

(1) Does not include €73 million regarding units classified as "held for sale" at December 31, 2012.

Capital expenditure amounted to €2,181 million, a decrease of €316 million compared with the previous year. In particular, capital expenditure in 2013 concerned work on the distribution network (€929 million, of which €502 million in Europe and €427 million in Latin America, also including investments on plants operated on a concession basis). Investment in generation plants (€828 million) focused primarily on the construction of the El Quimbo hydroelectric plant in Colombia.

5 International

Operations

Net electricity generation

Millions of kWh

	2013	2012	Change	
Thermal	43,802	46,687	(2,885)	-6.2%
Nuclear	14,624	14,411	213	1.5%
Hydroelectric	4,759	4,105	654	15.9%
Other resources	59	28	31	110.7%
Total net generation	**63,244**	**65,231**	**(1,987)**	**-3.0%**
- of which Russia	*41,901*	*44,511*	*(2,610)*	*-5.9%*
- of which Slovakia	*21,343*	*20,720*	*623*	*3.0%*

Net generation in 2013 amounted to 63,244 million kWh, a decrease of 1,987 million kWh compared with 2012. The decline is mainly attributable to the decline in output for Enel OGK-5 (-2,610 million kWh), which was affected by a drop in demand for electricity in Russia, a selective reduction in the use of conventional generation plants and a number of planned stoppages at combined-cycle plants.
These effects were only partially offset by an increase in hydroelectric generation by Slovenské elektrárne thanks to the more favorable water conditions during the year.

Contribution to gross thermal generation

Millions of kWh

	2013		2012		Change	
High-sulfur fuel oil (S>0.25%)	120	0.2%	257	0.4%	(137)	-53.3%
Natural gas	23,159	37.3%	24,646	38.0%	(1,487)	-6.0%
Coal	23,027	37.1%	24,411	37.7%	(1,384)	-5.7%
Nuclear fuel	15,720	25.4%	15,495	23.9%	225	1.5%
Total	**62,026**	**100.0%**	**64,809**	**100.0%**	**(2,783)**	**-4.3%**

Gross thermal generation in 2013 decreased by 2,783 million kWh, to 62,026 million kWh, compared with 64,809 million kWh in 2012. The decline is essentially due to lower natural-gas and coal-fired output in Russia for the reasons noted above.

Net efficient generation capacity

MW

	at Dec. 31, 2013	at Dec. 31, 2012	Change	
Thermal plants [1]	10,742	10,706	36	0.3%
Nuclear plants	1,814	1,816	(2)	-0.1%
Hydroelectric plants	2,329	2,329	-	-
Alternative resources	27	7	20	-
Total net efficient capacity [1]	**14,912**	**14,858**	**54**	**0.4%**
- of which Russia	*9,107*	*9,052*	*55*	*0.6%*
- of which Slovakia	*5,399*	*5,400*	*(1)*	*-*
- of which Belgium [1]	*406*	*406*	*-*	*-*

(1) Includes 406 MW in units classified as "held for sale" at December 31, 2013 and at December 31, 2012.

Net efficient generation capacity increased by 54 MW in 2013, virtually unchanged from the previous year.

Electricity distribution and transport networks

	2013	2012	Change	
High-voltage lines at year-end (km)	6,586	6,586	-	-
Medium-voltage lines at year-end (km)	34,923	34,956	(33)	-0.1%
Low-voltage lines at year-end (km)	49,397	48,852	545	1.1%
Total electricity distribution network (km)	**90,906**	**90,394**	**512**	**0.6%**
Electricity transported on Enel's distribution network (millions of kWh)	**13,996**	**14,606**	**(610)**	**-4.2%**

At December 31, 2013, the size of the electricity distribution network (located entirely in Romania) showed an increase of 512 km, essentially regarding new low-voltage connections installed during the year.

Electricity transported decreased by 4.2%, going from 14,606 million kWh to 13,996 million kWh in 2013.

Electricity sales

Millions of kWh

	2013	2012	Change	
Free market	35,770	41,109	(5,339)	-13.0%
Regulated market	9,932	10,914	(982)	-9.0%
Total	**45,702**	**52,023**	**(6,321)**	**-12.2%**
- of which Romania	*8,754*	*9,158*	*(404)*	*-4.4%*
- of which France	*8,068*	*13,077*	*(5,009)*	*-38.3%*
- of which Russia	*24,755*	*25,562*	*(807)*	*-3.2%*
- of which Slovakia	*4,125*	*4,226*	*(101)*	*-2.4%*

Electricity sold by the International Division in 2013 amounted to 45,702 million kWh, a decrease of 6,321 million kWh (-12.2%) compared with 2012. The decline is attributable to:

- a reduction of 807 million kWh in sales in the Russian market, largely in the free market;
- a decrease of 5,009 million kWh in sales by Enel France, largely due to a reduction in volumes available as a result of exiting the Flamanville 3 project at the end of 2012, and to a decrease in the availability of supplies from EDF;
- a decrease of 101 million kWh in sales in Slovakia and one of 404 million kWh in Romania, the latter due to improved weather conditions, which helped reduce electricity consumption.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	7,737	8,703	(966)	-11.1%
Gross operating margin	*1,405*	*1,650*	*(245)*	*-14.8%*
Operating income	85	978	(893)	-91.3%
Employees at year-end (no.)	11,830 [(1)]	12,652	(822)	-6.5%
Capital expenditure	924	1,161	(237)	-20.4%

(1) Includes 37 in units classified as "held for sale" at December 31, 2013 and at December 31, 2012.

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2013	2012 restated	Change	**2013**	2012 restated	Change	**2013**	2012 restated	Change
Central Europe	3,488	4,551	(1,063)	605	900	(295)	360	530	(170)
South-eastern Europe	1,116	1,029	87	289	231	58	154	203	(49)
Russia	3,133	3,123	10	511	519	(8)	(429)	245	(674)
Total	**7,737**	**8,703**	**(966)**	**1,405**	**1,650**	**(245)**	**85**	**978**	**(893)**

Revenues for 2013 amounted to €7,737 million, a decrease of €966 million on the previous year (€8,703 million). This performance reflected the following factors:

> a decrease of €1,063 million in revenues in central Europe, largely attributable to the fall in revenues in Slovakia (€722 million), as a result of a decline in volumes sold, and in France (€342 million), due to the decrease in available capacity;
> an increase of €10 million in revenues in Russia, essentially as a result of higher average sales prices for electricity;
> a rise of €87 million in revenues in south-eastern Europe.

The **gross operating margin** amounted to €1,405 million, a decrease of €245 million compared with 2012 (€1,650 million). The fall is associated with the following factors:

> a decrease of €295 million in the gross operating margin in central Europe, mainly attributable to generation in Slovakia (€128 million), essentially due to a decline in amounts of electricity generated;
> a decrease of €8 million in the gross operating margin in Russia, where the impact of the depreciation of the ruble against the euro was only partially offset by higher average sales prices for electricity;
> an increase of €58 million in the gross operating margin in south-eastern Europe, mainly due to higher sales and distribution rates and lower sourcing costs in Romania.

Operating income in 2013 amounted to €85 million, a decrease of €893 million on the previous year, reflecting an increase of €648 million in depreciation, amortization and impairment losses. The latter change mainly regards impairment losses of €744 million recognized in 2013 on the goodwill of the Enel OGK-5 CGU to reflect the expected contraction in estimated future cash flows as a result of the continuing slowdown in economic growth and the consequent decline in the forecast growth in prices in the medium term. An analogous impairment loss of €112 million had been posted in 2012.

Capital expenditure

Millions of euro

	2013	2012	Change	
Generation plants:				
- thermal	196	333	(137)	-41.1%
- hydroelectric	7	10	(3)	-30.0%
- nuclear	594	654	(60)	-9.2%
- alternative resources	-	6	(6)	-100.0%
Total generation plants	**797**	**1,003**	**(206)**	**-20.5%**
Electricity distribution networks	96	136	(40)	-29.4%
Other investments in property, plant and equipment and intangible assets	31	22	9	40.9%
TOTAL	**924**	**1,161**	**(237)**	**-20.4%**

Capital expenditure amounted to €924 million, a decrease of €237 million on the previous year, essentially attributable to lower capital expenditure on electricity distribution plant in Romania, on generation plants in Russia and nuclear plants in Slovakia.

6 Renewable Energy

Operations

Net electricity generation

Millions of kWh

	2013	2012	Change	
Hydroelectric	10,921	9,836	1,085	11.0%
Geothermal	5,581	5,492	89	1.6%
Wind	12,169	8,985	3,184	35.4%
Other resources	782	801	(19)	-2.4%
Total	**29,453**	**25,114**	**4,339**	**17.3%**
- of which Italy	*13,248*	*11,639*	*1,609*	*13.8%*
- of which Iberian peninsula	*4,924*	*4,341*	*583*	*13.4%*
- of which France	*362*	*364*	*(2)*	*-0.5%*
- of which Greece	*566*	*476*	*90*	*18.9%*
- of which Romania and Bulgaria	*1,166*	*671*	*495*	*73.8%*
- of which United States and Canada	*5,360*	*3,899*	*1,461*	*37.5%*
- of which Panama, Mexico, Guatemala and Costa Rica	*2,703*	*2,801*	*(98)*	*-3.5%*
- of which Brazil and Chile	*1,124*	*923*	*201*	*21.8%*

Net electricity generation by the Division totaled 29,453 million kWh, a rise of 4,339 million kWh on the previous year (+17.3%). Of the total increase, 2,730 million kWh is attributable to greater generation abroad, mainly due to greater

wind generation in the United States and Canada (+1,350 million kWh), the Iberian peninsula (+634 million kWh), Romania (+484 million kWh) and Mexico (+321 million kWh). The increase is essentially due to the entry into service of new plants and, for the Iberian peninsula, more favorable weather conditions. These factors were only partially offset by a decline in hydroelectric generation in Panama (-448 million kWh), which was affected by poor water conditions in that country. Power generation in Italy in 2013 increased by 1,609 million kWh compared with 2012, reflecting an increase in hydroelectric generation (+1,299 million kWh due to more favorable water conditions) and wind power (+205 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2013	at Dec. 31, 2012	Change	
Hydroelectric plants	2,623	2,634	(11)	-0.4%
Geothermal plants	795	769	26	3.4%
Wind plants	5,122	4,316	806	18.7%
Other resources	343	282	61	21.6%
Total	**8,883**	**8,001**	**882**	**11.0%**
- of which Italy	*3,076*	*3,044*	*32*	*1.1%*
- of which Iberian peninsula	*1,908*	*1,864*	*44*	*2.4%*
- of which France	*186*	*166*	*20*	*12.0%*
- of which Greece	*290*	*248*	*42*	*16.9%*
- of which Romania and Bulgaria	*576*	*540*	*36*	*6.7%*
- of which United States and Canada	*1,683*	*1,239*	*444*	*35.8%*
- of which Panama, Mexico, Guatemala and Costa Rica	*715*	*715*	-	-
- of which Brazil and Chile	*449*	*185*	*264*	*142.7%*

Total net efficient capacity showed an increase of 882 MW, of which 850 MW outside of Italy. More specifically, the increase in installed wind capacity mainly regards new plants in North America (434 MW), Chile (180 MW) and Spain (84 MW); the rise in geothermal capacity is mainly accounted for by a number of plants in North America (25 MW). Finally, the expansion of net installed capacity in plants powered by other resources reflects the entry into service of a number of solar plants, mainly in Italy, Greece and Romania.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues	2,827	2,696	131	4.9%
Gross operating margin	*1,788*	*1,641*	*147*	*9.0%*
Operating income	1,171	1,081	90	8.3%
Employees at year-end (no.)	3,599	3,512	87	2.5%
Capital expenditure	1,307 (1)	1,257	50	4.0%

(1) The figure for 2013 does not include €1 million in investments regarding units classified as "held for sale".

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2013	2012 restated	Change	**2013**	2012 restated	Change	**2013**	2012 restated	Change
Italy and the rest of Europe	1,599	1,601	(2)	1,045	947	98	769	693	76
Iberia and Latin America	864	792	72	497	497	-	263	272	(9)
North America	364	303	61	246	197	49	139	116	23
Total	**2,827**	**2,696**	**131**	**1,788**	**1,641**	**147**	**1,171**	**1,081**	**90**

Revenues increased by €131 million (4.9%), going from €2,696 million to €2,827 million. The change is due to:

> an increase of €72 million in revenues in the Iberian peninsula and Latin America, due to the increase in output, mainly in Chile, Mexico and Guatemala;

> an increase of €61 million in revenues in North America; excluding the gain on the disposal of 51% of the Buffalo Dunes Wind Project (€20 million) and the remeasurement at fair value of the remaining assets and liabilities of that company pertaining to the Group following the sale (€20 million), the increase in revenues amounted to €21 million, mainly due to the rise in output;

> a decrease of €2 million in revenues in Italy and the rest of Europe, essentially attributable to:

- a decline of €142 million in revenues from the sale of photovoltaic panels, of which €83 million as a result of the exit from the scope of consolidation of Enel.si, which was sold to the Sales Italy business area;
- an increase of €78 million in revenues in Italy from the sale of green certificates;
- an increase of €103 million in revenues in the rest of Europe, essentially due to the sale of green certificates and the expansion of installed wind capacity in Romania.

The **gross operating margin** amounted to €1,788 million, an increase of €147 million (9.0%) compared with 2012. The change reflects:

> an increase of €98 million in the margin posted in Italy and the rest of Europe, mainly as a result of the increase in volumes generated thanks to improved water and wind availability and the concomitant increase in the number of plants in service. These factors were joined by the effect of the recognition in 2012 of a charge of €40 million (mainly in retrospective application of IAS 19 Revised) in respect of the transition-to-retirement plan established for certain employees at the end of 2012 and the net positive impact of the termination of that plan in the 3rd Quarter of 2013 and the recognition of a charge for the obligations assumed in implementation of Article 4 of Law 92/2012;

> a rise of €49 million for the North America area; excluding the non-recurring items discussed under revenues, the margin increased by €9 million, mainly due to the rise in output.

Operating income amounted to €1,171 million, an increase of €90 million, after a rise in depreciation, amortization and impairment losses of €57 million owing to greater impairment losses recognized on the photovoltaic manufacturing plants in Italy, on a number of geothermal generation plants in Nicaragua and a number of specific projects in North America and the Iberian peninsula.

Capital expenditure

Millions of euro

	2013	2012	Change	
Generation plants:				
- hydroelectric	108	127	(19)	-15.0%
- geothermal	226	214	12	5.6%
- alternative resources	935	878	57	6.5%
Total generation plants	**1,269**	**1,219**	**50**	**4.1%**
Other investments in property, plant and equipment and intangible assets	38	38	-	-
TOTAL	**1,307** (1)	**1,257**	**50**	**4.0%**

(1) The figure for 2013 does not include €1 million in investments regarding units classified as "held for sale".

Capital expenditure in 2013 totaled €1,307 million, up €50 million compared with the previous year.
Investments mainly regarded wind farms in Iberia and Latin America (€590 million), North America (€132 million) and Italy and Europe (€82 million); photovoltaic plants in Romania (€54 million) and Italy (€44 million); hydroelectric plants in Italy, Brazil, Costa Rica, Guatemala and North America (€108 million); and geothermal plants in Italy and North America (€226 million).

7 Other, eliminations and adjustments

Operations

Hydrocarbon reserves and annual output

	2013	2012	Change
Hydrocarbon reserves:			
Proven reserves (1P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	18	917	(899)
- of which proven reserves (1P) of natural gas at the end of the year (billions of m³)	*2*	*117*	*(115)*
Proven and probable reserves (2P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	46	1,490	(1,444)
- of which proven and probable reserves (2P) of natural gas at the end of the year (billions of m³)	*6*	*187*	*(181)*
Annual output:			
Hydrocarbon output (millions of barrels of oil equivalent)	29	12	17
- of which natural gas (billions of m³)	*3.9*	*1.7*	*2.2*

In 2012, the Upstream Gas Function initiated the process of certifying the reserves of the assets it had under development, for which the Function used an independent certifier, DeGolyer & McNaughton. On the basis of the assessment performed in 2012 and taking account of the disposal of the stake held in SeverEnergia in 2013, Enel's share is equal to 18 million barrels of oil equivalent of proven reserves and 46 million barrels of oil equivalent of proven and probable reserves. Projects under development at the end of 2013 are located:

> in Algeria, where the Group is participating in hydrocarbon exploration and production licenses with a stake of 18.4% of the "Isarene" permit in partnership with Petroceltic International and Sonatrach (a Algerian state-owned company) and 13.5% of the "South-East Illizi" permit in partnership with Repsol (as the operator) and GDF Suez;

> in Egypt, where the Group has a 10% share, in partnership with Total (as the operator) and BG, in exploration activities in an offshore field off the Nile Delta;

> in Italy, through Enel Longanesi Development, where the Group has 12 exploration applications, 5 permits and 1 concession application. In 2013, continuing its studies, the Group entered a joint venture with Mac Oil, acquiring 70% of the exploration permit for Montottone, in the Marche region, and submitted two new applications for offshore exploration permits in the Gulf of Taranto and the Adriatic Sea. The authorization procedure for the application for the hydrocarbon extraction concession at Bagnacavallo is pending, with production expected to begin at the end of 2016.

Performance

Millions of euro

	2013	2012 restated	Change	
Revenues (net of eliminations)	2,885	2,017	868	43.0%
Gross operating margin	*1,022*	*(35)*	*1,057*	-
Operating income	908	(165)	1,073	-
Employees at year-end (no.)	5,896	6,382	(486)	-7.6%
Capital expenditure	84	163 (1)	(79)	-48.5%

(1) The figure does not include €1 million regarding units classified as "held for sale" at December 31, 2012.

Revenues, net of eliminations, in 2013 amounted to €2,855 million, an increase of €868 million on the previous year (+43.0%). Excluding the gain recognized by the Upstream Gas Function on the disposal of Artic Russia, and indirectly the interest held by the latter in SeverEnergia, equal to €964 million, revenues declined by €96 million. The performance is essentially attributable to:

> a decrease of €107 million in revenues in the Services and other activities area, mainly associated with ICT services and other support and staff services provided by the Parent Company to other Group companies;

> an increase of €34 million in revenues from engineering activities, largely attributable to engineering activities for the construction of the conventional island of the Mochovce nuclear power plant in Slovakia and activities for the Porto Empedocle regasification terminal for liquefied natural gas.

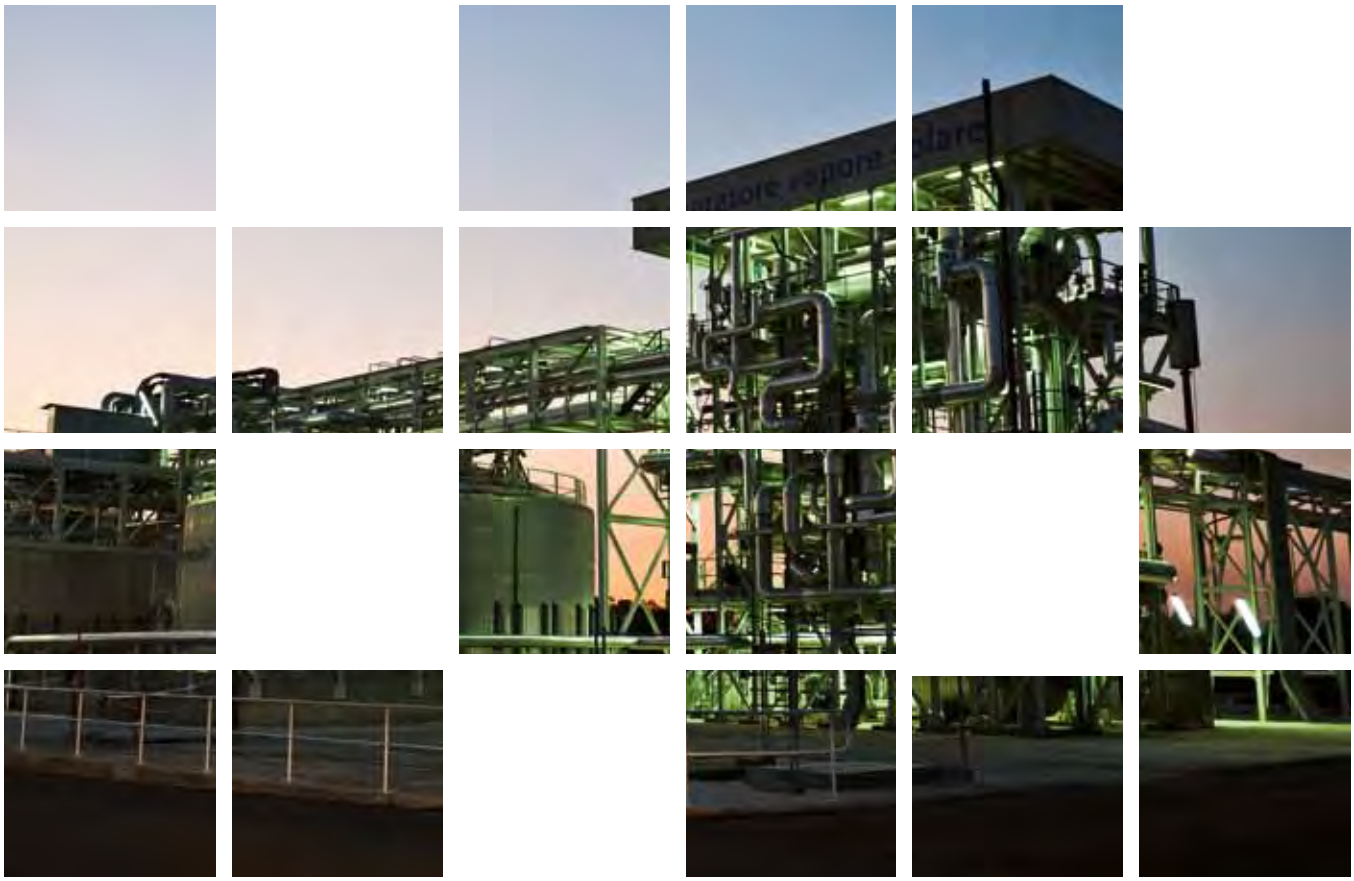
The **gross operating margin** for 2013 amounted €1,022 million, an increase of €1,057 million compared with 2012, essentially due to the capital gain discussed above. Excluding that gain, the gross operating margin rose by €93 million. More specifically, the contraction in the margin on certain services provided to other Group divisions was more than offset by the effect of the recognition in 2012 of a charge of €136 million (mainly in retrospective application of IAS 19 Revised) in respect of the transition-to-retirement plan established for certain employees at the end of 2012 and the net positive impact of the termination of that plan in the 3rd Quarter of 2013 and the recognition of a charge for the obligations assumed in implementation of Article 4 of Law 92/2012.

Operating income for 2013 totaled €908 million, a rise of €1,073 million compared with 2012, taking due account of the gain on the sale of Artic Russia, the factors impacting operating expenses in the two years being reviewed and a reduction of €16 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure in 2013 amounted to €84 million, a decrease of €79 million compared with the previous year. Investments in 2012 mainly regarded the acquisition of mineral interests by the Upstream Gas Function.

Significant events in 2013



8 January

LaGeo: Paris Court of Appeal upholds ruling of International Court of Arbitration

On January 8, 2013, the Court of Appeal of Paris upheld the ruling of the International Court of Arbitration (International Chamber of Commerce) concerning the international arbitration proceeding brought by Enel Green Power against Inversiones Energéticas (INE), its partner in LaGeo, a joint venture for the development of geothermal energy in El Salvador. The judges rejected the appeal lodged by INE asking for the ruling in favor of Enel Green Power to be voided, confirming that the ruling had been issued at the end of a fair trial. The decision of the Court of Appeal reaffirms Enel Green Power's right to allocate investments in LaGeo to share capital through the subscription of newly issued shares in the joint venture.

11 February

Forward starting revolving credit facility

On February 11, 2013, Enel SpA signed a 5-year revolving credit facility amounting to about €9.4 billion, which will replace the €10 billion revolving credit facility (currently not drawn) scheduled to expire in April 2015.

The new forward starting revolving credit facility, which may be used by Enel and/or its Dutch subsidiary Enel Finance International (with a Parent Company guarantee), is intended to give the Group's treasury operations a highly flexible instrument to manage working capital. Accordingly, the credit facility is not part of Enel's debt refinancing program. A large group of national and international banks participated in the transaction, including Mediobanca in the role of Documentation Agent. The cost of the new credit facility will vary in relation to Enel's credit rating. At the current rating level,

it is equal to a spread of 170 basis points over Euribor, with commitment fees of 40% of the applicable spread.

26 March — Acquisition of PowerCrop

On March 26, 2013, Enel Green Power and SECI Energia signed the final agreement for the purchase of 50% of PowerCrop, the Maccaferri Group company dedicated to converting former Eridania sugar refineries to the production of energy from biomass.

With the acquisition, Enel Green Power has entered into a broad partnership with SECI Energia to develop the generation of energy from locally-sourced biomass with the construction of five high-efficiency plants (Russi, Macchiareddu, Castiglion Fiorentino, Fermo and Avezzano) with a total installed capacity of 150 MW. Once built, these plants will be capable of generating up to 1 billion kWh. These will provide employment for the former sugar refinery workers, restoring growth opportunities to some of the most important agricultural districts in Italy, which will have a significant economic impact on these areas.

27 March — Agreement with Eni on e-mobility

On March 27, 2013, Eni and Enel signed a letter of intent to collaborate on strategic, technological, logistical and commercial opportunities for e-mobility.

Through this agreement, Eni and Enel will develop a program for testing electric vehicle charging options, specifically the installation of charging stations using Enel technology at Eni service stations and locations.

The working group will have six months to find the best solutions for charging electric vehicles at service stations, with testing to begin in selected areas by the end of 2013.

The experiment will involve installing "fast charge" stations at certain Eni service stations. Fast charge stations are capable of recharging a vehicle using direct current and alternating current in 20-30 minutes. The agreement also provides for the study of possible applications of Enel technology used in smart grids to maximize the use of renewable energy for those Eni stations that have installed renewable energy generation systems (e.g. photovoltaic panels).

29 March — Enersis capital increase

On March 29, 2013, the capital increase of Enel's Chilean subsidiary, Enersis, was successfully completed with the subscription of all of the 16,441,606,297 new shares issued, corresponding to a total of about $6 billion, of which around $2.4 billion in cash. As a result of the full subscription of the Enersis capital increase and the completion of the transaction, the subsidiary Endesa will continue to hold (directly and through the wholly-owned subsidiary Endesa Latinoamérica) around 60.6% of the share capital of Enersis. Following the operation, Enersis represents the Enel Group's sole investment vehicle in Latin America for the generation, distribution and sale of electricity (with the exception of the assets currently held by Enel Green Power or any future assets the latter may develop in the renewable energy sector in that geographical area). Thanks to the successful capital increase, Enersis now has the resources necessary to pursue a major development plan, strengthening its presence in the markets in which it already operates.

8 April — Disposal of Buffalo Dunes Wind Project

On April 8, 2013, Enel Green Power North America (EGP-NA) signed an equity partnership agreement with EFS Buffalo Dunes, a subsidiary of GE Capital, to finance the development of the Buffalo Dunes wind farm, in Kansas (United States).

The project, which will involve a total investment of about $370 million, of which EGP-NA will contribute about $180 million, is scheduled to be completed by the end of 2013. The plant will have a total installed capacity of 250 MW and the project is supported by a long-term power purchase agreement.

Under the provisions of the accord, EFS Buffalo Dunes subsequently acquired 51% of the project from EGP-NA, which retains the remaining 49% stake. EGP-NA, which will also

be the project manager for Buffalo Dunes, has an option to increase its holding by 26%, which can be exercised on specific dates by 2014.
The exercise of that option would not necessarily involve the acquisition of control, which is also linked to possible changes in the absolute value of share capital and dilutive effects.

18 April — Agreement with UNCEM for the development of energy efficiency

On April 18, 2013, Enel Sole and the National Union of Mountain Communities (UNCEM) signed a protocol of understanding in Rome for the development of energy efficiency practices. The agreement provides for direct cooperation between Enel Sole and UNCEM to identify and implement activities connected with energy savings and efficiency in the participating mountain communities, including projects for the refurbishment and enhancement of public lighting with a view to reducing energy consumption and CO_2 emissions, such as the installation of smart lighting systems using innovative technologies and energy audits. The cooperation initiative will also involve artistic lighting and design projects to enhance the historical and artistic heritage of mountain communities using sustainable systems.

2 May — Protocol of understanding with the Region of Tuscany for the development of geothermal energy

On May 2, 2013, the Region of Tuscany and Enel signed a new protocol of understanding to further develop geothermal energy in Tuscany, with a view to addressing issues concerning the green economy and reducing energy costs. The agreement, which follows up on the framework agreement on geothermal energy of December 20, 2007, and the implementing agreement of April 20, 2009, is a major step forward in fostering the social and economic growth of the areas with geothermal resources, including both the traditional area of Larderello and the Amiata area, where the new Bagnore 4 plant will complete the plans for the addition of 112 MW of new capacity provided for in the 2007 agreement.
The protocol devotes particular attention to the use of geothermal heat, to support the creation of value in the heating sector, with opportunities for the establishment of new business zones in geothermal areas. The agreement also provides for the creation of a geothermal energy hub that, drawing on the experience of local authorities in geothermal areas and existing resources such as the Geothermal Area Development Consortium (COSVIG), the Enel Research Center, universities, the Tuscan Regional Economic Planning Institute (IRPET) and the regional renewable energy technology district, can transfer know how and pursue research projects and advanced specialized initiatives aimed at creating competence centers in both the geothermal areas and the Enel experimental area in Livorno.

9 May — Framework agreement regulating the provisions of Article 4, paragraphs 1-7-*ter*, of Law 92/2012 in the Enel Group

On May 9, 2013, Enel SpA and the representatives of the FILCTEM, FLAEI and UILTEC trade unions signed an agreement governing the implementation of the provisions of Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the "Fornero Act") within the Enel Group. The agreement, taking account of the role that the Company plays in the Italian economy and the cost reduction targets set out in the business plan, provides for the activation of the measures envisaged in Article 4 in order to reduce personnel to an appropriate level without undue disruption.
In application of the agreement, the Group has begun to seek expressions of interest among its personnel whose seniority and contribution history potentially qualify them for the mechanism envisaged under Article 4, with the survey completed by August 31, 2013. At the completion of that phase, each Group company conducted an assessment of the appropriateness of the expressions of interest in terms of their number and geographical and organizational distribution.
Following these assessments, on September 6, 2013, the main Italian companies of the Group signed an agreement with the unions FILCTEM, FLAEI and UILTEC implementing the framework agreement of May 9, 2013, in which Enel and the unions set out the procedures for implementing the measures provided for in Article 4, paragraphs 1-7-*ter*, of the Fornero Act. The company-level implementing agreements

specify, for each company, the number of employees potentially eligible for early retirement, which for the Group as a whole came to 5,328. Meanwhile the Group is completing the formal checks, with the competent social security entities, to ascertain eligibility for the benefit scheme. At December 31, 2013, the plan saw the exit from employment of 1,911 employees.

9 May — Launch of Enel Lab project

On May 9, 2013, six young Italian companies and one Spanish company were selected to join the first clean technology business incubator established by Enel. The seven companies selected proposed projects involving renewable energy, smart grids, energy storage, automation, digitalization and communication system and energy efficiency. The winning start-ups were chosen from a list of 13 Italian and Spanish finalists after a selection process that started in July 2012, with the participation of 215 companies.
The winning companies, in addition to receiving financial assistance of up to €650,000 to help develop their projects, will be able to grow within the Enel Group, which will support them with the engineering, technological, legal and market skills that only a leading industry multinational can offer. After an initial stage of development, the most promising companies can bring their projects to full maturity and possibly become part of the Enel world.

22 May — Acquisition of a controlling interest in Chisholm View and Prairie Rose

On May 22, 2013, Enel Green Power North America (EGP-NA) signed an agreement to purchase an additional 26% of the Class A shares of the Chisholm View Wind Project, a company that operates the 235 MW Chisholm View wind farm, from the GE Capital Group for about $47 million. EGP-NA also signed an agreement to purchase an additional 26% of the Class A shares of the Prairie Rose Wind Project, a company that operates the 200 MW Prairie Rose wind farm, from the same group for $34 million.
The option to acquire the additional interests was envisaged in the original agreements between EGP-NA and the GE Capital subsidiaries. After closing, which came following approval by the Federal Energy Regulatory Commission, EGP-NA owns 75% of the Class A interest in both of the companies that operate the wind farms, while GE Capital retains a 25% stake.

3 June — Accord for the implementation of smart grids in Saudi Arabia

On June 3, 2013, Advanced Electronics Company (AEC), ICT Europe and Enel signed a memorandum of understanding for smart grid implementation in the Kingdom of Saudi Arabia and the Gulf Cooperation Countries, namely Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain and Oman. With decades of experience in Advanced Meter Infrastructures (AMI) and excellent working relationships with local utility companies, AEC has joined forces with ICT Europe and Enel (which has field-proven technology and international expertise in smart metering and smart grids) to support this evolving technology with local capabilities. The memorandum has been signed with a prime focus on delivering world class performance in smart grids and power distribution capabilities.

19 June — Agreement for the development of marine power generation

On June 19, 2013, Enel Green Power and 40South Energy, a group of highly innovative companies operating in the field of marine energy at the international level, began the installation and commissioning of an initial R115 generator, with a nominal capacity of 150 kW and installed capacity of about 100 kW, generating electricity from the energy produced by the waves of the sea around Punta Righini (Livorno). The new generator – designed and built by 40South Energy – ensures full integration into the marine environment and ease of maintenance, and according to initial estimates will enable the generation of about 220 MWh per year.
After testing and assessment by the partners of the perfor-

mance of the system in the marine environment, Enel Green Power plans to strengthen collaboration with 40South Energy on the international stage. In fact, in addition to the sale of the first R115 generator to the Enel renewables company and technological cooperation on testing, the agreement envisages the possibility of installing more generators in different marine environments.

21 June — Letter of intent for disposal of Marcinelle Energie

On June 21, 2013, Enel and Gazprom signed a non-binding letter of intent for the sale to the Russian company of 100% of Marcinelle Energie, which owns a 420 MW combined-cycle gas turbine power plant in Belgium, for €227 million, with the price to be adjusted for net financial debt at closing. The letter of intent paves the way for a binding final agreement, whose final terms and conditions were to be agreed by the end of September 2013. The agreement was subsequently extended for a further six months in order to settle a number of details in the negotiations. As with similar transactions, the execution of the transaction is subject to the approval of the competent corporate bodies of the parties involved, as well as to the authorization of the competition and other authorities provided for by law.

27 June — Joint agreement for the security of the electrical infrastructure of the Ministry of Defense

On June 27, 2013, Enel, the Ministry of Defense and Cassa Depositi e Prestiti reached an agreement for the establishment of a working group tasked with conducting an analysis over the next 12 months of the security of the electrical infrastructure of a number of sites selected by the Ministry.
The aim of the agreement is to begin a collaborative effort at the strategic and operational level among the parties to conduct research and analysis to minimize risks, reduce vulnerabilities and enhance the reliability of the electrical infrastructure present at the selected sites. Subsequently, the parties will assess the possibility of extending the initiative to other sites of strategic interest.
The Ministry of Defense and Cassa Depositi e Prestiti will be responsible for the financial aspects of the accord, for the subsequent definition of the mechanisms for financing the projects developed, including through the involvement of the subsidiaries of Cassa Depositi e Prestiti.

1 July — Sale of Enel.si by Enel Green Power to Enel Energia

Following an agreement signed on June 17, 2013, between Enel Green Power and Enel Energia, on July 1, 2013 the sale to the latter of the entire share capital of Enel.si took effect. Enel.si operates in Italy, offering products and integrated solutions in the retail market for the installation of distributed renewable generation systems and for energy savings and efficiency for end users, working through a network of franchises, composed of more than 700 specialized installers.
The price paid by Enel Energia for the entire share capital of Enel.si amounted to about €81 million and was set, subject to a price adjustment mechanism, on the basis of the enterprise value as of December 31, 2012 and the net financial position of the company at the same date.
The sale of the business forms part of the medium/long-term strategy of the Renewable Energy Division, which is increasingly focused on expanding its business of developing, building and operating renewable generation plants. For the Sales Italy sector, which has a leading position in the sale of electricity and gas to households and businesses in the free and regulated markets in Italy, the acquisition is part of its strategy of broadening its commercial product range to the energy efficiency sector, covering the entire spectrum of retail and business customers' energy use needs.

9 July — Capital contribution agreement between Enel Green Power and EFS Buffalo Dunes with a syndicate headed by JP Morgan

On July 9, 2013, Enel Green Power North America Development (EGPD), a US subsidiary of Enel Green Power, and EFS Buffalo Dunes, a GE Capital subsidiary, signed a capital contribution agreement with a syndicate led by JP Morgan. Under the agreement, the syndicate will provide about

$260 million in financing for the Buffalo Dunes wind project in Kansas, which will have an installed capacity of 250 MW. The syndicate also includes Wells Fargo Wind Holdings, Metropolitan Life Insurance Company and State Street Bank and Trust Company.
When the syndicate disbursed the financing – subject to compliance with the specific requirements in the capital contribution agreement – the parties entered into a tax equity agreement for the Buffalo Dunes wind plant. The project is supported by a long-term power purchase agreement.
EFS Buffalo Dunes holds 51% of the wind project and EGPD holds the remaining 49%, as well as an option to acquire an additional 26% on specified dates by the end of 2014.

11 July – Standard & Poor's revises long-term rating to "BBB" and confirms short-term rating at "A-2"

On July 11, 2013, Standard & Poor's announced that it had revised its long-term rating for Enel to "BBB" (from "BBB+"). The agency also maintained its short-term rating of "A-2" for the Company. The outlook is stable.
The downgrade follows the similar action recently taken by Standard & Poor's for Italy's sovereign debt rating, which reflected, among the other factors, the deterioration in macroeconomic conditions in the country.
The stable outlook reflects the agency's expectations that Enel will achieve and maintain performance and financial targets commensurate with its current rating, as a result of its continued deleveraging efforts, the large contribution of regulated activities and its good geographical and technological diversification outside Europe.
The downgrade did not have a significant impact on either the cost of outstanding debt or of new borrowing, partly due to the low volatility of spreads in the secondary market for bonds issued by Enel, whose prices already reflect the rating issued by Moody's ("Baa2"), which is now in line with that of Standard & Poor's ("BBB").
With regard to loans granted by the EIB, only some of them (in the total amount of about €2 billion) contain covenants requiring the beneficiary companies of the Group to renegotiate the agreements or, alternatively, provide specific bank guarantees. The parties opted for the former solution, which did not have a major impact on the cost of borrowing or result in the early repayment of the debt.
With regard to other major loan agreements, none have early redemption clauses directly linked to the level of the rating.

9 August – Conversion of Finale Emilia sugar beet refinery

On August 9, 2013, Enel Green Power and COPROB, the leading sugar beet producer in the country, assisted by the financial advisor Valore e Capitale Srl, an investment banking firm specializing in the renewable energy sector, signed an agreement for the construction at Finale Emilia (Modena) of a 12.5 MW power plant that will be fuelled by agricultural biomass. The project will be implemented through Enel Green Power's acquisition of 70% of Domus Energia (now Enel Green Power Finale Emilia), formerly a COPROB Group company.
The accord represents a further step in Enel Green Power's strategy for expansion in Italy's biomass sector, as well as enabling the COPROB Group to complete the complex process of reorganizing and converting sugar refineries closed in 2006, following the EU's reform of the sugar market. Enel Green Power's expertise in the renewable energy sector, coupled with COPROB's proven ability to supply the agricultural raw material, provide further assurances of the plant's efficiency and productivity, all to the benefit of the development of the Modena area and in full compliance with the national targets for renewable resources.

29 August – Enel Green Power awarded contracts for the supply of renewable energy in Brazil

On August 29, 2013, following the 2013 Brazilian Reserve Auction, Enel Green Power was awarded the right to enter into three 20-year electricity supply contracts with the Brazilian *Camara de Comercialização da Energia Elétrica* (CCEE) to deliver power produced by three wind projects with a total capacity of 88 MW. The plants are located in the state of Bahia, where the company already has more than 146 MW of capacity under construction. These new contracts represent an extension of the projects the company was already awarded in 2010 and 2012 public auctions in the same re-

gion. Once completed, the three new wind projects, requiring a total investment of about $163 million, will be able to generate more than 400 GWh per year.

On September 4, 2013, Enel Green Power was awarded energy supply contracts with three hydro projects with a total capacity of 102 MW in Brazil's first "New Energy Auction" in 2013 for "A-5" power. The three plants, denominated Salto Apiacás, Cabeza de Boi and Fazenda, are located close together in the state of Mato Grosso in mid-western Brazil. Once operational, the hydro projects, whose completion will require a total investment of about $248 million, will be able to generate around 490 GWh per year. Enel Green Power was awarded 30-year energy supply contracts providing for the sale of a specified amount of power generated by the three hydro plants to a pool of distribution companies operating in the Brazilian regulated market. Enel Green Power will adopt a highly innovative and sustainable approach to the construction of the new plants, supplying the worksites with renewable energy from the very start of the works. The company will build a thin-film photovoltaic system of about 1.2 MW, which will supply part of the power required for the construction works. Once the three plants are completed, the photovoltaic plant continue to operate, adding its own renewable power to the green energy produced by the new hydro plants.

3 September — Issues of hybrid financial instruments

On September 3, 2013, Enel SpA launched a multi-tranche international issue of non-convertible bonds for institutional investors in the form of subordinated hybrid instruments with an average maturity of about 60 years, denominated in euros and pounds sterling (GPB) in the total amount of about €1.7 billion.

The issue is structured in the following two tranches:

- €1,250 million maturing on January 10, 2074, issued at a price of 98.956 with an annual fixed coupon of 6.50% until the first early redemption date scheduled for January 10, 2019. As from that date and until maturity, the rate will be equal to the 5-year euro swap rate plus a spread of 524.2 basis points and interest rate step-up of 25 basis points from January 10, 2024 and a further 75 basis points from January 10, 2039;
- £400 million maturing on September 10, 2075, issued at a price of 98.698 with an annual fixed coupon of 7.75% (hedged with a euro swap at a rate of around 7%) until the first early redemption date scheduled for September 10, 2020. As from that date and until maturity, the rate will be equal to the 5-year GBP swap rate plus a spread of 566.2 basis points and interest rate step-up of 25 basis points from September 10, 2025 and an additional 75 basis points from September 10, 2040.

The offering is being led by a syndicate of banks comprising, for the euro tranche, Banca Imi, Banco Bilbao Vizcaya Argentaria SA, BNP Paribas, Crédit Agricole-CIB Deutsche Bank, ING, JP Morgan, Mediobanca, Natixis, Société Générale Corporate & Investment Banking, UniCredit Bank; and, for the sterling tranche, Barclays, BNP Paribas, Deutsche Bank, HSBC, JP Morgan, The Royal Bank of Scotland, Santander Global Banking & Markets, and UBS Investment Bank.

On September 17, 2013, the Company launched a multi-tranche international issue in the United States of non-convertible bonds for institutional investors in the form of subordinated hybrid instruments with an average maturity of about 60 years, denominated in US dollars (USD) in the amount of $1,250 million, equal to about €936 million on the issue date. The transaction involves the issue of a $1,250 million bond maturing on September 24, 2073, at a price of 99.183 with a semi-annual fixed coupon of 8.75% (hedged with a euro swap at a rate of around 7.50%) until the first early redemption date scheduled for September 24, 2023. As from that date and until maturity, the rate will be equal to the 5-year USD swap rate plus a spread of 588.0 basis points and interest rate step-up of 25 basis points from September 24, 2028 and an additional 75 basis points from September 24, 2043.

The offering is being led by a syndicate of banks comprising Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co, JP Morgan Securities LLC, Merrill Lynch Pierce Fenner & Smith Inc., Mitsubishi UFJ Securities (USA) Inc., Mizuho Securities USA Inc., and Morgan Stanley & Co. LLC.

Both issues were carried out in execution of the resolution of the Board of Directors of Enel of May 7, 2013. They form part of the measures to strengthen the financial structure of the Enel Group set out in the business plan presented to the financial community on March 13, 2013.

The bonds, which have been listed on the Irish Stock Exchange, have been assigned provisional ratings of "BB+" by Standard & Poor's, "Ba1" by Moody's and "BBB-" by Fitch.

19 September — Agreement for the supply of gas from Azerbaijan

On September 19, 2013, Enel Trade signed a 25-year agreement with the Shah Deniz Consortium to purchase part of the gas that will be produced by Stage 2 of the Shah Deniz field in Azerbaijan. The gas will be transported to Italy through the Trans-Adriatic Pipeline (TAP). Gas supplies from Azerbaijan will be used by Enel to supply its Italian market. The agreement will enter force following the final investment decision on the Shah Deniz - Stage 2 project, which is scheduled to take place by the end of 2013. The delivery of gas is due to start no earlier than 2019. Stage 2 development of the Shah Deniz field, which lies some 70 km offshore in the Azerbaijan sector of the Caspian Sea, will enable the production of 16 billion cubic meters of gas, adding to the 9 billion cubic meters already produced by the field's Stage 1. Thanks to Stage 2 of Shah Deniz, Azeri gas will be delivered to Europe for the first time ever. The new gas will be transported through more than 3,500 km of pipelines running across Azerbaijan, Georgia, Turkey, Greece, Bulgaria, Albania and under the Adriatic Sea to Italy.

14 October — Memorandum of understanding with Huaneng for cooperation in power generation

On October 14, 2013, Enel signed a memorandum of understanding with the China Huaneng Group (CHNG), which operates in the energy sector, aimed at strengthening cooperation on clean coal technologies, flue gas purification, enhancing the efficiency and performance of coal plants, renewable energy and distributed generation. The memorandum is a product of the cooperation program between Enel, the Chinese Ministry of Science and Technology and the Italian Ministry for the Environment launched in 2008 to boost the use of environmentally sustainable technologies in power generation. More specifically, the memorandum is the follow-up to the signing in 2012 of another agreement between Enel and CHNG's Clean Energy Research Institute that launched cooperation between the two groups on research in clean coal, renewables and distributed generation.

Under the new agreement, Enel's contribution will mainly apply to the areas of flue gas purification, carbon capture and storage, pilot project analysis of distributed power generation in urban areas with innovative environmentally sustainable technologies, renewable energy generation and the implementation of a regulatory framework to foster pilot cap and trade programs in China.

31 October — Award of right to contract renewable energy in South Africa

On October 31, 2013, Enel Green Power (EGP) was awarded the right to enter into energy supply contracts with the South African utility Eskom in the amount of 314 MW of solar projects and 199 MW of wind projects (for a total of 513 MW) in the third round of the renewable energy tender sponsored by the South African government.

In accordance with the rules of the tender, EGP participated with vehicle companies, retaining a controlling 60% stake, in partnership with major local players. The four photovoltaic projects (Aurora, Tom Burke, Paleisheweul and Pulida) will be in the Northern Cape, Western Cape, Free State and Limpopo regions, in areas boasting the highest concentration of solar radiation in the country. The two wind projects (Gibson Bay and Cookhouse) will be located in the Eastern Cape region in areas with abundant wind resources.

Once completed, in 2016 the six projects, which will require a total investment of about €630 million, will generate more than 1,300 GWh per year, making an environmentally sustainable contribution to meeting the country's rising energy demand.

13 November — Agreement for the sale of SeverEnergia to Rosneft

On September 24, 2013 Enel Investment Holding reached an agreement with Itera, a wholly-owned subsidiary of the Russian oil and gas company Rosneft, for the sale of its 40% stake in Artic Russia BV, which in turn owns 49% of the share capital of SeverEnergia, giving Enel a weighted stake of 19.6% in the latter. The price for the interest

amounted to $1.8 billion, which was paid in cash upon closing. The transaction was completed following receipt of antitrust clearance and compliance with other normal conditions, including waivers received from the other parties involved in the transaction on November 13, 2013.

26 November — Cooperation agreement with Rosneft for joint development of projects in upstream segment of the hydrocarbon industry

On November 26, 2013 Enel and Rosneft signed a memorandum of understanding to team up in the international upstream hydrocarbon sector.

Under the agreement Enel and Rosneft will partner to identify commercial opportunities and to jointly develop projects in the exploration, production and transportation of hydrocarbons outside of Russia. More specifically, the two companies will jointly pursue international expansion opportunities and will organize a series of meetings, seminars and workshops for exchanging information on exploration and production activities and on their respective strategies in the upstream sector.

The joint Enel/Rosneft working group will also analyze opportunities for partnering in Latin America, southern Europe, the Mediterranean basin and North Africa.

29 November — Enel Green Power awarded long-term contracts to supply energy to Chile's regulated market

On November 29, 2013, Enel Green Power awarded the right to enter into long-term energy supply contracts with a pool of distribution companies operating in Chile's regulated electricity market, providing up to 4,159 GWh for the entire duration of the contracts. The energy supply, at a price of $128/MWh, will start in December 2013 and terminate in 2024. The power supply will initially be generated by an existing plant and, later, by three new plants (two photovoltaic plants and one wind farm), that will have a total installed capacity of 161 MW and will be located in Chile's Central Interconnected System.

The new plants will be built and enter service by the end of the first half of 2015.

6 December — Disposal of 14.8% of Enel Rete Gas to F2i and Ardian

On December 6, 2013, Enel SpA and Enel Distribuzione signed with F2i SGR SpA (F2i), Ardian and F2i Reti Italia Srl an agreement for the sale of the remaining stake (equal to 14.8%) held by Enel Distribuzione in Enel Rete Gas.

The price agreed amounted to €122.4 million, giving the overall company a valuation in line with its regulatory asset base. The disposal is subject to the pre-emption rights of all the other shareholders of Enel Rete Gas, including F2i Reti Italia Srl (a company controlled by F2i and Ardian that owns 85.1% of Enel Rete Gas SpA), which has undertaken to exercise them in favor of a newly formed company also controlled by F2i and Ardian.

The agreement also established that at the time of the transfer of the holding, F2i Reti Italia would repay Enel (in advance of the contractual due date in 2017) of the vendor loan received from the latter in 2009 at the time of the disposal of 80% of Enel Rete Gas.

On December 20, 2013, the transaction was closed. Pending the expiration of the pre-emption rights of all the other shareholders of Enel Rete Gas (representing a total of about 0.05% of the share capital) and having verified that the conditions precedent to the sale have been met, on that date Enel Distribuzione also completed the transfer to F2i Reti Italia 2 of the proportional interest due to F2i Reti Italia for a price of around €122.3 million. Once the rights of pre-emption expire, Enel Distribuzione will sell the remaining shares of Enel Rete Gas to the other shareholders who have exercised these rights or, if the rights go unexercised, sell them to F2i Reti Italia 2, therefore raising the total expected amount of €122.4 million.

Also on December 20, 2013, F2i Reti Italia repaid Enel a vendor loan amounting to about €177 million (including initial principal and interest accrued but not yet paid).

Reference scenario

Enel and the financial markets

	2013	2012 restated
Gross operating margin per share (euro)	1.81	1.68
Operating income per share (euro)	1.06	0.72
Group net earnings per share (euro)	0.34	0.03
Group net ordinary earnings per share (euro)	0.33	0.30
Dividend per share (euro) (1)	0.13	0.15
Group shareholders' equity per share (euro)	3.82	3.80
Share price - 12-month high (euro)	3.38	3.31
Share price - 12-month low (euro)	2.30	2.03
Average share price in December (euro)	3.10	3.05
Market capitalization (2) (millions of euro)	29,150	28,774
No. of shares outstanding at December 31 (millions)	**9,403**	**9,403**

(1) Dividend authorized by the Shareholders' Meeting on May 22, 2014.
(2) Calculated on average share price in December.

		Current (1)	at Dec. 31, 2013	at Dec. 31, 2012	at Dec. 31, 2011
Enel stock weighting in:					
- FTSE MIB index		9.17%	8.82%	11.02%	12.98%
- STOXX Europe 600 Utilities index		7.61%	7.61%	8.33%	8.25%
- Bloomberg World Electric index		3.31%	3.12%	3.17%	2.93%
Rating:					
Standard & Poor's	Outlook	Stable	Stable	Negative	Watch Negative
	Medium/long-term	BBB	BBB	BBB+	A-
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	Negative
	Medium/long-term	Baa2	Baa2	Baa2	A3
	Short-term	P2	P2	P2	P2
Fitch	Outlook	Watch Negative	Watch Negative	Watch Negative	Stable
	Medium/long-term	BBB+	BBB+	BBB+	A-
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 31, 2014.

In 2013, the world's macroeconomic systems expanded at a relatively moderate pace, with variations depending on geographical area.
The economy of the United States strengthened substantially. The improvement enabled the Federal Reserve to taper its securities purchases without increasing volatility on the financial markets.
In the emerging countries, economic growth differed considerably: rapid in China and modest in the other developing economies (notably in Brazil and Russia).
The euro area saw its economy begin a weak recovery, with enduring signs of fragility.
For Italy, 2013 ended with a further contraction in GDP. However, in the 3rd Quarter of the year the decline in GDP under way since the summer of 2011 came to an end.

The general improvement in the advanced economies fostered a narrowing of risk premiums in both public- and private-sector debt markets and spurred a rise in the financial markets. The strains on the sovereign debt of the southern

European countries eased significantly over the course of 2013.

The main European stock indices closed 2013 with substantial gains. The FTSE Italia All Share index in Italy ended the year with a gain of 18%.

In this context share prices in the European utilities segment rose more moderately, posting a gain of about 7% with significant differences in the performance of the shares making up the index (which ranged from a gain of more than 80% by EDF to a loss of about 15% by RWE).

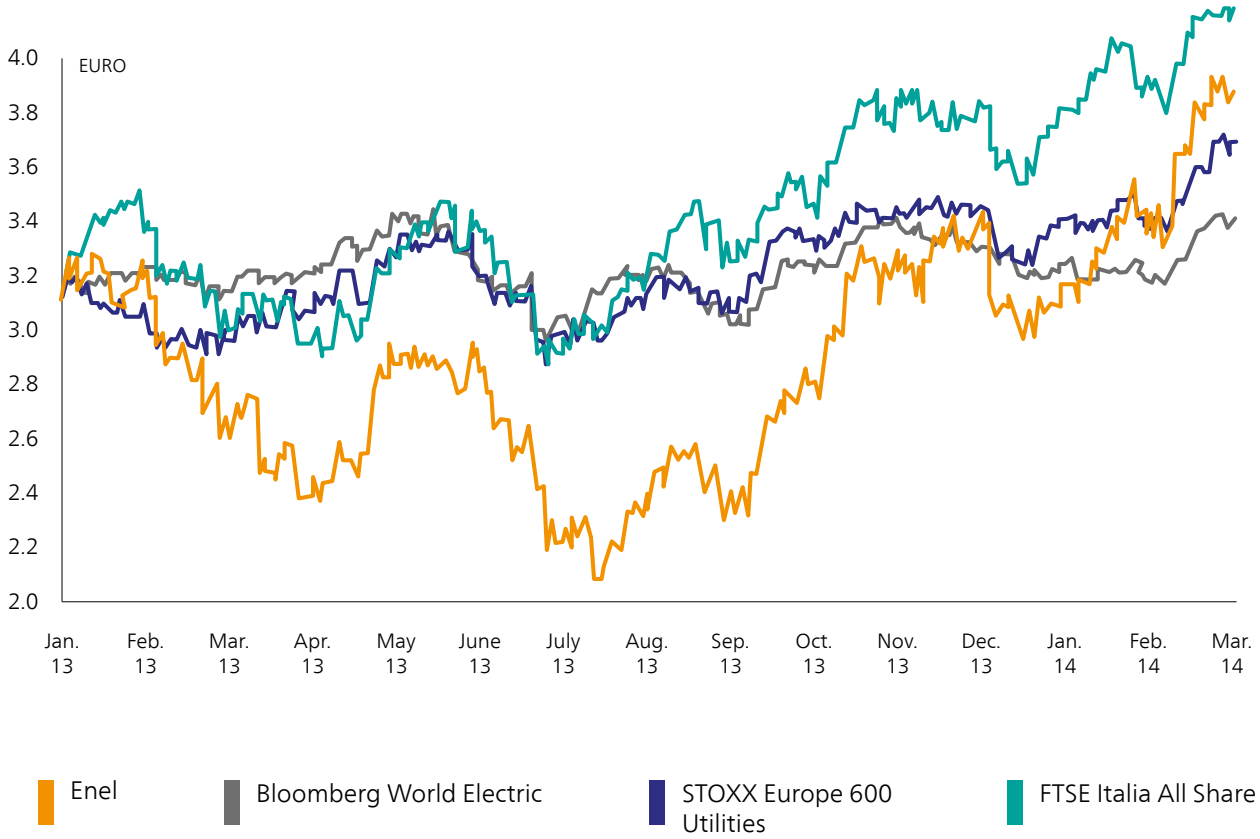
As regards Enel shares, the year ended with the stock price virtually unchanged from the end of the previous year at €3.174, up 1% on the end of 2012. The decline in the price over the first nine months of 2013 was entirely reversed in the final quarter of the year.

On June 27, 2013, Enel paid off the dividend on 2012 profits of €0.15 per share.
At December 31, 2013 the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors 41.9% and individual investors the remaining 26.9%.

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

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683051; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, STOXX Europe 600 Utilities and FTSE Italia All Share indices from January 1, 2013 to February 28, 2014



Economic and energy conditions in 2013

Economic developments

The year 2013 was characterized by an improvement in the global economic environment. The implementation of structural reforms in some European countries and the resumption of exports in others gave rise to signs of recovery, reflected in a significant narrowing in the spread against the German Bund and, in some cases, a return to positive GDP growth after years of economic stagnation and widespread recession. In Europe, 2013 confirmed the emergence from recession, with some countries that recorded GDP growth and others whose GDP contracted but at a slower pace than the levels of 2012: Ireland (0.5%), Spain (-1.2%), Italy (-1.8% compared with -2.5% in 2012), Greece (-3.6% compared with -6.4% in 2012) and Portugal (-1.5% compared with -3.2% the previous year).

In the United States (growth of 1.9% in 2013 compared with 2.8% in 2012), the easing of uncertainties related to the tapering of quantitative easing and the extension of negotiations on the budget and the public debt helped buoy the financial market, with a positive impact on the real economy and employment. The countries of South America performed well (Argentina 5.5%, Brazil 2.1%, Chile 4.0%, Colombia 4.0% and Peru 5.0%), although towards the end of the year, growth rates exhibited increased volatility due to the sudden withdrawal of cash inflows from the industrial economies. Similar growth was also achieved in China (+7.7% in 2013), a country that is still grappling with environmental problems and excess credit levels that could hinder future development. Other strong performers included the United Kingdom (+1.9% in 2013), thanks to the continuation of robust expansion in the private and public consumption supporting the increasingly solid recovery in growth, and Japan (+1.7% in 2013), although that country experienced a weakening of private consumption and investment while public consumption and investment strengthened considerably. The eastern European countries are still affected by significant social imbalances, fragile institutional arrangements and economic models that will have to demonstrate their reliability in promoting a long period of sustained growth (GDP growth of 1.3% for Slovakia and 1.3% for Russia in 2013).

In the 2nd Half of the year, inflation in Europe subsided from its average of 2.3% in 2012 to an average of 1.3% in 2013. More generally, the recovery has not remained confined to European countries but, albeit fragmented and uneven, it has involved both the industrial countries (+1.3%) and the emerging economies (+4.7%).

Banks' demand for liquidity in 2013 caused 3-month Euribor to decline significantly over the year, posting an average of 0.22%, well below that recorded in 2012 (0.57%). In foreign exchange markets, the euro/dollar rate rose from an average of 1.29 in 2012 to an average of 1.33 in 2013. The increase is primarily attributable to flows of money toward the peripheral European countries and to the rise in 3-month Euribor above its level at the end of 2012 (0.19%). This level was higher than both USD Libor and the policy rate of the ECB. In order to facilitate access to credit by institutional investors and support the level of investment, the European Central Bank lowered its rate on main refinancing operations to 0.25%. International stock market indices posted gains for 2013 as a whole that were about twice those achieved the previous year, thanks to their especially strong showing in the 2nd Half of the year following the publication of positive macroeconomic data and the continuation of expansionary monetary policies. For example, the US index rose by no less than 29.9% and that in Japan rose by 51.9%, with the latter undoubtedly boosted by the ultra-expansionary economic policies put in place by the Japanese government.

The following table shows the growth rates of GDP in the main countries in which Enel operates through its subsidiaries.

Annual real GDP growth

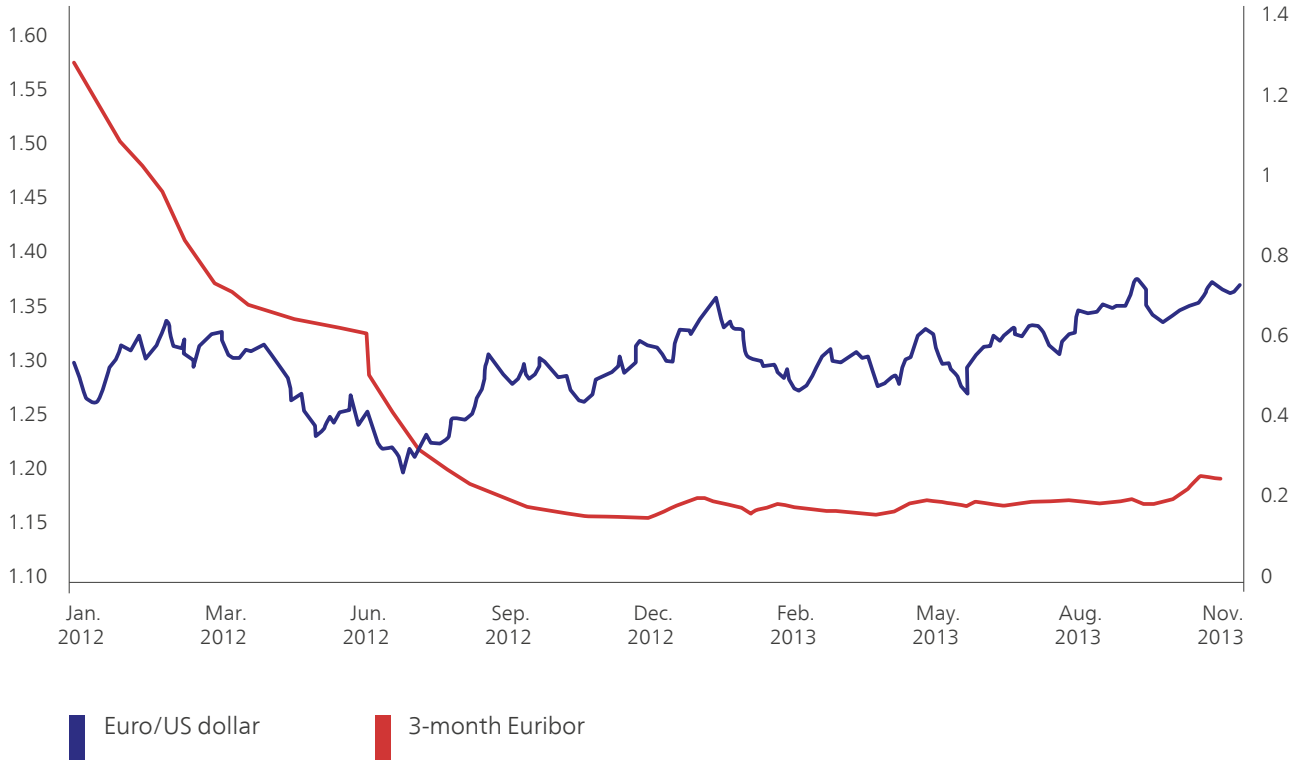
%

	2013	2012
Italy	**-1.8**	**-2.6**
Spain	-1.2	-1.6
Portugal	-1.5	-3.2
Belgium	0.2	-0.1
Greece	-3.6	-6.4
France	0.2	-
Bulgaria	0.8	0.8
Romania	3.5	0.7
Slovakia	1.3	1.8
Russia	1.3	3.4
Argentina	5.5	1.9
Brazil	2.1	1.0
Chile	4.0	5.6
Colombia	4.0	4.2
Mexico	1.3	3.9
Peru	5.0	6.3
Canada	1.8	1.7
USA	1.9	2.8

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

Developments in the main market indicators

Money market

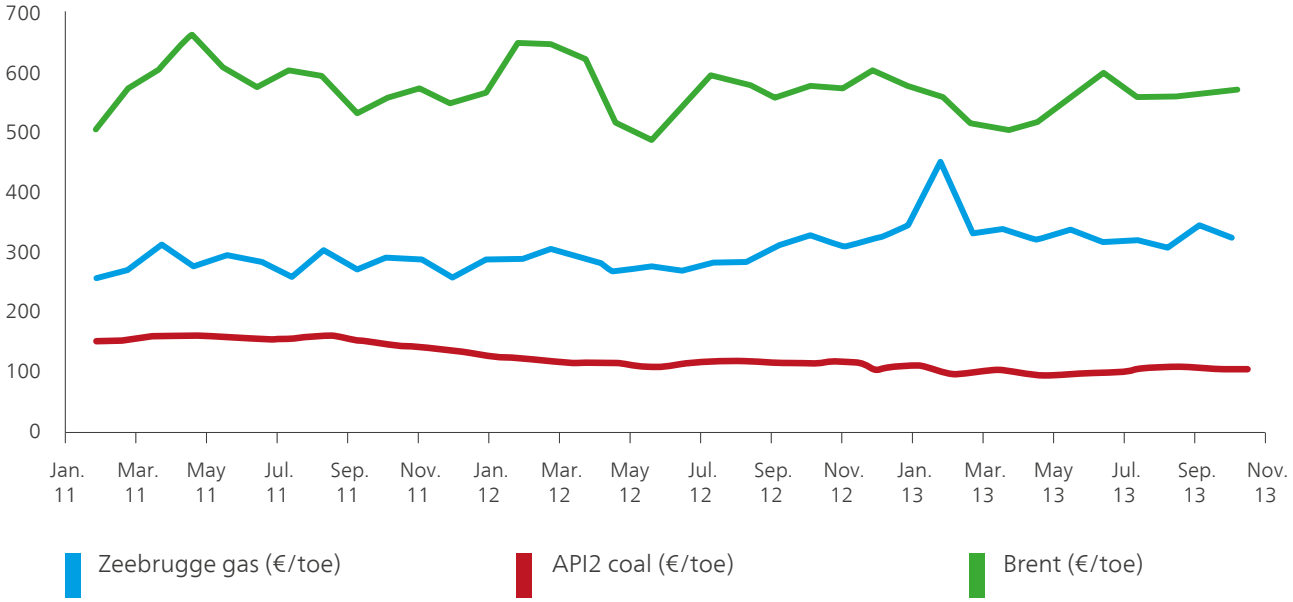


International commodity prices

In 2013, despite the continuing weakness of macroeconomic conditions, world oil consumption continued to grow rapidly, rising by 1.3% compared with 2012 (+1.1% between 2011 and 2012), compared with an annual average of 0.8% in the 2008-2011 period. The rise was driven primarily by growing demand in the developing economies of non-OECD countries (+1.2 million barrels/day), while demand in the OECD countries was virtually unchanged compared with 2012.

The supply of oil expanded by about 1% in 2013, although this was less than the sharp rise seen in 2012. A major driver of the expansion was output in North America, which grew by 8%, continuing the trend that began in 2009 and bring American supply back to its levels of the early 1990s. Excluding the increase in oil production in North America and the small fall in Europe and Africa, the output of non-OPEC countries has remained essentially unchanged since 2010.

Commodity prices



Despite some signs of a partial easing of tensions in the Middle East, in 2013 the price of oil remained high at close to $110/barrel. The recent agreement between six major world powers and Iran, which commits the middle eastern country to shelve its efforts to enrich uranium beyond 5%, could lead to a review of the embargo on its petroleum products in the next few months. However, the market did react to the news in any way, appearing more focused on short-term developments in fundamentals: although data on stocks show that the US market is well supplied, Libyan output continues to suffer from the disruptions caused by its delicate domestic situation. The recovery in oil prices also led to increases in the prices of refined products. Both European and North American prices for diesel and gasoline rose by between 1% and 3%.

Finally, the appreciation of the euro against the dollar (+3% compared with 2012) caused oil prices expressed in euros to fall.

Developments in 2013 underscored the importance of coal in the international energy mix, with an increase in world consumption in all OECD countries except North America, where coal was substituted by low-cost gas in electricity generation.

The average price of coal for delivery at the Amsterdam-Rotterdam-Antwerp hub (ARA CIF CIM) fell below its levels in 2012, at $82/metric ton in 2013, about $10 less than the previous year, continuing the downward trend under way since the peaks registered in 2010. The first signs of economic recovery in Europe and the positive outlook for developments in 2014 are sparking an increase, albeit a modest one, in prices. The market remains very weak, mainly because of the sharp competition with the gas in the United States and fears that over the medium term the emerging countries will not be able to sustain growth rates in line with those observed since the 2000s.

Despite world economic developments, the growth in gas consumption in 2013 was basically in line with the trends seen over the last decade, with no major differences between the advanced economies and the emerging countries. The increase in demand was accompanied by an expansion of production in all three OECD macro areas.

In the Italian gas market, the combination of weak demand (especially for thermal generation) and the slight increase in prices in northern Europe in 2013 caused the Italian spot price to converge towards that on European exchanges. The spot price of natural gas at the Zeebrugge hub in Europe rose from €25/MWh in 2012 to €27/MWh in 2013, an increase of 8%, thus reducing the price differential with the Italian virtual gas trading point from €3/MWh to €1/MWh.

The indexing of gas prices to those of petroleum products remains an important factor in European contracts, although the strength of the link has been reduced in recent years with the steady weakening of demand, producing what can be increasingly characterized as a buyer's market.

Electricity markets

Electricity demand

Developments in electricity demand

GWh

	2013	2012	Change
Italy	**317,144**	**328,220**	**-3.4%**
Spain	246,206	251,850	-2.2%
Portugal	49,057	50,495	-2.9%
France	494,986	489,520	1.1%
Greece	46,451	50,290	-7.6%
Bulgaria	32,192	32,463	-0.8%
Romania [1]	36,665	39,202	-6.5%
Slovakia	26,745	26,842	-0.4%
Russia [2]	767,804	769,418	-0.2%
Argentina	130,272	125,705	3.6%
Brazil	565,065	546,595	3.4%
Chile [3]	49,343	47,340	4.2%
Colombia	60,885	59,435	2.4%
Peru	39,789	37,321	6.6%
USA [4]	3,689,294	3,686,777	0.1%

(1) At September 30, 2013 and 2012.
(2) Europe/Urals.
(3) Figure for the SIC - Sistema Interconectado Central.
(4) Net of grid losses.
Source: Enel based on TSO figures.

In Europe electricity demand decreased in the Mediterranean countries, primarily due to the slowdown in industrial consumption. More specifically, in Italy (-3.4%), Spain (-2.2%), Greece (-7.6%) and Portugal (-2.9%) the negative performance of the industrial sector and the macroeconomic uncertainty had a decisive impact on the level of electricity demand. In the rest of Europe, electricity demand in 2013 expanded in France (+1.1%) and declined slightly in Russia (-0.2%). Demand continued to rise rapidly in Latin America, with significant increases in Colombia (+2.4%), Argentina (+3.6%) and Brazil (+3.4%) and even larger gains in Chile (+4.2%) and Peru (+6.6%).

Italy

Domestic electricity generation and demand

Millions of kWh

	2013	2012	Change	
Net electricity generation:				
- thermal	182,528	207,331	(24,803)	-12.0%
- hydroelectric	52,515	43,260	9,255	21.4%
- wind	14,886	13,333	1,553	11.6%
- geothermal	5,305	5,251	54	1.0%
- photovoltaic	22,146	18,631	3,515	18.9%
Total net electricity generation	**277,380**	**287,806**	**(10,426)**	**-3.6%**
Net electricity imports	42,153	43,103	(950)	-2.2%
Electricity delivered to the network	**319,533**	**330,909**	**(11,376)**	**-3.4%**
Consumption for pumping	(2,389)	(2,689)	300	11.2%
Electricity demand	**317,144**	**328,220**	**(11,076)**	**-3.4%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2013).

Domestic *electricity demand* in 2013 decreased by 3.4% compared with 2012, to 317,144 million kWh. Of total electricity demand, 86.7% was met by net domestic electricity generation for consumption (86.9% in 2012) with the remaining 13.3% being met by net electricity imports (13.1% in 2012).

Net electricity imports in 2013 declined by 950 million kWh, mainly as a result of the fall in demand and overcapacity on the domestic market.

Net electricity generation in 2013 decreased by 3.6% or 10,426 million kWh to 277,380 million kWh. More specifically, in an environment of depressed electricity demand, the increase in hydroelectric generation (9,255 million kWh), mainly attributable to improved water availability conditions, and the rise on other renewables generation (photovoltaic generation up 3,515 million kWh and wind generation up 1,553 million kWh) as a result of the expansion in installed capacity in the country, led to a reduction in thermal generation of 24,803 million kWh.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2013	2012	Change	
Gross electricity generation - ordinary regime:				
- thermal	64,882	93,314	(28,432)	-30.5%
- nuclear	56,827	61,470	(4,643)	-7.6%
- hydroelectric	33,970	19,455	14,515	74.6%
Total gross electricity generation - ordinary regime	**155,679**	**174,239**	**(18,560)**	**-10.7%**
Consumption for auxiliary services	(6,337)	(7,889)	1,552	19.7%
Electricity generation - special regime	110,823	102,293	8,530	8.3%
Net electricity generation	**260,165**	**268,643**	**(8,478)**	**-3.2%**
Net electricity exports (1)	(8,001)	(11,770)	3,769	32.0%
Consumption for pumping	(5,958)	(5,023)	(935)	-18.6%
Electricity demand	**246,206**	**251,850**	**(5,644)**	**-2.2%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Balance eléctrico diario Peninsular* - December 2013 report). Volumes for 2012 are updated to October 2, 2013.

Electricity demand in the peninsular market in 2013 declined by 2.2% compared with 2012 to 246,206 million kWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in 2012 fell by 32.0% compared with 2012.

Net electricity generation in 2013 decreased by 3.2% or 8,478 million kWh. Developments in the electricity market, and consequently in electricity generation, were entirely analogous to those in Italy, with a sharp decline in conventional thermal generation (-30.5%) and nuclear output (-7.6%), essentially due to higher hydroelectric generation (74.6%), owing to improved water conditions compared with the previous year, and higher output under the special regime (8.3%), as well as lower market demand.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2013	2012	Change	
Gross electricity generation - ordinary regime:				
- thermal	13,175	14,399	(1,224)	-8.5%
Total gross electricity generation - ordinary regime	**13,175**	**14,399**	**(1,224)**	**-8.5%**
Consumption for auxiliary services	(784)	(850)	66	7.8%
Electricity generation - special regime	1,050	1,021	29	2.8%
Net electricity generation	**13,441**	**14,570**	**(1,129)**	**-7.7%**
Net imports	1,269	570	699	122.6%
Electricity demand	**14,710**	**15,140**	**(430)**	**-2.8%**

Source: Red Eléctrica de España (*Balance eléctrico diario Extrapeninsulares* - December 2013 report).

Electricity demand in the extra-peninsular market in 2013 decreased by 2.8% compared with 2012 to 14,710 million kWh. Demand was almost entirely met by net domestic generation for consumption.

Net electricity imports in 2013 amounted to 1,269 million kWh and regarded trade with the Iberian peninsula.

Net electricity generation in 2013 fell by 7.7% or 1,129 million kWh as a result of lower thermal generation (-8.5%), which was only partially offset by greater output under the special regime.

Electricity prices

Electricity prices

	Average baseload price 2013 (€/MWh)	Change in baseload price 2013-2012	Average peakload price (€/MWh)	Change in peakload price 2013-2012
Italy	**63.0**	**-16.6%**	**70.3**	**-17.6%**
Spain	44.3	-6.3%	50.7	-3.7%
Russia	24.8	4.3%	28.6	4.0%
Slovakia	37.2	-13.2%	48.9	-10.6%
Brazil	91.5	38.5%	207.0	20.2%
Chile	116.0	-23.4%	221.6	-16.3%
Colombia	71.5	43.0%	165.4	45.9%

Developments in prices in the main markets

Eurocents/kWh

	2013	2012	Change
Final market (residential): (1)			
Italy	15.0	14.5	3.4%
France	10.1	9.9	2.0%
Portugal	12.1	11.1	9.0%
Romania	8.9	8.0	11.3%
Spain	17.5	17.7	-1.1%
Slovakia	13.8	14.0	-1.4%
Final market (industrial): (2)			
Italy	11.2	11.9	-5.9%
France	7.7	8.1	-4.9%
Portugal	10.2	10.5	-2.9%
Romania	9.0	8.3	8.4%
Spain	11.7	11.6	0.9%
Slovakia	12.4	12.7	-2.4%

(1) Half-year price net of taxes - annual consumption of between 2,500 kWh and 5,000 kWh.
(2) Half-year price net of taxes - annual consumption of between 500 MWh and 2,000 MWh.
Source: Eurostat.

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2013				2012			
Power Exchange - PUN IPEX (€/MWh)	63.8	57.4	65.5	65.2	81.2	73.5	81.5	65.7
Average residential user with annual consumption of 2,700 kWh (eurocents/kWh): price including taxes	19.1	18.9	19.2	19.0	17.3	19.1	19.1	19.4

Source: Energy Markets Operator; Authority for Electricity and Gas.

In Italy, the average uniform national sales price of electricity on the Power Exchange fell by 16.6% compared with 2012. The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas rose by 1.7% in 2013, mainly owing to the increase in the A3 rate component covering costs for incentives for renewable generation.

Natural gas markets

Gas demand

Millions of m^3

	2013	2012	Change	
Italy	70,087	74,929	(4,842)	-6.5%
Spain	28,662	31,183	(2,521)	-8.1%

Demand for natural gas in 2013 fell in both Italy and Spain. The decline is mainly attributable to the adverse economic climate and changes in the mix of generation sources, characterized by the growing use of renewable energy.

Italy

Domestic gas demand

Millions of m^3

	2013	2012	Change	
Residential and civil	30,061	30,832	(771)	-2.5%
Industrial and services	16,651	16,872	(221)	-1.3%
Thermal generation	21,224	24,952	(3,728)	-14.9%
Other [(1)]	2,151	2,273	(122)	-5.4%
Total	**70,087**	**74,929**	**(4,842)**	**-6.5%**

(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 2013 amounted to 70,087 million cubic meters, a decrease of 6.5% on the previous year.
The contraction in consumption for thermal generation, essentially the result of lower generation volumes, was compounded by a decrease in consumption for domestic and civil uses, attributable to the impact of colder weather in 2012.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2013				2012			
Average residential user with annual consumption of 1,400 m^3 (eurocents/m^3): price including tax	92.8	88.9	88.4	85.8	86.4	87.9	90.2	91.2

Source: Authority for Electricity and Gas.

The annual average sales price of natural gas in Italy increased by 0.1% in 2013.

Regulatory and rate issues

The European regulatory framework

Internal Energy Market

In February 2011, the European Council set an objective of integrating European energy markets by 2014, with the intention of creating a single market for electricity and gas, offering consumers full freedom of choice in an environment of fair and competitive prices, promoting renewables and ensuring and improving the security of supply. To this end, the Council mandated the Commission, the Agency for the Cooperation of Energy Regulators (ACER) and the European networks of transmission system operators for electricity and gas (ENTSO-E and ENTSO-G) to develop European Network Codes. These Codes are intended to define a set of common, harmonized rules to facilitate the management of cross-border issues with a systematic, coordinated approach. In 2013, the process of developing and approving numerous electricity network codes made full progress in the three Market, System Operation and Grid Connection macro-areas.

In parallel, in order to achieve the public-interest objectives mentioned above, the Member States may independently undertake actions that, if not appropriately designed and coordinated at the European level, could have a distortive impact on the operation of the internal energy market. Accordingly, with specific regard to electricity markets, in November 2013 the Commission published a package of non-binding guidelines for Member States concerning public intervention involving: i) the adequacy of generation capacity; ii) support schemes for renewables and cooperation mechanisms; and iii) developing demand response.

Regulation on over-the-counter derivatives, central counterparties and trade data repositories (EMIR)

The main implementing measures for Regulation 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, which had entered force on August 16 of the previous year, were published as Delegated Regulations of the European Commission on February 23, 2013.

The Regulation, commonly referred to as EMIR (European Market Infrastructure Regulation), introduces new rules governing centralized clearing and risk mitigation for OTC derivatives. Non-financial institutions are required to use centralized clearing and adopt certain risk mitigation techniques only in cases in which the positions that they and other non-financial companies in the same group have taken in OTC derivatives (only for those not used to hedge commercial risk) exceed the specified clearing thresholds.

A number of the EMIR requirements came into effect starting from March 15, 2013. These include certain risk mitigation techniques for OTC derivatives that are not subject to centralized clearing obligations and a requirement for non-financial institutions to monitor their OTC derivatives positions to ensure that they do not exceed the clearing thresholds. Additional risk mitigation requirements took effect on September 15, 2013.

As from February 12, 2014, a daily reporting obligation for all derivatives transactions carried out by European companies took effect.

Emissions trading scheme

Since 2005, Enel Group installations in Europe have been required to participate in the EU ETS, a market-based system for reducing greenhouse gas emissions. Operators are expected to reduce their emissions by 21% by 2020 (compared with 2005 levels). On January 1, 2013 the third phase of implementation (2013-2020) began. This phase envisages a series of major changes introduced by Directive 2009/29/EC and subsequent regulations in order to improve the efficiency, transparency and effectiveness of the system.

The main change regards the method for allocating emissions allowances. The free allocation of allowances will gradually be replaced by an auction system. The power generation sector will be required to purchase 100% of its allowances through auctions as from January 2013. The proceeds of the auctions are managed by the Member States, who must however use at least 50% of the revenues to finance projects involving low carbon technologies (carbon

capture and storage, renewable resources, etc.).
During 2013 the establishment of the Single European Union Registry was finalized, replacing the national registries in accounting for emissions allowances and increasing the security and transparency of the emissions allowance market.
In November 2013, a new Registries Regulation was approved, defining the flexibility calculation rules (use of international credits for compliance purposes) for the third phase. With the exception of "new entrants", no additional flexibility is envisaged for 2013-2020. However, it will be possible to use the residual flexibility from phase 2 until 2020.
Also in November last year, the monetization of the final tranche of 100 million EUAs of the New Entrant Reserve (NER 300) by the European Investment Bank (EIB) was begun. The proceeds will be used to finance pilot projects in the innovative renewable resources field and in carbon capture and storage (CCS) technologies.
As regards the inclusion of international flights under the EU ETS in 2012, following numerous suits filed by a number of non-European airlines, the compliance obligation under the EU ETS was limited to European air space until a global solution for reducing emissions in the aviation sector can be reached.
Finally, in December 2013, the Decision amending the ETS Directive to formally authorize the European Commission to change the calendar of auctions for phase 3 was approved, postponing (back-loading) the sale of 900 million allowances in order to reduce the excess short-term supply on the carbon market.

Industrial Emissions Directive

As part of the process of implementing the Industrial Emissions Directive (Directive 2010/75/EU), the European Commission is working to update the reference document on best available techniques for large combustion plants (BREF LCP), which includes the emissions levels associated with the best available technologies to be considered in the permitting process. In the 2nd Half of 2013, a consultation was conducted on the first draft presented by the Commission. The completion of the review process scheduled for the end of 2014 could be delayed until the early months of 2015.

Regulation on the submission and publication of data in electricity markets

Following the comitology process, on June 15, 2013, the Regulation on the submission and publication of data in electricity markets (Commission Regulation 543/2013/EU) was published. The regulation determines the minimum set of data on generation, transportation, consumption and balancing that must be made available to electricity market participants for subsequent central collection and publication. The European Network of Transmission System Operators for Electricity (ENTSO-E) will be responsible for establishing a central information transparency platform, which will aggregate and publish the data received from TSOs and other data providers.

The 2030 climate and energy package

On January 22, 2014, the European Commission published the 2030 climate and energy policy framework, composed of the following documents:

> a communication on the European policy for climate and energy through 2030, envisaging:
  - a binding EU-level target to reduce greenhouse gas emissions by 40% compared with 1990, with a larger reduction for the ETS sector (-43% compared with 2005);
  - a binding EU-level target to achieve 27% of final energy consumption from renewables (not translatable into national targets);
  - no energy efficiency target;
  - a new governance framework based on national plans for competitive, secure and sustainable energy to ensure greater harmonization of Member State policies;
> proposed legislation to introduce an automatic adjustment mechanism for the supply of allowances in the European Emissions Trading Scheme (EU ETS);
> a communication on energy prices to compare the components of final prices across the Member States and types of customer;
> a communication on exploration and production of non-conventional hydrocarbons (in particular, shale gas).

The Italian regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into Italian law with Legislative Decree 79/1999. This decree provided for the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.

The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.

The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies.

As regards the model for unbundling transport from other non-network activities, with Resolution 515/2013/R/gas, the Authority mandated the transition to ownership unbundling pursuant to Directive 2009/73/EC.

Sales

Electricity

Retail market

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard services" market (for large customers not eligible for enhanced protection services).

Free-market operators are awarded contracts to provide safeguard services on a geographical basis through three-year auctions. Enel Energia was awarded contracts to provide safeguard services to five of the twelve areas subject to auction for the 2011-2013 period (Umbria and Marche; Sardinia; Campania; Basilicata and Calabria; Sicily).

In October 2013 the Authority revised the rules for awarding and delivering the service as from 2014, reorganizing the territories and reducing their number from twelve to ten. The decree of the Minister for Economic Development of November 6, 2013, confirmed the three-year duration of the service. Following the new auction for the 2014-2016 period, Enel Energia was awarded five of the ten new areas (Veneto, Emilia Romagna and Friuli Venezia Giulia; Sardinia; Campania and Abruzzo; Calabria; Sicily).

By contrast, enhanced protection service is provided by sellers connected with distributors (Enel Servizio Elettrico for customers connected to Enel Distribuzione's network). The prices and related terms are set by the Authority and are updated quarterly based on criteria designed to ensure that the operators' costs are covered.

Operators set their own prices for free market services, with the Authority's role limited to setting rules to protect both customers and operators.

In this role, the Authority has adopted a number of measures aimed at containing operators' credit risk, which has risen in recent years due to the economic crisis and the lack of rules barring customers from switching suppliers solely to avoid paying their utility bills.

Gas

Retail market

Legislative Decree 164/2000 established that as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.

However, alongside this operators must offer a safeguard service to their customers (only for residential customers pursuant to Decree Law 69 of June 21, 2013), together with their own commercial offers, at the regulated prices established by the Authority.

If there is no company supplying this service, the continuity of supply for small customers not in arrears on bill payments (residential and other uses with an annual consumption of less than 50,000 standard cubic meters) and for users involved in providing public services shall by ensured by the supplier of last resort. If the customer is in arrears

with bill payments or it is not possible for the supplier of last resort to provide service, supply continuity is ensured by the default distribution supplier selected annually, like the supplier of last resort, through voluntary tenders for geographically-based contracts. For the period October 1, 2013 - September 30, 2014, Enel Energia was awarded default service contracts in all areas covered by the auction.

On October 1, 2013, the reform of the financial terms and conditions applied to safeguard customers entered force. More specifically, the Authority modified the procedures for determining raw material component (QE), which had long been indexed to oil prices, indexing it fully to spot market prices and introduced graduality components to facilitate the transition to short-term provisioning policies. In order to link prices more closely with costs, the Authority also increased the component covering retail sales costs (QVD) by 50%.

Generation and Energy Management

Electricity

Generation and wholesale market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 and can be performed by anyone possessing a specific permit.

The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (EMO), and through organized and over-the-counter platforms for trading forward contracts. The organized platforms include the Forward Electricity Market (FEM), managed by the EMO, in which forward electricity contracts with physical delivery are traded. Trading can also be conducted in derivatives with electricity as their underlying are traded. The organized market for such transactions is the forward market (IDEX), operated by Borsa Italiana, while financial derivatives can also be negotiated on OTC platforms.

Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at retail, and to the Single Buyer, whose duty is to ensure the supply of energy to enhanced protection service customers.

In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market (ASM), where Terna procures the required resources from generators.

The Authority and the Ministry for Economic Development are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the Authority has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the Authority.

Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year identified in advance by the grid operator to ensure the secure operation of the national electrical system receive a special fee.

In August 2011, the Authority published Resolution 98/2011, which establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years. The initial auctions will be held following approval by the Ministry for Economic Development of the new mechanism developed by the Authority.

In order to cope with emergencies in the gas system, such as the one that occurred between February 6 and 16, 2012, Decree Law 83/2012 – ratified with Law 134 of August 7, 2012 – requires the identification on an annual basis as from the 2012-2013 gas year of thermal generation plants that can contribute to the security of the system thanks to the use of fuels other than gas. Such plants, which are different from those essential to the electrical system, are entitled to reimbursement of the costs incurred in ensuring availability in the period from January 1 to March 31 of each gas year on the basis of the procedures established by the Authority.

Gas

Wholesale market

The extraction, import (from EU countries) and export of natural gas have been liberalized.

According to the provisions of Legislative Decree 130/2010, operators cannot hold a market share that exceeds 40% of domestic consumption. This limit may be raised to 55% if the operator commits to creating 4 billion cubic meters in new storage capacity by 2015. Under this provision, the Ministry for Economic Development approved Eni's proposed plan to create new storage in early 2011. Following the approval of the Parliamentary committees and the positive opinion of the Authority, on March 6, 2013, the ministerial decree approving the rules for the natural gas forward market was signed, with operations beginning on September 2, 2013. The forward market completed the structure of the Italian wholesale market, joining the spot trading platform (the "Gas Exchange"), which has been operating since 2010, and the balance market begun in December 2011 under the rules set by the Authority.

To foster the integration of the Italian market with the European market, in compliance with EU rules, in 2012 the Authority, following the start of daily auctions for the release of contracted but unused capacity on the TAG (the gas interconnector between Austria and Italy), introduced mechanisms to foster the transit of spot gas through the Tarvisio entry point. In 2013, these measures were extended to the Passo Gries entry point.

Transport, storage and regasification

Transport, storage and regasification (of LNG) are subject to regulation by the Authority, which sets the rates for engaging in these activities at the start of each regulatory period (lasting 4 years) and updates them annually over the same period using established mechanisms.

Storage is carried out under a concession (for a maximum of 20 years) issued by the Ministry for Economic Development to applicants that satisfy the requirements of Legislative Decree 164/2000. LNG activities are subject to the grant of a special ministerial permit. Access to transport, storage and regasification capacity is provided through non-discriminatory mechanisms established by the Authority, in order to guarantee third-part access (TPA). The Ministry for Economic Development may grant an exemption from the TPA rules to companies that own storage or regasification plants or cross-border gas interconnectors. The exemption is granted upon the explicit request of the companies involved and on the basis of an assessment of the benefits of the infrastructure for the system.

Infrastructure and Networks

Electricity

Distribution and metering

Enel Distribuzione provides distribution and metering within the Infrastructure and Networks Division under a 30-year concession set to expire in 2030.

The distribution rates are set by the Authority at the start of each regulatory period (lasting 4 years) based on covering the total cost of providing distribution and metering services, considering operating costs and depreciation, and provide an appropriate return on capital.

The rate component covering operating costs is updated annually using a price-cap mechanism (i.e. based on the inflation rate and an annual rate of reduction of unit costs called the X-factor). The return-on-capital and depreciation components are revised each year to take account of new investments, depreciation and the revaluation of existing assets using the deflator for gross fixed capital formation.

For the first two years of the fourth regulatory period (2012-2013) the Authority set a return-on-capital for distribution and metering activities for the period at 7.6%. For 2014-2015, the Authority updated the rate to 6.4% on the basis of the yield on 10-year Italian government bonds (BTP).

Increases of the WACC of 1% were envisaged for investments as from 2012 and further increases (between 1.5% and 2%) are also envisaged for certain categories of investments (for example, medium-voltage lines in historical town centers, connection in areas with a high density of renewables generation). The X-factor used in updating the operating costs component is 2.8% for distribution and 7.1% for metering.

With Resolution 607/2013, the Authority amended the regulatory treatment of one-off connection fees, establishing that for the purposes of determining rates, they shall be considered as an adjustment of recognized capital employed rather than as recognized operating expense, as they had been considered previously.

Electricity distribution is also subject to service quality rules, under which the Authority establishes the annual trend lev-

els for the following service continuity indicators for customers connected to low-voltage service:

> duration of long service interruptions;

> number of long and short interruptions.

Each year distributors receive bonuses or penalties depending on whether their actual performance as determined using these efficiency indicators is better or worse than the established trend values.

Energy efficiency

White certificates

Energy efficiency in final uses has been promoted in Italy through the Energy Efficiency Certificate mechanism (white certificates) launched on January 1, 2005 in accordance with the provisions of the related decrees of July 20, 2004.

Those decrees, which were subsequently amended and updated in 2007, set national energy savings targets for the period 2005-2012. The targets must be achieved each year by distribution companies.

To demonstrate that they have achieved their targets and avoid penalties, distributors must deliver a number of certificates at least equal to a specified percentage of their requirement to the Authority by May 31 of each year.

The Authority covers part of the costs incurred to achieve the target through a rate subsidy that in 2012 was equal to €86.98/toe for each certificate delivered.

With a decree issued on December 28, 2012, the Ministry for Economic Development set new and rising energy savings targets for the 2013-2016 period.

In addition, for the 2013-2014 period only, the minimum percentage achievement obligation was reduced from 60% to 50%. The Ministry has established that the residual obligation can be covered over the subsequent two years (rather than in the following year, as provided for under the previous decrees).

With Resolution 13/2014, the Authority revised the procedure for determining the rate grant as from 2013, using the general criteria set out in the ministerial decree of December 28, 2012. More specifically, the Authority established a provisional grant at the start of each year and a definitive grant paid to distributors calculated at the end of each year on the basis of prices in trades on the organized market. The provisional grant for 2013 was set at €96.43/toe.

Renewable Energy

In Italy, a variety of mechanisms, differing by resource and size of plant, are used to encourage electricity generation from renewable resources. The objectives and support instruments are established by Parliament in a manner consistent with EU directives in this sector, while implementation is handled by the Energy Services Operator (ESO), which is responsible for managing incentives for renewables.

Solar power incentives - Energy Account

Photovoltaic plants receive incentive through the so-called Energy Account, which consists of the payment of feed-in premiums over and above the price of the electricity for power delivered to the grid over 20 years.

With the ministerial decree of July 5, 2012, the incentive system for photovoltaics was thoroughly overhauled in order to ensure the more orderly growth of the sector and realign tariffs with European averages. The Fifth Energy Account is based on a system of comprehensive feed-in tariffs that have been reduced by an average of 40% from the previous system. The decree sets an annual ceiling on total incentives (including those already paid out under the previous Energy Accounts) of €6.7 billion, which was reached on June 6, 2013. As a result the incentives under the Fifth Energy Account ended as from July 6, 2013.

Renewable resources other than solar power: green certificates and comprehensive tariffs

The primary incentive mechanism used is green certificates (introduced with Legislative Decree 79/1999). Under this system, electricity producers and importers are required to deliver a share of renewable energy. This obligation can be satisfied by purchasing green certificates from renewables generators.

The amount of the incentive depends upon the market value at which operators can purchase green certificates to meet their obligation. This market value is set within a range. The maximum value is equal to the price at which the ESO places the certificates it holds on the market (calculated as provided for in Article 2(148) of Law 244/2007), which came to €114.46/MWh of renewables generation in 2013. The minimum price is equal to the price at which the ESO withdraws green certificates exceeding the required share from the market. For the years in the period from

2012 to 2015, that price is set at 78% of the difference between an pre-set amount (€180/MWh) and the average sale price for electricity for the year. For 2013, the green certificate withdrawal price was €89.28/MWh.

Legislative Decree 28/2011, transposing Directive 2009/28/EC, and the associated ministerial decree of July 6, 2012, substantially revised existing incentive mechanisms for plants that will enter service as from January 1, 2013.

More specifically, small plants (with a capacity of up to 5 MW, as well as hydroelectric plants up to 10 MW and geothermal plants up to 20 MW) will receive incentives through a comprehensive feed-in tariff mechanism, with rates (set in the decree) differentiated by type and size of the plant. Larger plants will qualify for comprehensive incentives established on the basis of Dutch auctions run by the ESO. Plant owners must submit bids for a percentage reduction from the opening price, equal to the comprehensive rate for the last capacity bracket for small plants.

The green certificates mechanism will be gradually eliminated through:

> the progressive reduction of the mandatory share to zero by 2015;
> the provision of incentives to plants already participating in the green certificate system through rates equivalent to the current withdrawal value of certificates (as from 2015).

In order to ensure control of incentive costs, the decree of July 6, 2012 sets a ceiling of €5.8 billion on aggregate annual cost – including plants already receiving incentives through the green certificate system – of incentives for resources other than solar power.

Imbalancing for non-schedulable plants

In addition to direct incentives (special rates and green certificates), non-schedulable renewable resources were exempt from fees for imbalancing (the difference between actual power delivered to the grid and planned power deliveries defined on the basis of energy markets). With the increase in non-schedulable renewable resource plants – essentially photovoltaic and wind – the Authority, with Resolution 281/2012, decided to eliminate the previous exemption from imbalancing payments as from January 1, 2013, in order to foster better programming and integration of such plants into the national electrical system. In 2013, deductibles are envisaged to enable a gradual transition to the new rules.

Following an appeal lodged by a number of associations of renewables generators, the Regional Administrative Court of Lombardy voided provisions establishing fees for unbalancing charged to owners of plants powered with unschedulable resources.

After an appeal by the Authority, the Council of State, which postponed any decision on the substance of the resolution, specified that the provisions of Resolution 281/2012 necessary to ensure system security remained in force.

In implementation of the order of the Council of State, the Authority issued a resolution clarifying that, as from October 2013, imbalancing fees shall apply as necessary to ensure system security. For imbalances in previous months, settlement will be defined only after the Council of State has ruled on legitimacy of Resolution 281/2012, which is expected to be issued in 2014.

Iberia and Latin America

Spain

General information

The Spanish electricity system is mainly governed by Law 54/1997, which was amended by Law 17/2007 and Royal Decree Law 13/2012, among other acts, which transposed the provisions associated with the European Union's "Third Energy Package". The regulatory framework guidelines are as follows:

> electricity generation is conducted in under free market conditions;
> transport, distribution and renewables generation in the island and extra-peninsular areas, as well as the technical and financial operation of the system, are regulated;
> regulated activities are remunerated on the basis of the costs of an efficient and well-managed company. The law establishes the regulated return for the first regulatory period (until 2019), linking it to the yield on 10-year government securities plus 200 basis points for transport and distribution in the island and extra-peninsular areas and plus 300 basis points for renewables generation, high-efficiency cogeneration and generation from waste;
> the associated parameters applicable to regulatory cycles of 6 years;
> final markets are entirely liberalized; starting from July 1, 2009, consumers that satisfy certain conditions may opt to be served by a *Comercializadora de Referencia* (CRs) – formerly CURs (*Comercializadora de Ultimo Recurso*) – which apply the *Precio Voluntario para el Pequeño Consumidor* (PVPC) – formerly the TUR (*Tarifa de Ultimo Recurso*) – set by the government;
> connection fees are uniform across the country and are received by distributors who perform this service on behalf of the electricity system.

Wholesale market

All sales of electricity by generation companies are conducted through the bidding system managed by the market operator, OMEL (*Operador del Mercado Eléctrico*), which was formed in December 1997, since it operates the wholesale market, MIBEL (*Mercado Ibérico de Electricidad*), that covers the entire Iberian peninsula (Spain and Portugal). Integration of the Spanish and Portuguese markets was completed in July 2007 with a market-splitting mechanism where the interconnection is operated jointly. The hourly rate corresponds to the marginal price from the intersection of the supply and demand curves. The volumes of energy sold through bilateral contracts are not used in calculating the price, although they must still be reported to OMEL. All plants with an output of more than 50 MW are required to sell their electricity on the wholesale market. REE (*Red Eléctrica de España*) is the system operator and is responsible for the technical management and monitoring of the transmission network. In order to reduce the rate deficit, Law 15/2012 introduced a package of fiscal measures, including a tax on generation and one on the storage of fuel and residual by-products of nuclear power generation, a fee for using continental waters in hydroelectric generation equal to 22% of the revenues generated (the fee is reduced by 90% for plants with a capacity equal to or less than 50 MW and for pumping plants with a capacity of more than 50 MW), environmental taxes *("centesimo verde")* on the consumption of natural gas, coal, fuel oil and diesel fuel and a general tax on electricity generation equal to 7% of total revenues.

National coal subsidy (intervention in the operation of the wholesale market)

In September 2010, the European Commission granted the Spanish government's request to subsidize the use of domestic coal by power plants. In February 2011, a ministerial resolution was published establishing the main parameters for application of this mechanism, which should terminate on December 31, 2014.

Capacity payment

The capacity payment mechanism, whose remuneration adds to that for activities carried out in the wholesale market, is divided into three parts:

> reimbursement for investments in plants in service from January 1998;
> reimbursement for investments in improving the environment (installation of desulphurization technologies and other devices for reducing the environmental impact of coal plants);
> reimbursement for capacity availability.

Following the enactment of Royal Decree Law 9/2013, the amount compensated for the first category is equal to

€10,000/MW per year, with a doubling of the period initially set at 10 years, but will be eliminated for plants entering service as from January 1, 2016; for the second, it is €7,875/MW per year over 10 years; for the third and final category, it is €5,150/MW per year for combined-cycle (CCGT), coal and gas-fueled plants and reservoir-based hydroelectric plants and pumping plants that meet certain criteria on availability. The latter value is multiplied by availability coefficients based on the technology employed.

The cost of the capacity payments is covered by a rate component set periodically by the government and imposed on all end users.

Following the reform of July 2013, we are awaiting adoption of a royal decree to govern the capacity payment mechanism and mothballing. The general lines of the new mechanism provide for:

> the grant of subsidies for investment through auctions, if capacity adequacy is considered an issue;
> the restriction of the availability mechanism to combined-cycle plants and coal plants with remuneration proportionate to the hourly thermal capacity and a penalty mechanism for unavailability. The mechanism will be financed by generators in proportion to their schedulable contribution to peak demand.

Retail market. TUR and the social bonus

All end users have formally been participants in the free market since July 1, 2009. However, consumers with a contractual committed capacity of 10 kW or less are entitled to be charged the rate of last resort (*Tarifa de Ultimo Recurso* or TUR, now replaced by the *Precio Voluntario para el Pequeño Consumidor* or PVPC), which is established and regulated by the government and whose energy component is determined through quarterly auctions (Cesur).

Under the provisions of Royal Decree 485/2009, the Ministry sets the rate of last resort to be charged by suppliers of last resort. The Royal Decree also identifies the companies, including Endesa, with sufficient resources to act as the supplier of last resort.

Royal Decree Law 6/2009 also introduced a social measure (the social bonus), available starting from July 1, 2009 to all customers who meet certain income conditions set out in the decree. The social bonus is equal to the difference between the TUR (now the PVPC) and a reference rate. The social bonus is applied to customer bills by the sales companies and the related cost is borne by the generation companies based on a percentage set by the government. On February 7, 2012, the *Tribunal Supremo* ruled that the cost of the social bonus should not be borne by electricity companies. In applying the court's decision, ministerial order IET/843/2012, issued on April 25, 2012, modified the settlement system and determined that the mechanism would be financed through the access fee.

Following the reform of July 2013, we are awaiting the adoption of a royal decree governing the retail market, a royal decree reforming the mechanism for setting the energy component of the PVPC and a royal decree reforming the bono social mechanism, containing the following key measures:

> the definition of the portion of electricity at regulated prices linked to the exchange price, with the abolition of the Cesur auctions;
> the possibility of expanding the number of *Comercializadores de Ultimo Recurso* (CUR);
> the reintroduction of the financing of the bono social mechanism by companies or groups operating in the generation, distribution and sale of electricity in proportion to the sum of connection points and number of customers served.

Regulated costs, access rates and rate deficit

Under the current regulatory system, the main "regulated costs" of the Spanish electricity system pertain to remuneration for transport and distribution networks, financial resources for the authorities that manage the system (regulator, market operator, etc.), extra costs arising from extra-peninsular generation, subsidies for the special regime (*régimen especial*, i.e. renewable resources, electricity generation from waste and cogeneration) and the energy savings and efficiency plan.

In order to cover these costs, all customers pay an access rate set by the government annually (it may be adjusted quarterly to take account of changing market conditions). Royal Decree 1544/2011, published in November 2011, also requires producers to pay an access rate for energy delivered into the system of €0.5/MWh (in addition to paying for energy delivered, pumping plants pay equally for the 30% of electricity consumed).

Over the years, access rate receipts have not covered actual regulated system costs. This situation created a rate deficit.

Royal Decree Law 6/2009 set out a solution for reducing the annual deficit, with the goal of completely eliminating it by 2013, through the introduction of annual ceilings. In 2010, since the access rate levels approved continued to not re-

flect the actual cost of regulated activities, Royal Decree Law 14/2010 introduced a new deficit reduction path with the following limits: €5.5 billion for 2010, €3 billion for 2011 and €1.5 billion for 2012. On December 31, 2012, with Royal Decree Law 29/2012, the government eliminated the cap for 2012 (permitting the securitization of the entire deficit that will result) and the explicit reference to the "cost reflectivity" of rates as from January 1, 2013 (i.e. the adequacy of the access rates to cover "regulated costs"). The cumulative deficit at December 31, 2013 reached €25 billion.

Through 2013, the deficit was divided among five electric companies: Endesa, Iberdrola, Gas Natural Fenosa (responsible for 93% of the total), Hidroeléctrica del Cantábrico and E.ON.

Royal Decree Law 6/2009 established a new financing mechanism through which electric companies may sell their receivables to FADE (*Fondo de Amortización del Déficit Eléctrico*), which places them on the debt market. In January 2011, FADE was formed with the support of the government, with the securitization of the entire deficit generated up to 2012.

Law 24/2013 introduced a number of principles concerning the economic and financial sustainability of the electrical system:

> revenues must be sufficient to cover all costs. The latter will be financed with the access rates and financial mechanisms established by the regulations, with partial financing from the state budget;
> any rules that entail an increase costs or a reduction in revenues must include an equivalent offset to ensure balance;
> as from January 1, 2014, any annual deficits may not exceed annual system revenues by more than 2.5% (or a cumulative 5%). In addition, any deficits that are not offset by rate increases will be financed by all operators participating in the settlement system in proportion to their receivable;
> in any case, if the access rate includes components corresponding to prior-year deficits, rate levels may not be decreased.

The extra-peninsular electricity system

Article 12 of the law governing the electricity industry subjects the supply of electricity to extra-peninsular regions (the Balearic and Canary Islands) to common regulation based on the specific characteristics of their geographical location. This special regulation was established by Royal Decree 1747/2003 and the Ministerial Order of March 30, 2006, which created the implementing mechanisms.

The main feature of the extra-peninsular regulatory system is that electricity generation is subject to regulated prices, unlike on the Iberian peninsula. This remuneration was set so as to cover the costs of the activity and provide a return on capital employed. In order to receive the comprehensive rate, generation companies receive an indemnity corresponding to the difference between the two values, in addition to the market price for electricity sold.

Indemnities were to be financed from the State budget starting from 2013. During the transitional period (2009-2013), Royal Decree Law 6/2009 established a hybrid system under which extra-peninsular generation is financed by gradually increasing the portion covered by the general State budget and decreasing that borne by the electricity system.

Royal Decree Law 9/2013 then set the contribution from the State budget at 50%, but Law 24/2013 established an exception for 2013, funding all financing through the electrical settlement system.

Following the reform of July 2013, we are awaiting the adoption of a royal decree overhauling the remuneration system, introducing competitive auctions to determine the remuneration of fuel costs, modifying the reference values for logistics costs and limiting remuneration to plants with a regulatory useful life of less than 25 years. Law 24/2013 also established that for the first regulatory period (until the end of 2019) fixed costs would be remunerated with a spread of 200 basis points over the average yield of government securities in the two previous years.

With regard to the island electrical systems, on October 30, 2013, Law 17/2013 was published in the official bulletin. The legislation addresses the security of supply and the promotion of competition in the island and extra-peninsular electrical systems. The main aspects of the law regard:

> promotion of more efficient generation capacity: new plants may be admitted to the remuneration regime for the extra-peninsular electrical system (SEIE) for reasons of procurement efficiency and security, a status previously limited to cases where the demand coverage ratio was not satisfied;
> promotion of the entry of new operators: operators that hold more than 40% of the installed capacity will not be able to benefit from the SEIE remuneration system or from incentives for new plants. Exceptions are established for renewable power plants that have successfully passed through the competitive process, that hold a license or that are entered in the pre-assignment registry, or investments in modernization and efficiency enhancement that do not involve an increase in capacity or for

which no other agent has demonstrated an interest;

- ownership of pumping stations used to ensure the security of supply and the system as a whole, as well as the integration of unschedulable renewables generators, shall pass to system operators without prejudice to the ownership structure of plants already in operation. In other cases, projects will be approved using competitive procedures. Despite the foregoing, companies that hold a concession for the use of water resources or an administrative authorization but do not yet have a permit to enter service will retain ownership subject to the presentation of and compliance with a work plan and payment of a guarantee equal to 10% of the investment. As with the electrical system, regasification plants will be transferred to the system operator within six months;
- the new remuneration mechanism for new plants will be established by the Ministry of Energy in order to reduce generation costs and congestion;
- the fuel cost will be calculated on a competitive basis in accordance with the criteria of transparency, objectivity and non-discrimination;
- oversight by the Ministry and the system operator: the *Dirección General de Política energética y Minas* (DGPE) may reduce the remuneration due to operators if it should find a substantial reduction in plant availability or in the plant quality indices.

Distribution

Royal Decree 222/2008, published in February 2008, establishes the policies for remunerating distribution activities to ensure adequate service, offering incentives to improve service quality and reduce losses.

Each year, the competent Ministry sets the remuneration to be paid based on a proposal of the *Comisión Nacional de la Energía*. The remuneration is adjusted annually by comparing the investments made with the *Modelo de Red de Referencia*, a technical reference tool that calculates the grid's ideal development. Royal Decree Law 13/2012 reduced the remuneration of distribution for 2012 and called for a reformulation of the system, which culminated in the reform of July 2013. More specifically, Royal Decree Law 9/2013 and the royal decree implementing the detailed regulations established:

- a transitional period with remuneration based on an implicit regulatory asset base (RAB) and a rate of return equal to the average yield on Spanish government securities registered during the previous three months plus a spread of 100 basis points (for July-December 2013) or 200 basis points (for 2014);
- the introduction of a regulatory period until 2019 with remuneration based on an explicit RAB and a rate of return equal to the average yield on Spanish government securities during the previous two years plus a spread of 200 basis points. The rate of remuneration is defined in nominal pre-tax terms, while O&M costs are recognized on the basis of standard values (costs) corrected by efficiency coefficients. For investments, a system-level ceiling has been established at 0.12% of GDP, with a requirement for approval by the autonomous communities.

Law establishing the *Comisión Nacional de los Mercados y la Competencia*

Law 3/2013 reforms the architecture of the supervisory and regulatory bodies, centralizing functions with a new agency, the *Comisión Nacional de los Mercados y la Competencia* (CNMC), which incorporates the functions of a number of entities, including the *Comisión Nacional de la Competencia* (CNC) and the energy industry regulator (CNE). The Commission will have both general functions, such as safeguarding and fostering competition, and more specific duties in certain sectors and regulated markets. With regard to the energy industry, the CNMC will exercise supervisory and control functions over the electricity and natural gas segments, while other functions, such as settlement operations in the electrical system, have been transferred to the Ministry of Energy. The Commission began operations on October 7, 2013.

Latin America

The Division operates in Latin America (Argentina, Brazil, Chile, Colombia and Peru) through Endesa. Each country has its own regulatory framework, the main features of which are described below for the various business activities.

Generation

Under the regulations established by the competent authorities (regulatory authorities and ministries) in the various countries, operators are free to make their own decisions concerning investment in generation. Only in Argentina, following the change in energy policy in recent years, is there a regulatory framework that envisages greater public control of investments. In Brazil plans for new generation capacity are imposed by ministerial order, and this capacity is developed through auctions open to all.

All of the countries have a centralized dispatching system with a system marginal price. Usually, the merit order is created based on variable production costs that are measured periodically, with the exception of Colombia, where the merit order is based on the bids of market operators.

Currently, in Argentina and Peru regulatory measures are in place governing the formulation of the spot market price. In Argentina, the measure, adopted in 2002 following the economic and energy crisis that affected that country, is based on the assumption that there are no restrictions on the supply of gas in the country. Nevertheless, in view of the current financial challenges faced by the wholesale market, the government has announced its intention to modify the existing regulatory framework and, in 2013-2014, develop an electricity market based on a cost-plus model. By contrast, in Peru, intervention in the formulation of spot prices has been in place since 2008, when the existence of restrictions in the gas and electricity transport systems caused the authorities to adopt an emergency measure for defining an "ideal" marginal cost, assuming the absence of such restrictions on transport networks.

Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generation companies, with the expectation that this encourages new investments. Long-term sales contracts (up to 30 years) are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to 4 years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets. Auctions are gradually replacing the practice of regulators setting a nodal price for supplying electricity to regulated customers.

Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Distribution and sale

Distribution is performed mainly under concession arrangements, using long-term contracts (ranging from 30 to 95 years or in some cases with unspecified terms), with regulations governing prices and network access. Distribution rates are revised every four years (Chile, Peru and the region of Brazil served by Coelce) or five years (Colombia and the region of Brazil served by Ampla). As a result of the *Ley de Emergencia Económica* (the economic emergency law) of 2002, no rate reviews have yet been conducted in Argentina, despite rules mandating such revisions every five years.

In Chile, Brazil and Peru, distribution companies hold auctions to procure electricity for regulated market customers, while in Colombia sales companies negotiate prices directly with generation companies, passing through the average market price to end users. In general, all countries have implemented a remuneration approach based on the RAB and a rate of return tied to the WACC, which ensures remuneration of the capital employed. The liberalization of the end-user market is generally at a fairly advanced stage, though not yet complete. Eligibility thresholds are set at 30 kW in Argentina (20% of volumes in 2010), 3 MW in Brazil (30% of volumes), 0.3 MW in Chile (40% of volumes), 0.1 MW in Colombia (35% of volumes in 2010) and 0.2 MW in Peru (44% of volumes). Free-market customers can sign bilateral contracts with generation companies for electricity. The regulatory authorities set the rates for regulated market customers.

Limits on concentration and vertical integration

In principle, existing legislation permits companies to take part in a variety of activities in the electricity sector (generation, distribution, sales). Usually, greater restrictions are imposed on participation in transmission activities so as to ensure that all operators have adequate access to the network. There are special restrictions on generation and distribution companies holding stakes in transmission companies in Argentina, Chile and Colombia. Furthermore, in Colombia companies formed after 1994 may not adopt or maintain a vertically-integrated structure.

As to concentration within the industry, Argentina, Brazil and Chile have not set any specific restrictions on vertical or horizontal integration, while in Peru business combinations require prior authorization above certain thresholds. In Colombia, no company may control more than 25% of the generation and sales markets, while in Brazil, as previously mentioned, there are no explicit restrictions on integration in the electricity sector, although administrative authorization is required for business combinations that would result in market share of over 40%, or that involve a company whose annual turnover exceeds BRL 400 million (about €177 million).

Chile

Law 20.701 - Electricity Concessions Act

On October 14, 2013, Law 20.701 was published in the *Diario Oficial*. The law simplifies the process of granting electricity concessions for the expansion of the transmission grid.

Argentina

Resolution 95 - New remuneration for generation

On March 22, 2013, *the Secretaría de Energía* approved Resolution 95, which establishes a new methodology for remunerating generation companies. The new model should allow operators to recover fixed costs and variable costs and ensure a return on investment. The new regulations are applicable starting from February 2013. The new regulatory framework also establishes that CAMMESA will manage the procurement of fuels and the forward market once the existing contracts expire.

On December 27, 2013, the *Secretaría de Energía* approved Note 8376, which allows Endesa Costanera to postpone until 2014 the repayment of the excess revenues received in 2013 owing to the overlap of Resolution 95/2013 with the revenues from the availability contracts of the Costanera plant.

In addition, on December 30, 2013, CAMMESA announced the amounts concerning the availability contracts of the Costanera combined-cycle plants, making it possible to account for them for tax purposes in 2013.

Resolution 250/2013 - Approval of MMC revenues and offsetting against debts from the PUREE mechanism

On May 7, 2013 the *Secretaría de Energía* approved Resolution 250/2013, which determines the residual value of the MMC receivable (rate update scheduled for 2006 and only partially implemented) and allows it to be offset (until February 2013) against the corresponding debt in respect of the PUREE program (a mechanism of bonuses and penalties to encourage energy efficiency created with Resolution 745/2005) and other debts of Edesur in respect of the system. The resulting balance will be allocated to a specific fund created in November 2012 to finance investment in the distribution network. In addition, the *Secretaría de Energía* issued Note 6852 of November 6, 2013, extending the netting from March 2013 to September 2013.

Extension of emergency law

On October 11, 2013, the Parliament approved a two-year extension of the emergency law, Law 26.898, allowing the government to control final rates and use administrative resolutions to introduce exceptions to the laws governing the electricity sector and concession contracts.

New rate component

On November 23, 2012, the regulatory authority (ENRE) approved Resolution 347 increasing final rates through the introduction of a new rate component to finance investment in the distribution grid.

On January 3, 2014 the *Ministerio de Planificación Federal, Inversión Pública y Servicios* approved Resolution 3/2014 requiring the authorization of the *Subsecretaría de Coordinación y Control de Gestión* for investments from the Focede fund.

Resolution 1/2014 - Extraordinary fines for supply suspension

On January 3, 2014, ENRE approved Resolution 1/2014 establishing the methodology for determining the amounts of the extraordinary fines that Edesur will have to pay users affected by the suspension of supply in Buenos Aires in the final weeks of December and the early days of January.

International

Russia

Wholesale market

The process of reorganizing and privatizing the assets of RAO UES (the former state-controlled, vertically-integrated monopolist) was successfully completed, ending with the dissolution of RAO UES in July 2008. The generation assets, divided among around 20 generation companies, were acquired by domestic and foreign investors (in addition to Enel, the German company E.ON and the Finnish company Fortum also participated). RusHydro (the hydroelectric genco), Rosenergoatom (the company that manages nuclear power plants), InterRAO (the company engaged in trading and generating electricity in Russia and abroad) and the grid companies remained under state control.

Wholesale electricity and capacity sales were fully regulated until 2007. Electricity is mainly sold through a day-ahead market. In 2011, the temporary capacity market was replaced with the long-term capacity market (on an annual basis for 2011 and 2012 and on a multi-year basis starting from 2013) with the goal of ensuring sufficient long-term capacity availability and stable revenues for generation companies.

However, the government, in order to ensure stable capacity, has compiled a list of new plants (so-called DPMs) that are not included in the capacity market and that receive guaranteed remuneration (capacity payments) for ten years. In 2011, Enel OGK-5 placed two new gas combined-cycle plants in Nevinnomysskaya and Sredneuralskaya (410 MW each) into service that will take part in the DPM capacity payment system.

In 2011, the government appointed a working groups composed of industry experts and market players (including Enel OGK-5) to prepare a proposal for reforming the market. At the start of 2013, a proposed amendment to the plan for the electricity market was put forth envisioning a transition from a centralized capacity and energy market to a system based on bilateral contracts without separate remuneration for capacity, while maintaining existing DPM contracts (list of new plants identified by the government as excluded from the capacity market). The first version of this reform was discussed by the government in March 2013. The presentation of a second version, envisaged for some time between the 3rd and 4th Quarters of 2013, was postponed until the 2nd Half of 2014. The 1st Half of 2014 will be devoted to a revision of the heat market.

Financial guarantees in the wholesale market

An order of February 21, 2013, approved by the Market Council, introduced the use of financial guarantees in the wholesale market (day-ahead market and balancing market) conditional on monitoring conducted by a central authority (ZFR) to ensure the governance and timing of payments.

Decree 511 - Grid expansion strategy approved

On April 9, 2013 Decree 511 "on the grid expansion strategy" was published. Among its provisions, it envisages the following measures:

- the components remunerating transmission and distribution grids may not exceed 40% of the final rate;
- elimination of cross subsidies by 2022;
- introduction of possibility of diversifying the transmission rate applicable to major industrial customers on a regional basis;
- the privatization of a number of companies operating distribution grids, which will be assigned by auction. Control of one of the distribution companies, MRSK, will be divested in 2014;
- beginning in 2014, social bonus will be introduced for vulnerable consumers, who will be defined in future decrees.

Decree 449 - New approach for the promotion of renewable energy resources

On May 28, 2013, government Decree 449 "on the promotion of generation from renewable energy resources in the wholesale market" was published. The regulatory framework establishes remuneration similar to the capacity payment system for thermal plants (DPM) with limits on electricity volumes broken down by technology. The remuneration is granted through an auction system, the first of which carried out in September, on the basis of the minimum cost of capital declared, which is subject to a cap established by the government.

Approval of amendments to the tax code

Approval was given for changes to the MET rates (the tax on extraction) for oil and gas. The new formula for gas will be implemented as from July 1, 2014, and will bring greater clarity to the tax rules governing the sector.

Retail market

The market has been liberalized in several stages, with a gradual increase in the volumes of electricity and capacity available for sale on the free market. Since January 1, 2011, all volumes for non-residential customers are sold on the free market. In the retail market, the supply of power to residential customers is ensured by guarantee suppliers operating on a monopoly basis, while non-residential customers are free to choose their own suppliers. However, despite the approval of a number of measures designed to promote competition in the non-residential market, switching is still limited since the process involved is still too complex. On June 4, 2012, Decree 442 was published. The decree amends the pricing rules for the sales market and simplifies the procedures for switching suppliers by end users. More specifically:

- the procedures for calculating pricing and volumes for sourcing capacity on the wholesale and retail markets were aligned;
- end users will pay the actual grid costs incurred by suppliers;
- the remuneration of regulated suppliers (guarantee suppliers) may differ by the level of capacity available to individual customers;
- new principles for the competitive award of guarantee supplier licenses were introduced;

- regulator control of the financial condition of guarantee suppliers was enhanced;
- finally, as regards the opening of the market to competition, a number of measures hindering switching were eliminated.

Slovakia

General information

The wholesale market has been liberalized completely and has become increasingly liquid thanks to transparent, well-operated regional trading platforms. The Slovakia - Czech Republic - Hungary market coupling project seeks to improve the conditions necessary to increase liquidity and short-term balancing.

More than half of the electricity generated in Slovakia is produced by nuclear power plants, followed by conventional thermal and hydroelectric power. Lignite is the only domestic fossil fuel used in electricity generation. This is the reason its use is considered to be in the "general economic interest" and is regulated under special rules, which govern the operation of the Nováky power plant (ENO). The remuneration system will be in effect until 2020 and the local regulatory authority (URSO) recognizes the costs incurred by the plant in an annual decree.

The regulation of renewables generation underwent a sweeping reform with the enactment of Law 309/2009. The support mechanism uses a feed-in tariff guaranteed for 15 years. A further amendment of Law 309/2009 is expected for 2014, possibly accompanied by the introduction of a single buyer.

All customers can choose their own supplier and the market has been entirely liberalized since 2007. Final prices for residential customers and small and medium-sized companies are still regulated by URSO.

Decree on the regulation of the electricity industry

URSO Decree 221/2013 on the regulation of the electricity industry received final approval in July 2013. The main issues addressed can be summarized as follows:

- with regard to fees for access to the transmission and distribution grids (G-component), an access fee was levied on generators connected to the transmission or distribution grids. The fee was set at a maximum of €0.5/MWh for generators connected to the TSO grid and 30% of the capacity reserved for generators connected to the DSO grid;
- suppliers of auxiliary services and suppliers of electricity to the TSO grids, as well as hydro plants with an installed capacity of less than 5 MW, were exempted from the mechanism;
- as regards the must-run obligation of the ENO plant, the variable costs directly associated with the purchase of lignite, the purchase of CO_2 allowances and other costs (water, naphtha, other additives) will be considered as eligible costs and will be reimbursed. Fixed costs will be adjusted on the basis of the utilization factor of the plant.

Resolution on 2014 tariff for the ENO plant

URSO Decision 0014/2014/E was published on November 21, 2013. The decision sets a rate of €63/MWh for electricity generated using local lignite at the ENO plant in 2014. Rate revenues for 2014 will amount to about €93 million.

Romania

On July 1, 2007, Romania introduced European unbundling principles for electricity companies. As a result, separate companies were created for the management of the distribution grid and the sale of electricity, with separate administrative, accounting and management arrangements. All customers are also free to choose their own suppliers on the free market, again starting from that date. Customers that do not elect to choose their own suppliers are guaranteed service continuity by an implicit supplier. In addition, in June 2012 the Romanian government:

- transposed the Third Energy Package. In doing so it selected the independent system operator (ISO) model for the national transmission grid operator, decided to gradually eliminate regulated prices for end users of gas and electricity and introduced new measures to protect consumers and ensure the security of supplies;
- approved a law reforming the rules governing the independence and powers of the energy regulator (ANRE). The measures increase the independence and oversight powers of the regulator in energy markets.

Distribution

Electricity distribution rates are based on multi-year regulatory periods – the first period of three years (2005-2007), and subsequent periods of 5 years – to which a revenue cap

mechanism is applied. Regulated distribution revenues are calculated based on:

> remuneration of the regulatory asset base (RAB) through the WACC;
> recognition of operating and maintenance costs;
> recognition of grid losses;
> regulated asset depreciation.

For the second regulatory period (2008-2012), the authority applies an efficiency factor of not less than 1% to controllable operating costs. The rate for the regulated WACC is a real pre-tax rate of 10% and the target grid loss rate is 9.5% for 2012. Also during the second regulatory period, a total ceiling of 12% on annual distribution rate increases was imposed (ceiling determined in real terms, net of inflation).

The year 2013 will be treated as a stand-along year and the rate was increased by 5% from its 2012 level. In October 2013 a new rate methodology for the third regulatory period (2014-2018) was approved and published. The regulated return was set at 8.52% with an additional premium of 0.5% for investments in smart meters, subject to reductions in losses on the low-voltage grid.

Sales to regulated-market customers

The method for determining the price for regulated-market customers is based on the principle of completely covering the electricity purchase cost component in rates plus a margin of 2.5% on the cost of electricity. The Romanian regulator ANRE sets the energy portfolio for each supplier in terms of prices and volumes in order to arrive at a single, final tariff for the entire country.

The liberalization of the retail electricity market was completed in December 2013 for business consumers and will be completed by December 2017 for residential customers.

France

Enel sells electricity in France. The regulatory framework for the French market was considerably modified by the NOME Act (*Nouvelle Organisation du Marché de l'Électricité*), the main components of which are:

> access to nuclear-generated base electricity for alternative suppliers at regulated prices (known as ARENH or "*Accès Régulé à l'Électricité Nucléaire Historique*") for a 15-year transitional period, with volumes calculated annually on the basis of the volume of nuclear generation as a percentage of total consumption, with an annual ceiling of 100 TWh;
> every six months alternative suppliers can adapt requests for ARENH to the forecasts for the volume and profile of their portfolios and the share of nuclear energy used to cover consumption;
> responsibility for allocating ARENH volumes to alternative suppliers is assigned to regulator CRE;
> the French transmission network operator (RTE) is responsible for overseeing ARENH energy trades and an independent body (*Caisse des Dépôts et Consignation*) is responsible for managing cash flows;
> the ARENH price will be set with a ministerial decree, using the level of the TaRTAM (*Tarif Réglementé Transitoire d'Ajustement du Marché* – a rate set by the Ministry of Energy for those customers that had initially decided to switch to the free market. The ARENH mechanism replaced the TaRTAM) at December 31, 2010 as a benchmark; as from 2013 the ARENH price will be determined directly by CRE. The ARENH price was set at €40/MWh for 2010 and €42/MWh for 2012 and 2013;
> the Ministry was required to establish, by the end of the 1st Half of 2012, the regulatory framework for developing the capacity market, a mechanism that must ensure plant availability during peak periods. It is not yet certain whether interconnection capacity will be included, although it is possible that ways of incorporating it will be explored over the medium-term.

The debate on the energy transition

The debate on the energy transition announced by the French President in September 2012 was formally launched on November 20 by the Minister for Ecology, Sustainable Development and Energy. In order to develop recommendations to be incorporated in the energy policy act, originally scheduled for completion by the end of the 1st Half of 2013, a special expert group was established, whose composition was suggested by the Minister. A commission was then appointed to decide the content of the law on the energy transition to be presented to the Parliament by the end of 2014.

Independently of the debate, the President also announced a reduction of the share of nuclear power in the national generation mix from 75% to 50% by 2025 and the closure of the Fessenheim nuclear plant in 2016.

Capacity market: Decree 2012-1405

On December 18, 2012, Decree 2012-1405 was published in the Official Journal. As provided for under the NOME Act,

the decree introduces a capacity market. The mechanism requires sellers to provide a percentage margin over their expected supply peak. That obligation can be fulfilled by purchasing capacity certificates on the market. The certificates would be certified by the system operator (RTE). The system is a hybrid centralized-decentralized scheme, as although it charges the system operator with defining adequacy obligations, the latter will also depend on sellers' estimated shares of sales. The first year for delivery is scheduled to be 2016, to cover the winter of 2016-2017. Additional implementing rules were discussed in 2013.

Renewable Energy

Bulgaria

The Bulgarian incentive system primarily uses resource-based feed-in tariffs. On-shore wind plants, photovoltaic plants, hydroelectric plants of less than 10 MW and biomass plants of less than 5 MW are eligible for these incentives. The government made the following amendments to the law on renewable resources:

> the incentive period was reduced from 15 to 12 years for all resources, except for photovoltaic, for which the period was cut from 25 to 20 years;
> the rates are calculated annually (June) and are held constant during the entire incentive period (without indexing);
> eligibility for incentives takes effect as from the date the work is completed.

In March 2013, acting on an appeal filed by numerous private operators, the Supreme Administrative Court of Bulgaria revoked the measure of September 2012 that introduced a new grid access fee applicable to all renewable energy generation plants. In addition, in approving the 2014 Budget Act, two further measures charged to renewables generators were introduced, which take effect as from January 2014:

> a tax of 20% on profits from the sale of electricity;
> a cap on the amount of electricity that can be sold to the national market operator (NEK) at the preferential price.

France

Generation from hydroelectric, on-shore and off-shore wind, biomass, biogas, photovoltaic and geothermal plants is promoted in France with a feed-in tariff mechanism differentiated by resource, using long-term contracts with a term of 15 years (geothermal, on-shore wind and biomass) or 20 years (off-shore wind, photovoltaic and hydroelectric) that are inflation adjusted. Unlike other sources, photovoltaic power has a more complex incentive mechanism, as rates are adjusted on a quarterly basis using a coefficient that measures the level of demand for new concessions in the previous quarter. In order to ensure achievement of the planned targets by energy source (*Programmation Pluriannuelle des Investissements* - PPI), the French government has promoted the use of auction mechanisms for the development of ground-based photovoltaic plants with a capacity of more than 100 kW and off-shore wind plants. The French system also provides for the deployment of other forms of support on an annual basis depending on the resources available in the budget, with mechanisms such as accelerated depreciation and tax deductions of up to 33% for investments in the overseas departments.

Greece

The Greek incentive system uses a feed-in tariff differentiated by renewable energy resource. Rates for all sources are adjusted annually by the change in the Greek consumer price index (CPI) increased by 25%. The incentives are awarded through a 20-year contract for all resources, with the exception of roof-mounted photovoltaic systems with a capacity of less than 10 kW, which benefit from a 25-year contract. Resources that do not use local or European investment support systems receive a rate premium of 15-20%, with the exception of solar power.

In May 2013, Law 4153/2013 modified the tax on the revenues of existing renewable energy plants, orginally equal to 30% for photovoltaic plants and 25-30% for other renewables. With the change, the levy on photovoltaic plants has increased from 30% to 37-42% and from 27% to 34-40%, depending on the commercial operation date of the plant.

The tax, introduced in November 2012, is temporary (July 2012 - July 2014) but will very likely be extended for an additional year.

The same law also:

> modified conditions for receiving permits for new renewables plants;
> modified the calculation methods for determining the tax for financing renewable energy subsidies;
> changed the feed-in tariffs for new photovoltaic plants entering service as from June 1, 2013;

> suspended the issue of permits for connecting photovoltaic plants and PPAs until the end of 2013 (this was extended until December 2014 with Law 4223/2013).

Romania

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables (8.3% in 2010, rising to 20% in 2020). Owing to a shortage of supply of green certificates on the market, each year the Romanian regulator publishes the mandatory share, revised downward to balance supply and demand. The value of the green certificates varies on the basis of coefficients that differ by generation technology. More specifically, these are 2 green certificates per MWh of generation from biomass, geothermal and wind until 2017 (after 2017, 1 green certificate), 6 green certificates per MWh of generation from photovoltaic, and 3 green certificates per MWh of generation from hydroelectric for new plants. The price is expressed in euros/green certificate and is determined by law within a specified range (cap & floor). Sellers are subject to penalties in the event of non-compliance.

In June 2013, the Romanian government approved measure EGO 57/2013 temporarily modifying the green certificate system. The measures (which received final approval on December 17, 2013) include the temporary suspension (from July 1, 2013 to March 31, 2017) of trade in part of the green certificates due to renewables generators (1 green certificate per MWh for wind and mini-hydro and 2 green certificates per MWh for photovoltaic). Trading in the deferred green certificates could gradually resume after April 1, 2017 for photovoltaic and mini-hydro and after January 1, 2018 for wind, continuing until December 2020.

On December 16, 2013, Resolution 994/2013 was published. It reduced the number of green certificates for new plants as from January 1, 2014. More specifically, the new values are 1.5 certificates per MWh of wind generation until 2017 (after 2017, 0.75 green certificates), 3 certificates per MWh of photovoltaic output and 2.3 certificates per MWh of hydroelectric generation.

Spain

The Spanish incentive system for renewables, which was updated with Royal Decree 661/2007, was mainly based on feed-in tariff and feed-in premium mechanisms. All plants in operation prior to January 1, 2008 could elect one of the two incentive schemes by January 1, 2009. Following that date the election was frozen for the entire incentive period. As regards the feed-in premium system, Royal Decree 661/2007 also provides for a minimum and maximum range (cap & floor) for the value of the incentive differentiated by resource. As from September 28, 2008, with Royal Decree 1578/2008, photovoltaic systems are only eligible for the feed-in tariff mechanism, with tariff rates being updated during four annual windows (*convocatoria*) on the basis of the capacity registered in the previous reference period. Both tariff systems are all-inclusive and premiums are adjusted annually for inflation.

In 2009 the authorities established the criteria for the creation of a pre-register for access to the incentive mechanism for projects under the special regime.

With Royal Decree 1/2012, the Spanish government suspended the pre-register procedures and eliminated incentive mechanisms for new renewable energy projects not already entered in the register at the date the decree entered force.

Law 15/2012 introduced a tax of 7% on electricity generated with any technology and a royalty of 22% for the use of water for electricity generation (reduced by 90% for plants with a capacity of less than 50 MW).

Royal Decree 2/2013 eliminated the option of remuneration based on the market price plus a feed-in premium, leaving only the feed-in tariff option (price of energy included) or the market price, with no premium, and modified the basis of the indexing used for the feed-in tariff for renewables and cogeneration.

Royal Decree 9/2013 was approved in July 2013 as part of the reform of the electricity industry. For renewables and cogeneration, the legislation eliminated the feed-in tariff in favor of the market price, although if the market price is not sufficient to ensure "reasonable profitability" an additional amount per MW would be paid annually. The additional remuneration will be determined on the basis of standard operating expenses and investment levels of an efficient, well-managed enterprise and for clusters of plants. In February 2014 draft secondary legislation was announced, containing the reference parameters and the new remuneration rates. Following the period for comments from stakeholders

and after publication of the report of the *Comisión Nacional de los Mercados y la Competencia*, the legislation is scheduled to be approved by the end of March 2014.

Latin America

The development of renewable energy resources in Latin America is less diversified than in Europe. In particular, the territory has long had a large number of major hydroelectric plants. The main incentive approach involves long-term power purchase agreements (PPA), tax incentives and facilitated transport rates.

Brazil

The incentive system for renewable energy in Brazil was created in 2002 with the implementation of a feed-in mechanism (PROINFA), and was then harmonized with the sales system for conventional power using competitive auctions. The auctions are divided between new plants and existing plants and comprise:

- *Leilão Fontes Alternativas,* in which all technologies compete;
- *Leilão Energia de Reserva,* in which a single technology competes. These auctions are normally organized to increase reserve capacity and/or promote the development of certain technologies (such as renewables).

At present, the auctions are divided into A-1 (normally for existing plants), A-3 and A-5 auctions on the basis of the generator's obligation to supply the energy awarded after one, three or five years. An auction typically has two phases: the descending-clock phase in which the auction organizer establishes the opening price for the auction and the generators submit decreasing bids; and the pay-as-bid phase in which the remaining generators further reduce the price until the supply of power covers all the demand up for auction. The winning bidders are granted long-term contracts whose term varies by resource: 15 years for thermal biomass plants, 20 years for wind plants and 30 years for hydroelectric plants.

The Brazilian auction mechanism is used for all renewable resources, with the exception of hydroelectric plants with a capacity of more than 30 MW.

On March 6, 2013, the National Council for Energy Policy published Decision 3/2013 with amendments of the algorithm used for calculating the exchange price (PLD). Pending the implementation of the new model, as from August 1, 2013, the resolution introduces a transitional model providing for two separate prices in the wholesale market (PLD1 and PLD2).

On July 10, 2013, the Ministry of Energy set December 13, 2013 as the date for the next auction of A-5 energy, with supply starting as from January 2018, while on August 15 the Ministry of Energy set November 18, 2013 as the date for the next auction of A-3 energy, with supply starting as from January 2016. The winning bidders are granted long-term contracts whose term varies from 20 to 30 years depending on the technology. Solar projects will be eligible to participate for the first time.

Finally, on October 30, 2013, the state of Pernambuco set December 20, 2013 as the date for the first auction reserved for solar power only. The winning bidders will be awarded long-term sales contracts with a term of 20 years, with supply starting as from May 1, 2015.

Chile

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale through distributors or sales companies. The law sets a level of 5% of all power under contract after August 31, 2007. Between 2010 and 2014, the proportion of electricity from renewables will remain at 5%, before rising by 0.5 points a year to reach a share of 10% by 2024. The current mechanism establishes penalties for failure to achieve the mandatory share. The Chilean government is currently discussing the possibility of increasing the mandatory share from 10% in 2024 to 20% in 2020. The *Consejo Asesor para el Desarrollo Energético* (CADE), which was charged with analyzing the Chilean energy market, produced a report recommending a renewables target of 15% by 2024. The proposal to set the target at 20% by 2020 was recently approved by the Senate and is currently being examined by the Energy Committee of the Chamber of Deputies. All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW.

As part of the process of revising the long-term targets in support of renewable energy resources, on October 22, 2013, Law 20698 was published. It establishes that a certain percentage of total contractual electricity supplied to the electrical system shall be generated from renewable resources. More specifically, for contracts signed between 2007 and 2013, the target is 10% by 2024, while for contracts signed after 2013 the target is 20% by 2025.

On March 8, 2013, *Decreto Supremo* 114 of the Energy Ministry was published in Chile's official journal. The decree governs a number of aspects of Law 19657 concerning geothermal power. The decree establishes a number of departures from the provisions of the previous Decree 32, with improvements in a

number of aspects, including the granting of "exclusive rights" in obtaining a production concession once exploration activities have been completed, creating greater legal certainty and protection for investors.

Mexico

The renewables promotion law (LAERFTE) was published in 2008 to govern the regulatory framework for the transition of the country towards clean energy technologies. On June 3, 2013, the Mexican government recently took steps to further develop a regulatory framework in support of renewables, publishing the National Climate Change Strategy, which sets a target of reducing greenhouse gas emissions from their 2000 level by 30% by 2020 and by 50% by 2050, incorporating renewable resources into the energy matrix, implementing energy efficiency measures and transitioning to smart cities.

Private investors participate as either independent power producers who sell all their output to the *Comisión Federal de Energía* using auction mechanisms, self-suppliers or small-scale producers (with an installed capacity of less than 30 MW) who sell their output at rates governed by the *Comisión Federal de Energía*.

On June 7, 2013, the Mexican government published an amendment to the renewable energy law (LAERFTE) that redefines the standards used for hydroelectric plants to qualify as renewable resource plants. Large hydro plants (>30 MW) may now qualify as such if the ratio of generation capacity to the area of the reservoir containment wall is greater than $10W/m^2$, thereby gaining access to renewable energy incentives, such as lower transport costs and tax relief.

Finally on December 20, 2013 the anticipated energy reform measures were published, with provisions intended to reorganize the energy and oil industries. The reform, which envisages the participation of private-sector operators in sectors that had previously been restricted to the state, such as electricity distribution, will be completed during 2014 with the publication of the implementing decrees, including one governing the new regulatory framework for facilitating the development of geothermal power.

Peru

The renewable energy incentive system is based on auctions differentiated by renewable resource. It was introduced in 2010. The auctions are defined in terms of electricity generated for wind, solar and biomass plants, and by capacity for hydroelectric facilities. Hydroelectric plants with a capacity of more than 20 MW are not eligible for the incentive system. The auctions start with a maximum price and close depending on the bid price (a pay-as-bid mechanism). The price can be adjusted on the basis of the US consumer price index if the increase is more than 5%.

Central America

Siepac - Regional Electricity Market

On June 1, 2013, the regional regulator (CRIE) announced the official launch of the Regional Electricity Market, with the termination of the transitional system in place since March 2013. The implementation of regional regulations marks the first step towards the consolidation of the rules governing cross-border trade in electricity among 6 countries in Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama).

Panama

On June 12, 2013, in line with an energy policy directed at diversifying the energy mix, the Panamanian government ratified Law 605, which establishes tax incentives to support the development of solar power. The new incentives provide for an exemption from import tax, tax credits (5% of capital expenditure) and the option of acceleration depreciation.

Costa Rica

On September 10, 2013, President Chinchilla approved Decree 62-2012 formalizing the creation of a voluntary carbon trading system. The market, which uses a cap and trade mechanism linked to reforestation and energy efficiency projects, should begin operations in 2014.

On December 17, 2013, the local regulator published Resolution 105 updating the remuneration of existing plants, providing for an increase of 2% on the previous values.

El Salvador

On August 22, 2013, Congress approved Decree 460 setting out the rules governing the award of concessions for small-scale projects. From the entry into force of the decree, the legislature, and no longer the regulator, will have the authority to approve concessions for mini-hydro and geothermal projects with an installed capacity of up to 5 MW.

United States

The United States has a two-level renewables incentive system. The federal level envisages various types of support, including tax incentives for production and investment (the Production Tax Credit and the Investment Tax Credit), accelerated depreciation and federal subsidies. At the state level, the main incentive is a Renewable Portfolio Standard (RPS) mechanism, i.e. a system of mandatory percentages of generation from renewables for utilities, with targets differing from state to state. Most states have adopted systems of tradable certificates but there is no corresponding platform active at the federal level. The American Taxpayer Relief Act, signed on January 2, 2013, extended the life of the Production Tax Credit for wind plants by one year and changed the termination dates for the Production Tax Credit for all other technologies: plants no longer must enter service by the termination date in order to qualify but rather must begin construction by December 31, 2013.

Between May and September 2013, the Internal Revenue Service published guidelines with more detailed operational specifications of the requirements for the definition of "begin construction" for the purposes of qualifying for the Production Tax Credit. The termination date of the Tax Credit Investment for solar power was left unchanged, with plants having to enter service by December 31, 2016.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably market risks, credit risk, liquidity risk, industrial and environmental risks and regulatory risk. In order to limit its exposure to these risks, the Group analyzes, monitors, manages and controls them as described in this section.

From an organizational standpoint, over the last year specific risk management policies were developed for each category of risk, identifying management and control roles and responsibilities. More specifically, the governance model for financial, commodity and credit risks was consolidated. In addition to setting out specific policies, the model assigns strategic policy-making responsibilities for risk management activities and supervision of risk management and control activities to special risk committees, both at the Group level and at the division/company level, and establishes the structure of an operational limits system for the Group and, if necessary, for the individual divisions/companies.

Risks connected with market liberalization and regulatory developments

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.

As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.

The business risks generated by the natural participation of the Group in such markets have been addressed by integrating them along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.

The Group often operates in regulated markets or regulated regimes, and changes in the rules governing operations in such markets and regimes, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.

In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Risks connected with CO_2 emissions

In addition to being one of the factors with the largest potential impact on Group operations, emissions of carbon dioxide (CO_2) are also one of the greatest challenges facing the Group in safeguarding the environment.

EU legislation governing the emissions trading scheme imposes costs for the electricity industry, costs that could rise substantially in the future. In this context, the instability of the emissions allowance market accentuates the difficulties of managing and monitoring the situation. In order to mitigate the risk factors associated with CO_2 regulations, the Group monitors the development and implementation of EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources, with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and, above all, enhances the environmental performance of its generation plants, increasing their energy efficiency.

Market risks

As part of its operations, Enel is exposed to a variety of market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.

To maintain this risk within the limits set out each year in the Group's risk management policies, Enel uses derivatives obtained in the market.

Risks connected with commodity prices and supply continuity

Given the nature of its business, Enel is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.

To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users or wholesalers in advance.

The Group has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives.

For a more detailed examination of commodity risk management and the outstanding derivatives portfolio, please see note 6 of the consolidated financial statements.

In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas and encouraging the construction of transportation and storage infrastructure.

Exchange rate risk

The Group is exposed to the risk that changes in the exchange rates between the euro and the main other currencies could give rise to adverse changes in the euro value of performance and financial aggregates denominated in foreign currencies. The exposure to exchange rate risk, which is mainly denominated in US dollars, is attributable to:

> cash flows in respect of the purchase or sale of fuel or electricity on international markets;
> cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign subsidiaries or the purchase or sale of equity investments;
> financial liabilities assumed by the Parent Company or the individual subsidiaries denominated in currencies other than the currency of account or functional currency of the company holding the liability;
> financial assets/liabilities measured at fair value.

The consolidated financial statements are also exposed to the exchange rate risk associated with the consolidation values of equity investments denominated in currencies other than the euro (translation risk).

Exchange rate risk is managed within the Group policies for managing financial risks, which provide for the stabilization of the effects of changes in exchange rates with the exclusion of translation risk. To this end, the Group has developed operational processes that ensure the systematic coverage of exposures through appropriate hedging strategies, which typically involve the use of financial derivatives.

For more details, please see note 6 of the consolidated financial statements.

Interest rate risk

The nature of the financial risks to which the Group is exposed is such that changes in interest rates could give rise to increases in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.

The main source of exposure to interest rate risk for the Enel Group comes from the fluctuation in the interest rates associated with its floating-rate debt and from the need to refinance debt falling due on changing market terms and conditions.

Our interest rate risk management policy seeks to maintain the risk profile established within the framework of the formal risk governance procedures of the Group, curbing borrowing costs over time and limiting the volatility of results. This goal is pursued through the strategic diversification of

the nature of our financial assets and liabilities and the use of derivatives on over-the-counter markets.
For more details, please see note 6 of the consolidated financial statements.

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could impact the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).
Recent economic conditions, with the instability and uncertainty of the financial markets and the global economic crisis, have given rise to an increase in average payment times by counterparties.
In order to continue to minimize credit risk, the Group's general policy calls for an assessment of the creditworthiness of the counterparties – on the basis of internal rating models developed on a statistical basis and information supplied by external providers – and the structured monitoring of risk exposures to promptly identify any deterioration in credit quality, including with respect to specified limits. These methods have been implemented in all the main divisions/countries, with the application of uniform risk measurement metrics that enable the consolidation and monitoring of credit risk exposure at the Group level.
As regards credit risk in respect of the solvency of counterparties in commodity transactions, the Group's Credit Risk Committee has approved, in addition to a new centralized assessment system that enhances risk monitoring and management, the use of portfolio limits both for the divisions/countries involved and at the Group level.
As to credit risk in respect of open positions in financial transactions, including those involving derivatives, and in the light of the recent downgrades made by international rating agencies, risk is minimized by selecting counterparties with high credit ratings from among leading Italian and international financial institutions, portfolio diversification, entering into margin agreements for the exchange of cash collateral, or the use of netting arrangements. The credit risk is measured at both the individual counterparty level and the portfolio level using an internal valuation system in this case as well.
To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, mainly specific segments of the commercial portfolio. More specifically, in 2011 a five-year framework agreement was reached with two leading banks for the ongoing non-recourse assignment of invoiced receivables and receivables to be invoiced in respect of customers in the enhanced protection market in Italy.
In subsequent years, partly in view of the macroeconomic environment, the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).
All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to factors connected to the perception of its riskiness by the market or to systemic crises (credit crunches, sovereign debt crises, etc.).
As part of the Group's formal risk governance procedures, risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon without having recourse to additional sources of financing, as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile. Liquidity requirements are primarily met through cash flows generated by normal operations, ensuring the appropriate management of any excess liquidity.
In order to optimize liquidity management within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) meets the cash needs of the Group companies through centralized access to the money and capital markets and provides management and coordination services for Group companies that can access market financing directly.
Underscoring the Enel Group's continued capacity to access the credit market despite the recent crisis in the financial markets, in 2013 the Group carried out bond issues with

institutional investors totaling €2.6 billion and bond issues within the framework of the Global Medium-Term Notes program totaling €0.5 billion.
For more details, please see note 6 of the consolidated financial statements.

Rating risk

Credit ratings, which are assigned by rating agencies, impact the possibility of a company to access the various sources of financing and the associated cost of that financing. Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the company.
In 2013, Standard & Poor's revised the Enel Group's long-term rating following the agency's downgrade of the rating of the Italian Republic, in reflection of the deterioration of macroeconomic conditions in the country. The stable outlook reflects the agency's expectations that Enel will achieve and maintain performance and financial targets commensurate with its current rating as a result of its continued deleveraging efforts, the large contribution of regulated activities and its good geographical and technological diversification outside Europe.
At the end of the year Enel's rating was: (i) "BBB" for Standard & Poor's with a stable outlook; (ii) "BBB+", with a negative credit watch for Fitch; and (iii) "Baa2", with a negative outlook for Moody's.

Country risk

By now, more than 50% of the revenues of the Enel Group are generated outside Italy. The major international expansion of the Group – located, among other countries, in Latin America and Russia – therefore requires the Group to assess its exposure to country risk, namely the macroeconomic, financial, regulatory, market, geopolitical and social risks whose manifestation could have a negative impact on income or jeopardize corporate assets. In order to mitigate this form of risk, the Group has adopted a country risk calculation model (using a shadow rating approach) that specifically monitors the level of country risk in the areas in which the Group operates.
From a macroeconomic point of view, in 2013 we witnessed the gradual stabilization of international markets, with the easing of restrictive fiscal policies in Europe and the continuation of expansionary monetary policies in the United States and Japan.
In Europe, austerity policies will continue to slow economic growth in 2014 as well, especially in Italy and Spain. The expansionary stance of monetary policy in the United States, which gave rise to the ongoing recovery, will probably be tapered in the coming months, given the need to reconcile growth objectives with the sustainability of the debt, while in Japan those policies are expected to be kept in place for a longer period.
In the Middle East and North Africa the political situation is marked by a degree of permanent conflict, mainly domestic, balanced by a certain easing of relations with the western world.
In emerging Asia, the leading economies (China and India) continue to be affected by the slowdown in foreign demand from the developed economies (compared with the peaks achieved prior to the crisis), which has not yet been entirely offset by growth in domestic demand.
Finally, it is reasonable to expect that the Latin American economies, despite the changes wrought with the most recent elections in Chile and Argentina, will continue to make a substantial contribution to the growth of the world economy.

Industrial and environmental risks

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business.
Industrial and environmental risks are therefore managed by all business lines (Generation, Distribution, Sales and Upstream Gas) and all process phases (Business Development, Engineering Procurement and Construction, Operation and Maintenance, Decommissioning). The Group is gradually extending its risk management models to all divisions and countries in order to be able to use statistical methods to assess risks in probabilistic and monetary terms. This will make it possible to characterize each plant/network/project using specific risk factors. In addition, new models have been developed to measure the risk of natural disasters, such as earthquakes, hurricanes, flooding, landslides and major climatic events, with the objective of identifying the most critical areas and preparing appropriate instruments to safeguard the industrial value of plants.
The attention that Enel devotes to environmental issues also prompted the development of models that enable the Group to measure, in probabilistic terms, the exposure of each plant to risks involving all possible segments of the environment, such as the air, water, land and underground.

In order to mitigate such risks, the Group adopts leading prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and recourse to international best practices.

Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution, that may occur during the production and distribution of electricity and gas.

As part of its strategy of maintaining and developing its cost leadership in the markets in which it has generation operations, the Group is involved in numerous projects for the development, improvement and reconversion of its plants. These projects are exposed to the risks commonly associated with construction activities, which the Group mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.

With regard to distribution operations, the evolution of the electrical system from a passive network to an active network as a result of the sharp increase in distributed generation has made it necessary to take a new approach to managing risks through the analysis of grid losses and the management of active distribution systems in order to ensure the stability and security of electrical system, integrating management of ordinary risks with the optimization of service quality and managing exceptional risks deriving above all from major exogenous events.

With regard to nuclear power generation, Enel operates in Slovakia through Slovenské elektrárne and in Spain through Endesa. In relation to its nuclear activities, the Group is exposed to operational risk and may face additional costs because of, *inter alia*, accidents, safety violations, acts of terrorism, natural disasters, equipment malfunctions, malfunctions in the storage, movement, transport and treatment of nuclear substances and materials. In the countries where Enel has nuclear operations, specific laws based on international conventions require operators to obtain insurance coverage for liability for risks associated with the use and transport of nuclear fuel, with coverage ceilings and other terms and conditions set by law. Other mitigating measures have been taken in accordance with international best practices.

Outlook

The Group's strategic priorities in the period covered by the 2014-2018 Business Plan respond to the expected structural evolution in the world's macroeconomic conditions and in the energy industry. More specifically, the former will continue to move ahead at two speeds: on the one hand the European countries, which are emerging slowly from the crisis; on the other the emerging economies, especially those in Latin America, where electricity demand is still expanding rapidly.

In this environment, Enel expects the following main trends to drive the evolution of these scenarios: (i) the emerging markets will continue to fuel global growth; (ii) technological innovation will be one of the key factors driving trends in the energy sector; (iii) end users will be increasingly well-informed about technology and environmental matters; and (iv) regulatory systems will sharpen their focus on environmental issues and system costs.

In the business plan, the Group confirms the increasingly important role of the emerging markets, with an investment policy targeted at consolidating its position and simplifying its corporate structure. Renewables will expand substantially, with careful selection of high-return investment opportunities. Another area of action will be the retail market, energy efficiency and, more generally, value-added services, a segment with robust growth potential. In this area, as in the smart grids field, Enel intends to strengthen its leadership position, leveraging the key driver, technological innovation, and a geographically and technologically well-diversified asset portfolio which forms the foundation of the Group's future development.

Reducing debt and generating cash flow will also remain a top priority for the Group. And maximization of cash flow is precisely the goal of the plan for optimizing operating costs launched in 2013, which has already led to the identification of major opportunities for efficiency gains, with results that have easily exceeded expectations. These opportunities will continue to be pursued in the coming years, with a special focus on businesses in the mature markets.

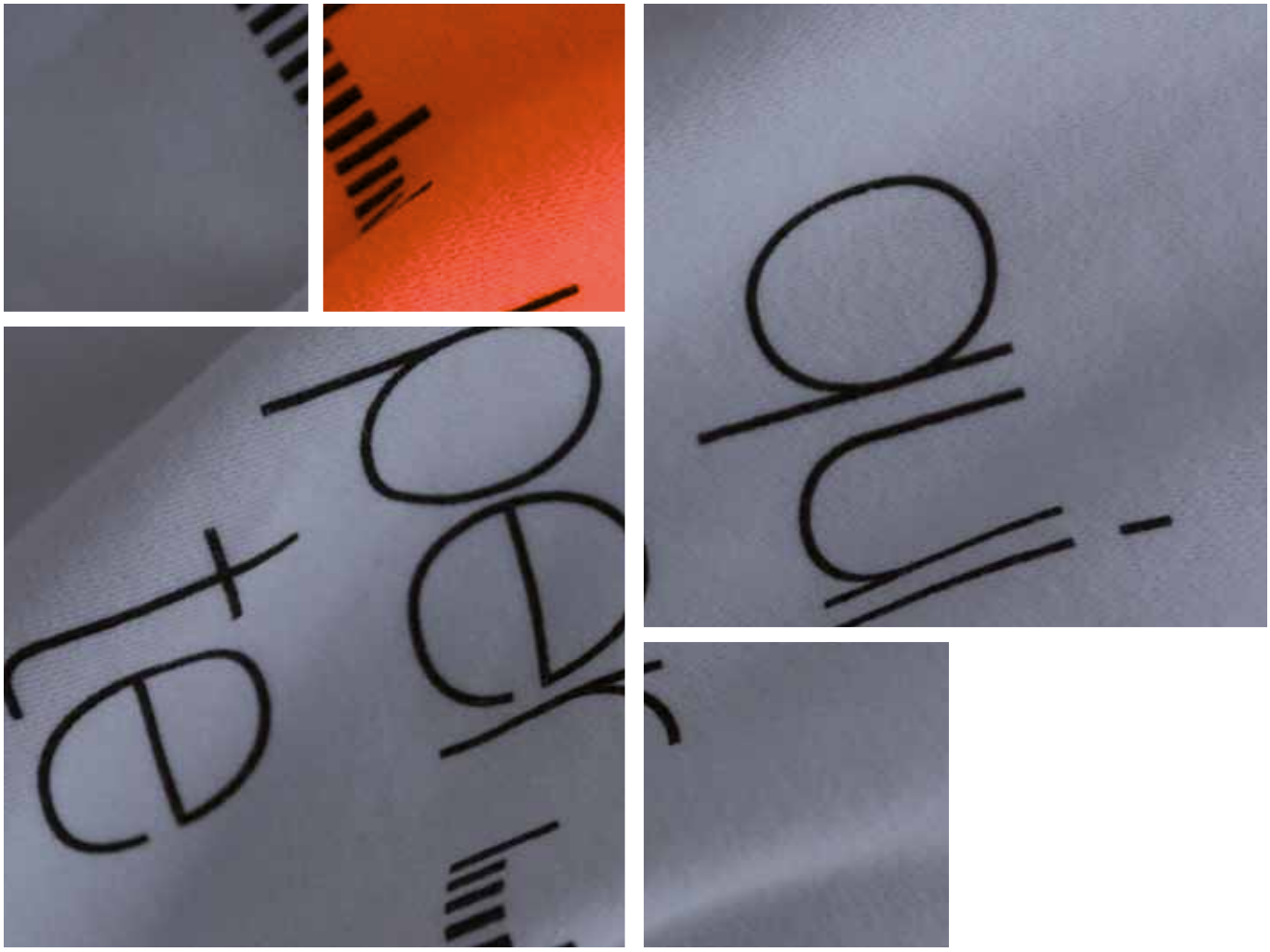
In the 2014-2018 period, the Group expects to generate about €50 billion in operating cash flow (net of financial expense and taxes), to be used to pursue the gross investment plan of €28.6 billion and to pay dividends of €11.6 billion. The remaining free cash flow, equal to about €10 billion, together with the proceeds of the disposal plan in the expected amount of more than €4 billion, will be devoted to reducing the debt and minority buyouts, with a view to simplifying the Group's structure and gradually enhancing the dividend policy. All of this is expressed in the financial targets set out in the 2014-2018 Business Plan:

Billions of euro

	2014	2016	2018
Gross operating margin	about 15.5	about 16.5	about 18
Group net income	about 3	about 3.7	about 4.5
Net financial debt	about 37	about 39	about 36

Sustainability

Our mission



At Enel our mission
is **to create and deliver value**
in the international electricity market,
benefiting our customers and our shareholders,
fostering competition in the countries in which we operate,
and meeting the expectations of all those who work with us.
Enel works **to serve the community**,
while respecting the environment
and human safety,
with a commitment to leaving future generations
a better world.

Sustainability in Enel

At Enel, sustainability is a strategic part of running and developing our business in line with our business plan. The integration of governance, the environment, and managing relationships with interest groups and communities with economic and financial factors enables us to create value both for the business and for the social contexts in which the Group operates, from the perspective of stable growth and social inclusion over the medium and long term.

In 2013, in line with our in-house CSR policy, we:

> continued developing the organization and structure of the CSR processes of planning, monitoring and reporting;
> structured coordination by the Parent Company of the various CSR policies and activities, as well as of the guidelines established in our Strategic Sustainability Plan;
> established the country/division CSR committees and appointed the CSR managers in the various countries in order to implement local sustainability policies and strategies and the various CSR projects and other activities called for in the Plan.

In particular in 2013, Enel Green Power began efforts to bring the culture of sustainability to its own processes so as to orient its business model to the creation of shared value and the rational use of resources. The company also established short, medium and long-term action plans in order to ensure that sustainability becomes an integrated part of its day-to-day operations.

The Enel Group's materiality matrix

In line with the latest international innovations, Enel has continued working on the materiality analysis process, efforts which began in 2012 in order to map out and study the issues of interest and the expectations of our stakeholders, as well as to bring the Company's processes and procedures in line with these expectations. The unification of these two perspectives will enable us to identify the issues of most importance to both the Company and our stakeholders (i.e. the "material issues") and to verify the degree of alignment or misalignment between outside expectations and internal relevance.

Based on this assessment, we have established the objectives of the Strategic Sustainability Plan and determined the content and information to be included in the Sustainability Report.

The 2013-2017 Sustainability Plan

The sustainability plan focuses on the most relevant issues as determined by the analysis of materiality, while also specifying the goals and specific targets that Enel has set for the Group for the coming years.

> **Business and governance issues**: creation of financial value, governance, fairness and transparency, development of renewable energy, energy efficiency, and ESG risk management.
> **Environmental issues**: lowering emissions, making efficient use of water, biodiversity, and global environmental management.
> **Social issues**: access to electricity, responsible relationships with the community, the respect of individual rights, quality for the customer, the development of people, diversity and equal opportunity, health and safety in the workplace, and a responsible supply chain.

The CSR data collection system

In order to monitor our sustainability performance and to ensure the thorough traceability of data owners, we have launched a data collection system in collaboration with the External Relations and Administration, Finance & Control departments. Beginning in 2014, after establishing a dedicated information system that is to be integrated into the current system used to collect financial data, it will be possible to collect and monitor financial and other data and related communications in an integrated, consistent manner throughout the Group and in line with international standards.

The system is also in line with the guiding principles of the One Company project and will ensure that data will be gathered at the individual company level by way of an accurate process of identifying the various data owners.

Sustainability reporting

Since 2002, Enel has, with its Sustainability Report, maintained a constant commitment to measuring and reporting on corporate responsibility, ensuring maximum transparency for all its stakeholders and continuous implementation of its sustainability strategy. The reporting process involves collecting and analyzing specific key financial, environmental and social performance indicators.

Enel's Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) international standard and the related Electric Utility Sector Supplement (EUSS), as well as with the United Nations Global Compact and principles of accountability.

Enel has also begun revising the structure of our Sustainability Report and the process of materiality analysis based on the new GRI (GRI-G4) guidelines published in May 2013, while also beginning the process of integrated the new G4 indicators into our CSR data collection system.

The thoroughness and reliability of the Sustainability Report are assessed by an external auditing firm, by the Control & Risk Committee and also, since 2012, by the Nomination & Corporate Governance Committee. The document is then approved by the Enel SpA Board of Directors before being presented to the shareholders.

The Enel Group in international sustainability networks

Since 2004, Enel has been an active member of the United Nations Global Compact, and since 2011 we have been a member of the steering committee of the Global Compact LEAD program, which is made up of the organizations most committed to promoting new global initiatives in sustainability.

The Global Compact is an action program being promoted by the UN Secretary General with the goal of involving the private sector in a new form of public-private partnership through adherence to the ten universal principles that concern human rights, employment, environmental protection and the fight against corruption.

In 2013 in particular, Enel's efforts focused on our involvement in the global consultation to set the targets of sustainable development that are to replace the Millennium Development Goals that will expire in 2015.

The post-2015 agenda was the focus of the 2013 Leaders Summit held in New York in September 2013, which brought together over 3,000 representatives from businesses, institutions and civil society from around the world in order to establish the next global architecture for corporate sustainability. In conjunction with the Leaders Summit, the United Nations selected Enel to present the Lead Board Program, which seeks to provide company boards with in-depth information prepared by leading international experts in the integration of sustainability in business strategy. Enel is one of the first corporations to have confirmed its participation in the pilot stage of this program.

Other international sustainability initiatives that Enel has undertaken include:

- supporting the Global Reporting Initiative (GRI) in defining the new GRI-G4 guidelines, which were presented in May 2013 in Amsterdam during the Global Conference on Sustainability Reporting;
- our active contribution, as a member of the IIRC pilot program, in developing the new international formats that will be used to certify and standardize integrated reporting;
- our involvement – as the first utility in the world to do so – in the assessment of Ceres, the non-profit organization that is mobilizing businesses and investors to take on the challenges of sustainability as concerns its efforts to manage water-related risks. Named "Aqua Gauge", the initiative was presented to the European Parliament in September 2013;
- our commitment to support the domestic and international activities of Transparency International, serving as members of the Business Advisory Board of this important organization.

Enel and socially responsible investors

Eleven years ago, Enel started down the road to achieving the highest sustainability standards and has been rewarded with the interest of socially-responsible investment funds, which continue to expand despite the challenging international economic climate: at December 31, 2013, Enel shares were held by 117 (108 in 2012) socially-responsible investors (SRIs), representing about 15.6% of our identified institutional shareholders (14.6% in 2012).

This figure refers to SRIs that include Environmental, Social, Governance (ESG) standards among the criteria used in making investment decisions. At December 31, 2013, these investors held around 5.5% of Enel's total shares outstanding (5.0% in 2012), equal to about 8% of the float (7.3% in 2012). These funds represent a stable shareholder base with a well-diversified geographical presence, covering continental Europe, the United Kingdom and North America.

In 2013, for the tenth straight year, Enel was included in the Dow Jones Sustainability Index, a market benchmark which includes the world's leading companies that meet strict economic, social and environmental criteria. During the year, Enel was again included in the FTSE4Good Index, which measures environmentally sustainable corporate practices, relations with stakeholders, respect for human rights, the quality of working conditions, and the tools that companies employ to fight corruption, and we are one of the utility companies involved in the Carbon Disclosure Project (CDP).

The four pillars of corporate ethics

For over ten years, Enel has had a solid system of ethics that underlies our sustainability efforts. This system has become a dynamic set of rules constantly incorporating international best practices, a body of "common law" governing participation in the company, the rules of citizenship that everyone who works for and with Enel must respect and apply in their daily activities.

Code of Ethics

Our awareness of the social and environmental repercussions of the Group's activities and the importance of a transparent and fair approach with stakeholders prompted Enel, in 2002, to adopt a Code of Ethics.

As such, this Code of Ethics lays the groundwork for all of our activities and expresses our commitment and ethical responsibility in doing business, while also guiding and standardizing corporate conduct based on the utmost transparency, respect and fairness towards all stakeholders.

The document applies to the entire Group, with consideration given to the cultural, social and economic diversity found in the various countries in which Enel does business.

The Code is binding on the conduct of all of Enel's employees. All of the companies in which Enel has an equity interest and the Group's major suppliers and partners are also required to adhere to the general principles contained therein.

Any stakeholder can report a violation or suspected violation of the Code of Ethics through dedicated channels.

Compliance Model (Legislative Decree 231/2001)

In 2002, the Board of Directors of Enel SpA approved a Compliance Model that meets the requirements of Legislative Decree 231 of June 8, 2001, which introduced into Italian law a system of administrative (though actually criminal) liability for companies for certain types of offences committed by its directors, executives or employees on behalf of or to the benefit of the company.

Having been approved and implemented by the Group companies in Italy, the model serves as a point of reference for all who act in the name and on behalf of Enel such that they can conduct themselves in line with the standards of transparency and responsibility in relations within the Company and with the outside world.

In 2010, Enel SpA also approved specific Guidelines aimed at extending the principles set out in the Compliance Model to the Group's foreign subsidiaries, in order to make them more aware of the importance of ensuring the same conditions of fairness and transparency in the conduct of their business and corporate activities and to prevent situations that could result in administrative liability pursuant to Legislative Decree 231/2001 for the Parent Company, Enel SpA, and the other Italian companies of the Group.

Zero-Tolerance-of-Corruption Plan

In 2006, the Board of Directors approved the adoption of the Zero-Tolerance-of-Corruption (ZTC) Plan as a concrete move marking Enel's participation in the Global Compact (a 2000 UN program of action) and the Partnering Against Corruption Initiative (PACI) promoted by the World Economic Forum in Davos in 2005.

The ZTC Plan does not replace or overlap the Code of Ethics or the Compliance Model, but is rather a more detailed plan for addressing the issue of corruption by following a series of recommendations for implementing principles developed by Transparency International.

Policy on Business and Human Rights

In order to give effect to the guidelines of the UN Forum on Business and Human Rights, on February 5, 2013, the Board of Directors of Enel SpA approved a Human Rights Policy, which was subsequently extended to all of the Group's subsidiaries. In line with the Code of Ethics, the policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they be directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships.

Within the scope of the due diligence in respect of human rights, in 2013 we also launched the risk-assessment process aimed at identifying the main risks in the area of human rights that the Company may encounter in the course of operations in various countries and through relations with third parties in general. The first phase of this risk assessment called for the inclusion of an ESG country-risk indicator within the Group's risk-management process in order to quantify the risks that could have a negative impact on the Company, such as the violation of human rights and the potential involvement in the illegal conduct of others, which could expose the Company to systemic risks connected with certain institutional and environmental conditions.

Selected sustainability indicators

Net efficient capacity by primary energy source

MW

	2013	2012	Change	
Net efficient thermal capacity				
- Coal	17,501	17,589	(88)	-0.5%
- CCGT	16,584	15,684	900	5.7%
- Fuel oil/gas	22,592	23,286	(694)	-3.0%
Total	**56,677**	**56,559**	**118**	**0.2%**
Net efficient nuclear capacity	**5,370**	**5,351**	**19**	**0.4%**
Net efficient renewable capacity				
- Hydro	30,463	30,436	27	0.1%
- Wind	5,200	4,394	806	18.3%
- Geothermal	795	769	26	3.4%
- Biomass and co-generation	134	160	(26)	-16.3%
- Other	277	170	107	62.9%
Total	**36,869**	**35,929**	**940**	**2.6%**
Total net efficient capacity	**98,916**	**97,839**	**1,077**	**1.1%**

Net efficient capacity by geographical area

MW

	2013	2012	Change	
Italy	**39,923**	**39,940**	**(17)**	**-**
Iberian peninsula	24,068	23,931	137	0.6%
Latin America	17,155	16,794	361	2.1%
Russia	9,107	9,052	55	0.6%
Slovakia	5,399	5,400	(1)	-
North America	1,683	1,239	444	35.8%
Romania	534	498	36	7.2%
Belgium	406	406	-	-
Greece	290	248	42	16.9%
France	186	166	20	12.0%
Morocco	123	123	-	-
Bulgaria	42	42	-	-
Total net efficient capacity	**98,916**	**97,839**	**1,077**	**1.1%**

Net electricity generation by primary energy source

GWh

	2013	2012	Change	
Net thermal electricity generation				
- Coal	82,388	91,729	(9,341)	-10.2%
- CCGT	40,766	42,908	(2,142)	-5.0%
- Fuel oil/gas	29,312	35,211	(5,899)	-16.8%
Total	**152,466**	**169,848**	**(17,382)**	**-10.2%**
Net nuclear electricity generation	**40,591**	**41,378**	**(787)**	**-1.9%**
Net renewable generation				
- Hydro	74,344	68,139	6,205	9.1%
- Wind	12,314	9,138	3,176	34.8%
- Geothermal	5,581	5,492	89	1.6%
- Biomass and co-generation	546	644	(98)	-15.2%
- Other	304	194	110	56.7%
Total	**93,089**	**83,607**	**9,482**	**11.3%**
Total net electricity generation	**286,146**	**294,833**	**(8,687)**	**-2.9%**

Net electricity generation by geographical area

GWh

	2013	2012	Change	
Italy	**72,897**	**74,436**	**(1,539)**	**-2.1%**
Iberian peninsula	74,614	81,727	(7,113)	-8.7%
Latin America	65,712	65,916	(204)	-0.3%
Russia	41,901	44,511	(2,610)	-5.9%
Slovakia	21,343	20,720	623	3.0%
North America	5,360	3,899	1,461	37.5%
Romania	1,080	588	492	83.7%
Belgium	1,373	1,183	190	16.1%
Greece	566	476	90	18.9%
France	362	364	(2)	-0.5%
Morocco	852	906	(54)	-6.0%
Bulgaria	86	83	3	3.1%
Ireland	-	24	(24)	-100.0%
Total net electricity generation	**286,146**	**294,833**	**(8,687)**	**-2.9%**

Other generation ratios

	2013	2012	Change	
Generation from renewable resources (% of total)	32.5	28.4	4.1	14.4%
Zero-emission generation (% of total) (1)	46.7	42.4	4.3	10.1%
ISO 14001-certified net efficient capacity (% of total)	94.0	92.6	1.4	1.5%
Average efficiency of thermal plants (%)	39.8	39.9	(0.1)	-0.3%
Specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (2)	391	418	(27)	-6.5%
Specific water withdrawal (l/kWh_{eq})	0.64	0.62	0.02	3.2%

(1) The 2012 figures have been restated in order to align them with the new method for recognizing energy generated in Latin America (which is measured at the point of delivery).

(2) Specific emissions have been calculated by taking account of the total emissions from simple thermal generation, combined electrical and thermal, as a ratio to the total generated by renewable sources, nuclear, simple thermal, and combined electrical and thermal generation (including the thermal contribution in MWh equivalent).

Customers by geographic area

Average no.

	2013	2012	Change	
Electricity				
- Italy	27,819,881	28,032,500	(212,619)	-0.8%
- Latin America	14,383,084	13,905,892	477,192	3.4%
- Iberian peninsula	11,376,287	11,431,437	(55,150)	-0.5%
- Romania	2,663,728	2,652,594	11,134	0.4%
- Other countries	74,754	83,397	(8,643)	-10.4%
Total electricity customers	**56,317,734**	**56,105,820**	**211,914**	**0.4%**
Natural gas				
- Italy	3,245,996	3,158,532	87,464	2.8%
- Spain	1,214,038	1,265,941	(51,903)	-4.1%
Total natural gas customers	**4,460,034**	**4,424,473**	**35,561**	**0.8%**

Safety rates

No.

	2013	2012	Change	
Injury frequency rate	**1.42**	**1.98**	**(0.56)**	**-28.3%**
Injury severity rate	**0.07**	**0.10**	**(0.03)**	**-30.0%**
Serious and fatal injuries at Enel				
Serious injuries [1]	7	15	(8)	-53.3%
Fatal injuries	6	-	6	-
Total	**13**	**15**	**(2)**	**-13.3%**
Serious and fatal injuries at contractors				
Serious injuries [1]	17	23	(6)	-26.1%
Fatal injuries	10	11	(1)	-9.1%
Total	**27**	**34**	**(7)**	**-20.6%**

(1) Injuries with an initial prognosis, as reported on the medical certificate issued, of greater than 30 days, or with a confidential prognosis until the actual prognosis is released, or with an unknown prognosis that, based on an initial assessment by the company/division concerned, is expected to exceed 30 days. Once the official prognosis is released, the related injury is considered serious only if said prognosis exceeds 30 days. Should a confidential prognosis never be released or an unknown prognosis remain unknown, within 30 days of the event, the injury is to be deemed serious.

Other rates

No.

	2013	2012	Change	
Average hours of training per employee	39.8	44.8	(5.0)	-11.2%
Verified violations of the Code of Ethics [1]	27	41	(14)	-34.1%

(1) In 2013, an analysis was performed of violations reported in 2012. As a result, there was a change in the number of verified violations reported for 2012 from 34 to 41

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve its mission or who have a stake in its pursuit.

The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro

	2013	2012 restated [1]
Revenues	80,535	84,949
Net income/(charges) from commodity risk management	(378)	38
External costs	56,691	61,451
Gross global value added from continuing operations	**23,466**	**23,536**
Gross value added of discontinued operations	**-**	**-**
Gross global value added	**23,466**	**23,536**
distributed to:		
Shareholders	1,410	1,505
Lenders	2,884	2,971
Employees	4,596	5,789
Government	4,211	3,910
Enterprises	10,365	9,361

(1) The 2012 consolidated income statement has been restated in order to better reflect the effects recognized in the previous year concerning the introduction of the IAS 19 Revised and the change in the method of recognizing environmental certificates.

People

Human resources and organization

Staffing levels

At December 31, 2013, the total workforce of the Enel Group numbered 71,394 employees, of whom 52% were employed by Group companies abroad.

During the year, the number of employees fell by 2,308, mostly reflecting the net negative balance between new hires and terminations.

Of the total new hires, 85% concerned companies abroad, while 44% of the terminations took place in Italy, mainly through application, beginning in September, of the legal mechanism established by Article 4 of Law 92/2012 concerning early retirement.

Organization

Functions and divisions

In 2013, the Group's model of operations was consolidated with the goal of achieving the following benefits:

> more effective, streamlined decision-making processes;
> economies of scale through a more integrated, efficient management of services;
> more rigorous management and allocation of financial resources among the various businesses and geographic areas in order maximize the creation of value for the Group;
> greater opportunities to develop the Group's human resources and talent.

The Group is structured as follows:

> Parent Company functions, which are responsible for the guidance, coordination and strategic control of the activities of the Enel Group;

> global service functions, which are responsible for the integrated management of services for the entire Group (i.e. Global ICT, Global Procurement and Global Business Services);
> operating divisions/functions, which are responsible for managing operations within the scope of their respective areas.

During the year:

> with regard to the Iberia and Latin America Division:
  - the organizational structure for the two distinct sub-areas, i.e. Spain & Portugal and Latin America, was implemented, thereby establishing the roles and responsibilities of the business and staff functions for each country and for overall coordination of the Division;
  - the organizational structure for Brazil was rationalized, shifting towards a single line of business of distribution and sales, although with various legal entities;
> within the Generation, Energy Management and Sales Italy Division:
  - the Energy Management areas of Product Optimization and Back Office were reorganized in order to take advantage of better operational synergies and to rationalize the workforce;
  - two organizational structures dedicated to defining and developing energy efficiency services for corporate and retail customers were created in line with the positioning goals of Enel in Italy in this new area of business. These two structures received the resources of Enel.si, which was previously a part of the Renewable Energy Division;
> within the Renewable Energy Division, work continued on aligning the organization of the various structures of business development, operations and related support services within the scope of the plan for growth in Latin America and in the emerging markets;
> within the International Division:
  - in Russia, the Operations unit was created within OGK-5, which was given the activities of engineering, production, and employee health and safety;
  - in Slovakia, the Generation and Energy Management units were integrated based on a model found in other areas of the Group.

Integration efforts

In 2013, work was completed on process redesign and the definition of new operating models for the Group related to the primary functions of guidance, coordination and control, in line with the goals of the One Company project. These efforts made it possible to conduct a detailed analysis of the optimal size of the various organizational structures of the Group.

It has also been possible to further increase the integration of the business units involved in the handling of:

> power plant engineering, construction and maintenance;
> distribution;
> marketing, sales and customer operations;

thereby promoting both the creation of global models of coordination and the sharing of best practices between the various geographic areas.

Finally, in support of this integration, work was completed in 2013 on the mapping of the management and technical positions that are seen as being of key importance to the Group.

Hiring, training and development

Hiring

The channels most used for recruiting are the organization's database (containing all applications submitted, divided by country), external databases, and the lists of graduates provided by schools and universities. In 2013, with a view towards enhancing the recruiting channels and achieving global synergies in our employer branding efforts, we signed an agreement with a global provider for the use of an online platform that will enable those responsible for hiring in all of the various countries to publish job offers and search for interesting candidates.

Based on the guidelines of the Group, the employee hiring process calls for an initial search within the company and, should no suitable candidates be found within the company, then beginning an external search. This external search can be conducted in multiple stages and in various ways depending on the target profile and local practice in the country concerned, such as:

> an assessment center for junior positions, which includes group testing and interviews;
> behavioral interviews, particularly for senior positions, which focus on past experience, skills and motivation;
> technical/professional interviews.

The hiring programs vary according to the type of recruit. In particular, projects for the integration of university graduates include on-the-job training and structured training

courses that, in addition to providing the tools necessary for them to perform their work, contribute to their personal and professional development. In-house mobility programs include both progressive specialization within one's assigned area and efforts to develop cross-functional skills. The job-posting system enables people to apply for available positions, both domestically or internationally.

The internationalization of the organization is promoted both by way of cross-country mobility, which facilitates the sharing of experience and best practice, and through international working groups for projects of global scope.

Development

The overall performance review process which has been revised as part of the One Company project is now, and for the first time, managed globally by way of a single model and single system for all of the countries in which the Group operates.

Conduct assessment within the organization is done in one of two ways, depending on the target concerned: the 360° Evaluation (for executive vice presidents, senior vice presidents, vice presidents, and other key positions) and the Behavior Performance Review.

Results-oriented tools, on the other hand, include:

> the Objectives Performance Review (OPR);

> Task Management.

Compared with the previous year, the most important change is the fact that all employees involved in the behavior assessment process who do not receive any variable remuneration are to be assigned measurable tasks on which they will be evaluated.

Within the scope of the Objective Performance Review, the assignment of objectives is based on input coming directly from the business plan and involves the definition and preassignment of closed-ended targets. This is followed by the definition of open-ended objectives, which calls for a preparatory meeting between the reviewer and each person to be reviewed in order to discuss strategies and priorities for the current year.

In turn, the purpose of the review process is to measure the actual contribution made during one's day-to-day activities by assessing the targets and objectives assigned the previous year. The entire assessment process will involve a total of some 8,000 people throughout the Enel Group. During this phase, both closed and open-ended objectives will be assessed. While the closed-ended objectives are to be reviewed by the Planning & Control unit, the open-ended ones, which are defined by each person to be reviewed, are to be assessed and validated by each reviewer.

This year, the entire management population, the key layers and another significant portion of the employee population with variable remuneration will be involved in the next assignment phase.

At the same time as the assessment of supervisors, there will also be a phase of self-assessment by their staffs.

The reviewers will discuss and validate the evaluations of their teams during the Calibration phase in order to improve review quality by comparing and discussing the criteria used. Finally, there is a feedback interview in order to discuss the results of the review and establish a targeted development plan for the coming year.

The Talent Management system seeks to identify people with excellent performance, high potential, interdisciplinary and international experience, who are necessary for a Group such as Enel that depends on the high quality of its staff and needs managers capable of navigating their way through a global environment. To that end, three "pools" have been defined:

> Pool 1, consisting of managers with high responsibility and complex posts whose work demands that they engage with internal and external interlocutors and who will therefore have the opportunity to prepare themselves for one of the top 100 posts in the Group (at the level of senior vice president or executive vice-president);

> Pool 2, consisting of people who have a solid professional background, currently hold pre-managerial coordinating roles, and are focused on attaining managerial posts of increasing complexity in the medium term;

> Pool 3, consisting of young employees with high growth potential who aspire to enhance their careers through interdisciplinary and/or international experience.

In March 2013, the first edition of Pool 3 was launched with the goal of creating a "Potentials Observatory" whereby, over a period of two years, the Company will invest in and involve these young people in an integrated program of training and development in order to enhance their skills. The starting point is an interview in which an individual development plan is established. Over the course of the two years, this plan will be supported and monitored by the various people responsible for the employee's development. In any event, responsibility for implementing the development plan has been assigned directly to the members of Pool 3; therefore, the commitment that each member applies to his or her development will play a crucial role.

The training program has been designed so as to instill an ongoing rapport among the members of Pool 3 and to promote networking. In 2013, for example, training was provided in Rome on topics such as change management or innovation, and a virtual platform was created which members can use to discuss the various topics until the next in-person training session, which is to be held in 2014. At the same time, these young talents have been invited to participate in a variety of projects and other activities of international/global scope, and, in the same way, they have been made candidates for various job postings in order to give them opportunities to develop their careers within the Group.

In addition to the questions typically included in the survey, the 2012 Climate and Safety Survey had the dual objective of assessing the level of engagement, motivation and investment in their jobs and determining what their perception was with regard to the culture of safety, the various health and safety processes, and the impact of the action taken.

An analysis of the results and the information provided by the employees led to the creation of plans for improvement at various levels of the organization and of local action plans. The actions implement in 2013 include: the redesign of the leadership model with the goal of translating the Group's values into actual behaviors; the new cascade model in order to establish both a more fluid process of communication and greater alignment and consensus; a project focusing on the topic of innovation; the identification of internal and external best practices, and other initiatives aimed at attracting, motivating and developing young talent.

A specific project has been set up for each of these priorities, with each project being sponsored by both divisional and country managers along with international teams, so that the initiatives will be more effective for all of the various cultures found within the Enel Group

Training

In 2013, Enel University consolidated its efforts to internationalize training.

Within the scope of the Leadership Curriculum, the Group's system for developing cross-functional skills from new hires on up to the highest levels of management, training related to performance reviews involved more than 6,000 people around the world in a broad, diversified training program. The Pool 3 project has led to the involvement of over 170 young people showing great potential in the various countries in which Enel operates and has also made it possible to involve their direct supervisors and middle management – the targets of the Pool 2 program – in their development while also working on their skills in coaching and mentoring.

In 2013, the Global One ALigned (GOAL) managerial training campaign came to a close. This campaign involved all management within the Group with the goal of making them more aware of company strategies and objectives and of the conduct expected within the new One Company organization.

Safety-related training also continued in 2013 in the form of the Leadership for Safety campaign, which seeks to strengthen the culture of prevention, wellness and the sharing of best practices and which has involved about 1,000 people around the world over a period of three years.

Efforts of a more technical/specialist nature also continued with the goal of promoting greater awareness of procedures, tools, laws and regulations related to prevention and safety in the workplace.

A number of training courses for the technical and functional schools (i.e. purchasing, AFC, legal affairs, engineering, and energy management) were also started in 2013.

Compensation and incentive systems

When defining the remuneration policy for 2013, we took account of the challenges being posed by the current state of the economy. To that end, we have implemented a number of measures in order to control the cost of labor in a manner that best serves us all. Given the lack of economic growth and the limited competitiveness of the job market, the main measures adopted concern the suspension of the discretionary compensation policy for all employees and a reduction in the short-term variable portion of compensation tied to 2013 objectives for management.

Nonetheless, as we do every year, we have assessed the related market benchmarks in order to determine the proper positioning of salaries in order to ensure that our compensation package as a whole remains competitive.

In terms of short-term incentives, we are continuing MBO as the primary means of guiding the performance of management. This program involves practically all upper management and about 60% of middle management. The commercial staff also has specific short-term incentives aimed at promoting the achievement of sales and customer-management targets.

Workplace health and safety

Workplace accident statistics

The downward trend in accident rates continued in 2013. The frequency rate fell by approximately 60% from 2009 to 2013, reaching 1.42, while the severity rate fell by 50%, to stand at 0.07. This downward trend was also confirmed by the operational accident frequency rate, which focuses on certain types of especially serious accidents that are the most related to the Company's core business (e.g. electrocutions, falling from heights, blows-crushing-cuts, exposure to hazardous agents, and explosions) and which has fallen by 41% since 2009.

Serious and fatal accidents fell by 68% from 2009 for those involving Enel personnel and by 81% for those involving the employees of contractors. In 2013, there were six fatal accidents involving Enel personnel, and there were 10 fatal accidents involving employees of contractors.

This year, the efforts of the working group set up to investigate the causes of certain injury case studies continued. The working group also circulates the lessons learned and identifies global improvements that can be made, with particular regard to electrical accidents. Three best practices have been defined with regard to lifting loads by mechanical means, grounding during electrical works, and preventive measures to take to avoid falls when working on power lines.

In 2013, Enel and Endesa were also deemed to be best in class in occupational health and safety within electrical utilities segment of the Dow Jones Sustainability Index.

The One Safety project

In 2013, work continued on implementation of the One Safety project, a global initiative focused on the behavior of all Enel employees as well as contractors, the aim of which is to promote a coordinated and synergistic effort by the entire Group to achieving the goal of zero injuries.

The project pursues two main lines of action: the strengthening of safety leadership (Leadership) and the promotion of safe and responsible conduct (Conduct).

Leadership

In 2013, on the back of the GOAL managerial training program, a cascade-training program focused on an analysis of the Enel film "Safety: the Heart of the Matter" was launched.

In addition, 10 editions were initiated to train 200 internal trainers, as were 130 cascade editions involving some 2,000 people. This training program is scheduled to continue in 2014 and involve over 5,000 people in all of the Group's countries and divisions.

Conduct

In 2013, work was completed on the implementation, throughout the Group, of the project aimed at promoting safe conduct by way of a systematic process of observing behavior, providing immediate feedback, and establishing steps for improvement. The project has been implemented in 927 Enel locations, and some 260,000 observations have been made throughout the world. It has also been implemented in 30 shared civil sites in a manner specific to office spaces.

Beginning in 2014, the project will become a systematic process of behavior observation. To that end, four workshops have been conducted in Italy, Spain, Slovakia and Colombia aimed at defining steps for improvement to be implemented based on past experience.

The "5+1" program

In 2013, the efforts of the six permanent working groups of the "5+1" program continued and focused on the following key areas for improvement in health and safety processes:

> development of a culture of safety and training;
> safety in tender processes;
> communicating about safety;
> structural safety and technological innovation;
> major works;
> health.

Chaired by executive sponsors, each area developed a program of activities during the year aimed at strengthening the culture of health and safety within the Enel Group and at promoting the sharing of best practices and starting bottom-up initiatives by adopting an approach that is both global and adapted to the various contexts within the Group.

Development of a culture of safety and training

The 2012 Climate and Security Survey, which included a section specifically dedicated to safety for the first time, has demonstrated that safety is seen as a key value for the Company, while also underscoring the widespread commitment of both Enel employees and of our various contractors. Based on the results of the survey, a global improvement plan has been established that focuses on safety leadership, employee conduct, wellbeing and the prevention of stress, and safety in the office.

Within this context, work has also begun on a revision of the

leadership model in order to enhance the allocation of safety-related responsibilities at all levels of the organization, and the process for conducting safety walks by management has also been enhanced by integrating it with the periodic organization of health and safety meetings. A process of assessing health and safety attitudes has also been added to the hiring process, and the Six Months of Safety project is currently being extended to the various staff functions.

Safety in tender processes

In 2013, the One Safety - Contractors project began. This project seeks to promote the adoption of conduct self-monitoring by our contractors in order to limit unsafe conduct by their employees. In order to promote the involvement of contractors in this project, we have established a system of rewards, such as reductions in security deposits, increases in safety scores for the vendor-rating system, and the ability to use the Enel logo designed for the project.

In 2013, work also continued on consolidating the vendor-rating and contractor-qualification system, which establishes specific, stringent health and safety requirements. These efforts focused in particular on the foreign countries in which the Group operates.

As part of the process of aligning the general contract conditions for the Enel Group, we have revised the clauses related to health and safety, which are broken down into general obligations applicable throughout Enel and local requirements, which vary in accordance with the laws and regulations for the given country.

Throughout the Group, we have also enhanced the safety controls for contractors, and around 300 meetings have been held as part of Contractors Safety Day in order to analyze the injuries that have occurred together with the contractors, as well as to promote their involvement in the ongoing health and safety projects and to share experiences and best practice.

Communicating about safety

We have also launched the Safety in the Office campaign aimed at increasing awareness of the importance of safety even in areas that are traditionally seen as presenting little or no risk, and we have created a newsletter about the various health and safety initiatives and other related topics.

The sixth edition of International Health & Safety Week was held in November, with all areas of the Enel Group being involved in order to promote proactive commitment to safety. Nearly 2,000 initiatives involving over 97,000 participants in 18 countries were organized during the week.

Structural safety and technological innovation

A health and safety catalog has been published. This work is a collection of the technologies and structural solutions that have been implemented by the various divisions in order to increase safety standards and is to be sent to the lines of business in order to promote the sharing of experience and best practice.

A number of safety-innovation projects have also been developed, such as: the Zero Accidents Project (ZAP), which seeks to improve safety management at large-scale work sites; the Active Safety at Work project, the goal of which is to promote the use and control of personal protection devices when conducting distribution activities; and the BOA project, aimed at supporting the management of interference during power-plant maintenance.

Major works

A peer-review plan has been implemented in four of the Group's leading work sites on the Iberian peninsula and in Colombia, Slovakia and Italy in order to enhance work-site safety management by setting common standards and identifying best practices to be shared.

Health

Work has begun on implementing the Global Health Plan, which includes initiatives of both prevention and increasing awareness in the three areas of health defined by the World Health Organization (WHO), i.e. physical, mental and social wellbeing. Group policies have been defined concerning prevention and other health-related issues, and we have developed a plan for the installation and use of defibrillators. In Italy, we have launched a pilot campaign for voluntary cardiovascular screening and courses to help quit smoking. The Enel Group has participated in the project Safe Work Without Alcohol and Drugs, promoted by the International Labour Organization (ILO) in order to promote the prevention of alcohol consumption and drug use, and we have launched informational campaigns on other health-related topics.

Particular attention was given to the prevention of stress and the promotion of health and organizational wellbeing, for which a specific action plan has been prepared. This plan calls for the definition of a global stress-prevention policy and the launch of a training program that focuses on three targets: upper management, personnel managers, and employees. We have also activated a psychological-support service for employees.

Plan of controls

In 2013, a plan of health and safety controls was created in order to verify compliance with procedures and other company guidelines within the Group's various businesses. This plan focused on the Group sites with the most critical issues based on accidents recorded over the last three years. Specifically, 13 areas were analyzed in Latin America, Europe and Italy, and action plans were defined for each site visited. Implementation of these action plans is to be monitored and subject to a follow-up process. A distribution peer-review plan has also begun in order to promote the sharing of experience and to identify any best practices that can be shared throughout the Group. This process is scheduled to continue in 2014 with a particular focus on Latin America.

Labor relations

In June 2013, in line with the principles of the One Company project, Enel and the Italian and international trade unions signed a global framework agreement (GFA), which consolidates the three levels of the Group's industrial relations, i.e. national/divisional, European and global. This agreement is based on the principles of individual and workers' rights and on the most modern systems of transnational industrial relations and those of leading international organizations such as the International Labour Organization (ILO). It establishes the guidelines for industrial relations, such as the approach to handling matters of interest to the Company and its employees, and includes the creation of an informational body, the Global Works Council, to represent the employees of the Enel Group and three multilateral committees dedicated to significant transnational issues in the areas of Health and Safety, Training, and Equal Opportunities/Diversity, respectively.

In 2013, the multilateral committees were established and worked to define a joint document of group-level recommendations for each of the three areas of interest. Each document was then approved by the Global Works Council at its first meeting held in October before being formally presented to the Company's management.

Many of the Group's national collective bargaining agreements were also renewed during the year.

Of particular note were the renewal of the industry's collective bargaining agreement in Italy, which was renewed for 2013-2015 on February 18, 2013, and the signing of the 4th *Convenio Marco* (framework agreement) of Endesa in Spain in December for the period 2013-2017.

A number of company contracts were also finalized in Latin America (particularly in Chile, Peru and Brazil), Russia and Slovakia in 2013.

Activities of note in Italy, due in part to their innovative nature, were the two trade-union agreements of May 9, 2013, i.e. the framework agreement under Article 4 of Law 92/2012 and the agreement for geographic, functional and intragroup mobility.

The former is the first of its kind in Italy for the handling of "redundancies" without the need for social safety nets and calls for the voluntary early retirement of up to 3,500 employees over the period 2013-2014, thereby allowing for a generational change through a plan to hire up to 1,500 young people on apprentice contracts.

On September 6, 2013, in application of this agreement and following completion of the established procedures, the main Italian companies of the Group signed an agreement with the trade unions FILCTEM, FLAEI and UILTEC in implementation of the framework agreement of May 9, 2013. The implementing company agreements establish the number of employees for each company to be included in forecasted retirements, subject to the successful outcome of further verifications aimed at confirming these candidates meet the established requirements. As at December 31, 2013, this plan has resulted in 1,911 employees leaving the Company.

The agreement for geographic, functional and intragroup mobility is closely correlated with the agreement above as a mechanism that supplements and harmonizes its effects. This agreement establishes the possibility for groups of workers to be transferred, in the event of redundancies, to one or more other production units, while also seeking to promote better alignment in supply and demand on the in-house job market by making use of people outside of their specific company/division of origin.

In terms of the talks concerning changes in the organization, the structure of the global functions and the operating divisions has been consolidated in all countries in which the Group operates.

Customers

In 2013, with a view towards ongoing improvement, including better integration between the companies in the various countries that are now a part of the Enel Group, the Commercial Best Practice Sharing project was completed. The goal of this project was to share and integrate, at the global level, the methods used to calculate the key performance indicators related to customer satisfaction and overall service quality.

In 2013, Enel was confronted with a fully liberalized market in Italy, characterized by a high level of competition. In this environment, and in line with 2012, the Company confirmed its choice to maximize the creation of customer value, focusing on achieving excellence in the quality of the service we offer.

This was also a year of transformation for Enel Energia, with the company broadening its offering of products and solutions for the home and for electric mobility, which have been designed for customers keen to reduce environmental impact in the use of electricity and gas.

Again this year, the attention devoted to service quality issues confirmed the rising trend in customer satisfaction seen in recent years. The areas of intervention have been many, ranging from the development of new contact methods and channels to improving back-office processes, and monitoring complaints and requests for information in order to reduce processing times and ensure their effective management and analysis, with the objective of understanding customer perceptions and any problems that may arise and immediately implementing appropriate corrective action without compromising the overall satisfaction of the customer.

The 100% Compliance project also continued in 2013. This project involves a team of specialists in the field of service quality and seeks to monitor and improve the quality of the responses sent to customers who write to our sales companies with complaints, requests for billing adjustments, or simply to request information, all for the purpose of safeguarding our customers and keeping them satisfied in all situations, including in respect of their right to receive fast, thorough assistance.

One part of this effort is the adoption by the Enel Group of an online joint-conciliation process with the signing, in May 2009, of a protocol with the consumer associations of the Italian National Council of Consumers and Users (CNCU, a body established within the Ministry for Economic Development), in implementation of which the Sales Division signed off on the rules for conciliation with these associations. These rules were then updated and approved again on November 26, 2012.

As a complementary alternative to this online joint-conciliation process, on April 1, 2013, Enel also voluntarily adhered to the Energy Customer Conciliation Service established by the Authority for Electricity and Gas on June 21, 2012 (Resolution 260/2012/E/com). This service also facilitates the out-of-court settlement of disputes between customers and operators (sellers or distributors) in the gas and electricity industries by way of a screen-based meeting over a virtual platform and with the help of a mediator, who helps the parties to find a mutually agreeable solution.

Since 2003, in Spain and Portugal, Endesa has adopted a *Plan de Excelencia en la Atención Comercial* (the Excellence in Customer Service Plan), which seeks to improve customer satisfaction indicators year after year.

In 2013, this plan focused on the quality of customer service (i.e. via phone, online and in person and including the handling of complaints) and on the development of new invoicing systems and models.

Use of the web site www.ENDESAonline.com increased by 21% compared with 2012 to reach a total of 967,000 registered users. Customer use of the online invoicing service also increased by 99.7% in 2013 to reach 995,000 e-factura contracts in effect.

In 2013, Endesa continued efforts to enhance its portfolio of value-added products and services, including a shift towards new business models and new sales channels, which will enable the company to provide the market and their customers (households and small, medium and large-scale enterprises) with a series of products and services that unite sustainability with other economic benefits, such as ensuring both lower emissions and greater operational and/or energy efficiency. The Twenergy website has also become the world's largest online community created around the issue of sustainability and energy efficiency.

Endesa is the only company in Spain's electricity industry to have established an ombudsman, independent from the company's organization, that provides customers with another channel for dialog concerning the services the company provides. The ombudsman interacts with both internal and external contacts and recommends new ways for identifying the customers' needs and expectations, as well as ways for improving the company's customer services.

In Argentina, continued the project *El Viaje de la Energia* (The Voyage of Energy), which targets schools in Buenos Aires and the areas of the province within the Edesur concession area. The primary goal of this project is to guide the community towards a rational, safe and efficient use of energy with view towards sustainable development by educating people on the "voyage of energy", from power generation to how energy is used.
In order to improve customer service, invoices are also now being issued in Braille for the vision impaired, and a messaging system has been set up for the hearing impaired.

In 2013, work continued in Colombia on the process of increase awareness among young people concerning the safe, efficient use of electricity as part of the programs *Vigias de la Energia*, which targets children, and *Siembra Energía* for the general public, which also seeks to promote the use of energy-efficient light bulbs.
Preferential channels for the elderly, pregnant women and people with disabilities have also been established.

In Chile, work continued on development of the program *Vínculo Emocional con el Cliente* (VEC), which seeks to strengthen the customer relationship through various loyalty programs.

In Peru, as part of efforts to calculate the customer satisfaction index (ISCAL), regional surveys began in June 2012 in order to gather consumer opinions on energy provision, billing, communication, and customer services.
Edelnor is keenly committed to providing customers, with a particular emphasis on new users, with clear, transparent information concerning rates and the services provided, as well as to providing preferential channels for the disabled.

For the fifth consecutive year, Coelce was ranked as the best electricity distributor in Brazil. Improvement efforts included the services for the disabled, which allow for better communication, including via Facebook. In addition, Coelce and Ampla continue work to promote the energy-efficiency program aimed at educating customers to make more responsible consumer decisions and reduce non-payment by the poorest segments of the population.

In Romania in 2013, Enel developed a new self-service channel known as "Kiosk Enel" in order to provide customers without access to the online services with an easy, convenient means of contacting the Company by minimizing how far they have to travel from home. Finally, 2013 included efforts to promote the "Client Handbook", a practical guide to the contract process, 100,000 copies of which were distributed to the various Enel Points, and the Energia Verde offering, the only offering of renewable energy, was launched.

Society

The companies of the Enel Group around the world play an important role in the communities in which they operate. Enel can make a concrete contribution to social and economic development in these communities through various types of initiatives, such as the expansion of infrastructures, education and training programs, projects of social inclusion, and support for local cultural activities. In particular, Enel is developing projects and other initiatives in the area of corporate social responsibility, which are selected based on materiality analyses, detailed peer benchmarking, and an assessment of general trends in sustainability.
The areas of development that have been given the highest priority concern: access to energy and eliminating the barriers to entry for low-income consumers; implementing the program to support high-quality education and employability training, particularly in emerging nations; and projects of social inclusion and in support of economic development in the areas in which the Enel Group operates.

Enabling Electricity

The fight against energy poverty is the focus of one of the United Nations Millennium Development Goals, as reaffirmed by the UN General Assembly, which unanimously declared the period 2014-2024 as the Decade of Sustainable Energy for All.
Within this context, as a member of the United Nations Global Compact LEAD, at the end of 2011 Enel launched the Enabling Electricity program with the goal of creating a new business model based on the access to energy, one which targets both people living in isolated rural areas and those who live in the outskirts of major metropolitan areas. To date, with projects under way in 12 nations, the program has provided access to electricity to over 2.3 million people around the world, bringing forward to this year achievement of the target for 2014 of doubling the number of people reached by the program.

Specifically, the project is based on three areas of action:

- projects aimed at facilitating access to electricity through new distributed power generation technologies and grid infrastructures;
- projects to eliminate the economic barriers to electricity in territories such as Latin America;
- projects with the local communities in order to develop and share capacity-building capabilities, which provide disadvantaged populations with the experience of the Enel Group.

The relationship with local communities

Strengthening the Group's leadership necessarily involves forging a responsible partnership with the local communities and areas which host our power plants and other activities, credibility in relations with the governments and authorities in the countries in which Enel operates and a stable, ongoing and integrated relationship with all stakeholders, based on trust and respect for shared values.

This constant interaction with the local communities is at the heart of Enel's relationship with them. In order to maintain constructive exchange and involvement in managing Enel's impact on the local communities, it is necessary, first of all, for those communities to be more aware of the Group's activities. This is the reasoning behind all of our initiatives aimed at bringing the general public closer to the world of energy, such as publications about our projects, tours of our plants, speaking opportunities at cultural and scientific events, informational videos, the publication of information about our work sites, the *Natura e Territorio* (Nature and the Territory) programs to promote sports and recreation, cultural itineraries and nature walks around our plants, and all of the other initiatives to promote our industrial heritage.

In 2013, Enel also launched the Stakeholder Management project by which Enel ask them to share with us their expectations concerning our business.

Education, science, information

Enel has long promoted a culture of environmental sustainability and the informed use of resources, both through dedicated initiatives and by investing in research and in the dissemination of scientific knowledge.

For example, Enel introduces young people to the world of energy, helping them understand the sources of energy, generation plants and the path electricity takes to get to their home, with a view to increasing their awareness and critical skills, thereby nudging them towards sustainable decisions and behavior.

More specifically, we are developing programs in Latin America to provide communities with the tools and capabilities they need for their members to be better able to enter the job market (especially in energy-related fields), including through partnerships with schools.

Energy, science, technology, environment: these are the key works of the PlayEnergy initiative, a free project combining entertainment and education that Enel has been organizing for the last 11 years in schools in 10 different countries, all with the goal of disseminating a responsible energy culture among young people, starting with knowledge to enable responsible decision-making. This commitment is renewed each year, involving thousands of students of all ages with the use of on- and off-line materials and local initiatives.

Enel also publishes Oxygen, the quarterly magazine devoted to promoting scientific thought and debate, with a focus on the environment, energy, innovation and, more generally, geopolitical events.

Finally, Enel supports many initiatives aimed at providing access to information and opportunities for dialog.

Climate strategy and the environment

Environmental management and climate strategy

Enel recognizes the central importance of the fight against climate change within the scope of the responsibilities of a global player in the energy industry and has, for years now, been taking steps to reduce greenhouse gas emissions in all of the countries in which we operate, both by observing the obligations of the ETS Directive and by implementing our own long-term strategy. In that regard, the CEO of the Company has promoted the Eurelectric initiative under which 60 firms have committed to transforming the European electricity sector into a CO_2 "emissions-neutral" industry by 2050.

In 2013, over 46.7% of the power Enel generates comes from zero-emission sources, an increase of 10.1% on 2012. More specifically, about 940 MW of new capacity from renewable sources was installed in 2013, thereby confirming our commitment to the development of carbon-free power generation, a commitment which will continue over the years to come. In addition, in 2013 the zero-emissions installed capacity of the Enel Group was equal to 42.7% of the total, or 42,239 MW.

Since 1990 (the benchmark year for the Kyoto Protocol), specific CO_2 emissions for the Enel Group have declined by 37%. In 2013, Enel reduced emissions by 16% compared with 2007, which is in line with the target reduction set for 2020 compared with 2007, the year immediately preceding the first commitment period defined by the Kyoto Protocol. In light of this encouraging performance, Enel will be evaluating whether to set a mid-range target, given that our 2013 performance was affected both by ongoing structural growth in power generation from renewable sources and by contingent factors, such as high levels of water availability and other market dynamics.

Enel has set the following targets for 2020, which concern a number of environmental factors that are of greatest relevance to the activities of the Group: -10% in total specific emissions of sulfur dioxide (SO_2); -10% in total specific emissions of nitrogen oxides (NO_x); -50% in total specific emissions of particulates; and -10% in total specific water consumption (all figures relative to 2010 totals).

The long-term strategy of the Enel Group is based on the development of zero-emissions energy sources, the commitment to improve existing technologies, the promotion of energy efficiency and the development of smart grids, research and innovation, and the reduction of emissions through the implementation of projects in developing nations and in transition economies.

For a number of years, Enel has also been active on the voluntary emissions reduction market, which is intended for parties (i.e. companies, institutions, end users, etc.) who intend to monitor or neutralize the carbon footprint of their various (internal and external) activities (e.g. publications, products and services, events, etc.). All of these initiatives are associated with the "CO_2 NEUTRAL" trademark that Enel registered in 2011.

Alongside these mitigation polities, the Enel Group is also working on adapting to the process of climate change. Extreme weather can have a significant impact on the level and quality of power generation, distribution and provision over both the short term and the long term. For this reason, Enel has begun studying ways to adapt to climate change through a pilot project related to the Iberian peninsula and Latin America. In 2014, this study will be extended to the Group's operations around the world.

The Group's commitment to the safe management of nuclear power generation is clearly laid out in our Nuclear Policy, which was approved in 2010 and more information for which may be found online at http://www.enel.com/en_GB/sustainability/our_responsibility/enel_nuclear. This policy is intended to guarantee that all nuclear power investment projects in which the Group participates are conducted with overriding priority given to nuclear safety and the protection of workers, the general public and the environment, while encouraging excellence and going beyond mere compliance with the law.

The safety stress tests of nuclear power plants seek to define the margins of safety of active power plants when faced with extreme stressors (whether external, e.g. earthquakes or floods, or accidental) and to study how the reactors respond under such extreme conditions.

The Group's nuclear power plants have been studied in depth, and the steps for improvement identified are under way. Enel Engineering & Research has participated in the testing stage and actively supported the Group's nuclear

power companies in Spain and Slovakia in implementing any improvements.

Plant upgrading efforts included that of Santa Maria de Garoña, a shareholding of the Enel Group through Endesa, which was kept offline for all of 2013 and the operating permit of which expired on July 6. The fiscal regime on spent nuclear fuel, which had forced the plant to shut down in December 2012 based on the expected financial impact, was favorably amended in September 2013. The plant operator is assessing the possibility of starting up the plant again and requesting a renewal of the operating permit within the deadline of one year from expiration of the previous one.

Renewables

In line with its health, safety and environmental policy, the Renewable Energy Division has the goal of protecting the environment in all phases of the development, construction and management of renewable energy systems. The environmental impact of such activities varies based on the type of plant, the technology used, and the stage of development the plant is currently in.

Some types of impact are handled *a priori* through specific strategic decisions. Examples of this include the introduction of specific green-procurement requirements or the "short chain" in biomass power generation by procuring biomass directly from local farms, thereby creating both a source of inputs for the plant and stable, alternative sources of income for the farms.

When **developing new infrastructure projects**, environmental impact assessments are conducted when requesting related authorizations in line with the laws and regulations of the country concerned. Based on the outcome of these assessments, we either establish any technical adjustments needed in order to reduce environmental impact right from the planning stage or evaluate, together with the local authorities, any compensatory measures that can be taken (e.g. biodiversity development projects that enhance the particular features of the local environment).

During **plant construction**, which is the activity with the greatest impact on the environment, we adopt a plan of environmental impact prevention and mitigation, which is defined, in part, in collaboration with the contractors that will be working at the site. The goal of this plan is to establish the environmental performance monitoring and control mechanisms for the work site, through which plans for improvement are developed together with the contractors and other suppliers, as are training and awareness initiatives and more effective coordination mechanisms.

During **operation of the plant**, by way of the existing Environment Management System, we define specific plans for improvement at the Group's various sites, so as to identify any action to be taken in order to manage and mitigate any significant impact. These efforts include reducing and controlling emissions, managing waste, protecting water resources, and managing environmental emergency situations.

Water scarcity

Water resource management is an issue of increasing importance, and Enel constantly monitors all of our production sites in areas at risk in terms of water scarcity, so as to manage these resources in the most efficient manner possible.

Beginning in 2013, consumption due to evaporation of a number of plants with special cooling processes has been calculated. This change in calculation methods overestimates consumption for 2013. Nonetheless, comparing the 2013 figures with the same calculation method used for the prior year, we see a decline in specific consumption of around 6%, which is in line with Enel's commitment to reduce consumption by 10% by 2020 compared with 2010.

More specifically, site monitoring is done at the following levels of analysis:

> mapping of the production sites located in areas of potential water scarcity, where the average value of renewable water resources *per capita* is less than the target set by the FAO and also identified by using special software developed by the World Business Council for Sustainable Development;
> identification of "critical" production sites, i.e. those with fresh water supplies;
> more efficient management by making changes to plants or processes to maximize use of waste water and sea water;
> monitoring of climate and vegetation data for each site.

Globally, Enel returns about 99% of the water used, and only about 7% of the Group's total production uses and/or consumes fresh water in water-stressed areas.

In 2013, Enel was also the first utility to participate in the Aqua Gauge questionnaire being promoted by the US investor network Ceres, the goal of which is to assess Company awareness of the environmental risks related to water resources.

Biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy.

The Group promotes a number of projects throughout the world with the aim of supporting the preservation of ecosystems and the natural habitats of the various territories in which we operate, while playing an active role in the local communities.

In 2013, we completed the mapping of the biodiversity protection efforts of the Group, which has enabled Enel to adopt a Group Biodiversity Plan. This plan is comprised of 133 projects, 34 of which were completed in 2011 and 2012 and 98 of which are still under way. The total financial outlay since 2011 has been about €21 million. The projects are in areas concerning production plants and other installations and involve projects of various types, including: monitoring, safeguarding, research and development, corrective or compensatory measures, and social and environmental studies.

At Enel, we feel that any action involving ecosystems must be based on in-depth knowledge of the various conditions of equilibrium found in the areas in which we operate. As such, for each installation, the proximity of protected areas has been monitored, identifying for each the reasons for protection, the valuable ecosystems, biotopes and the endangered animal or plant species to be protected, and the related impact has been assessed. Knowing what species are present in a given area makes it possible to find those on the "Red List" of the International Union for Conservation of Nature and Natural Resources (IUCN) and, in relation to the level of risk involved, to take any necessary protective measures. The results of these efforts show that our activities are being conducted in an environmentally balanced manner that protects biodiversity.

As regards plant operations, in many areas, in agreement with local authorities, independent experts perform biomonitoring studies of the land, rivers and sea in order to assess the impact of operations on biodiversity and the adequacy of any compensatory or improvement measures taken.

Research and development

Model of technological leadership

The Enel Group aspires to be a technology leader in the industry by developing innovative projects that generate value and promote the creation of sustainable competitive advantage.

The primary means by which Enel defines strategy and develops the Group's Innovation Plan is the Technology Map, which has the goal of identifying the key technologies to focus on in the future, thereby anticipating the evolution and other changes in energy policy and energy scenarios. The map also seeks to establish the investment priorities based on these expectations and other market opportunities.

In 2013, the Enel Group invested €76 million in research and innovation across the various areas of business, i.e. traditional power generation, renewable energy, networks, energy storage, and end uses.

Traditional power generation

Efficiency and reducing emissions at coal-fueled plants

In 2013, the efforts of the Enel Group focused on the following issues:

- developing tools to monitor and control gas and coal-fueled thermal plants in order to optimize operations to make them more versatile, while reducing downtime, consumption and emissions;
- studying processes able to increase plant efficiency by recovering energy from waste heat and optimizing other processes;
- studying new technologies that can increase plant reliability under more flexible operations.

Environmental research seeks to anticipate scientific developments in order to play a more proactive role in identifying any areas for improvement. The capabilities that Enel has developed in this field do, in fact, enable us to assess environmental impact related to the air, water and soil, thereby moving beyond the simple monitoring required by law.

Being active in the characterization and analysis of air quality, the Enel Group has also carried out an initial campaign to validate the integrated method for establishing the environmental impact caused by operating coal-fueled thermal power plants.

More specifically, in 2013:

> we worked to characterize the emission of macro- and micro-pollutants on high-efficiency exhaust-treatment systems with the goal of assessing the room for improvement and performance over time;
> we launched a new line of water management activities at the thermal power plants, which focuses on identifying integrated solutions and/or new processes that can reduce the use of water;
> research continues regarding the development of advanced applications of sensors, diagnostics and automation in order to increase the reliability, safety and efficiency of the Enel Group's power plants and to reduce accidents during the construction, maintenance and normal operations of such plants.

Smart grids, distributed generation, and demand-side management

Smart grids

Enel is a leading player, both within Italy and internationally, in numerous initiatives working towards innovations in energy distribution systems in order to continue increasing grid efficiency.

The most significant project currently under way concerns "smart grids", which add innovative digital solutions to traditional technologies in order to make power grid management more flexible by increasing the efficacy of how information is shared.

With the goal of developing an action plan for implementing Active Demand in Europe, work continues on project ADVANCED (Active Demand Value ANd Consumer Experience Discovery), in which Enel is the project's coordinator, and other leading European distribution system operators (DSOs) are also involved. The project uses the results and data of other demonstration projects currently under way, such as Enel Info+ in Isernia, together with other Active Demand projects around Europe.

Enel is also responsible for technical directions for European project Grid4EU, which encompasses six different projects in various nations and has the goal of conducting wide-scale testing under real operating conditions of advanced smart grids aimed at promoting the use and management of distributed power generation, supporting energy efficiency, and enabling and integrating active demand and new uses of electricity.

September 2013 saw the start of the project EvolvDSO, the goal of which is to define, develop and validate tools and methodologies that can allow for DSOs to play new roles.

Various smart-grid projects are also under way in Spain and Latin America, including the ICONO project for the development of functions for monitoring distributed power generation, automating the network, and improving operating efficiency, reliability and safety.

Smart cities

The innovative technologies and skills developed by the Enel Group have enabled us to promote the concept of "smart cities" in various parts of the world, uniting environmental protection, energy efficiency and economic sustainability within a single urban model.

In Italy, the first pilot projects are under way in Genoa, Bari, Cosenza and L'Aquila, where Enel is helping the cities to make the move towards becoming smart cities through measures aimed at developing smart grids as an enabling platform for new innovations and services.

Enel is also active in smart-city projects being funded at the European level. We are, for example, partnering with the city of Genoa in the project FP7 TRANSFORM, which features the involvement of other European cities (i.e. Amsterdam, Hamburg, Copenhagen, Grand Lyon, and Vienna) and other high-profile industrial partners.

Also in 2013, work continued on the innovative smart-city projects in Spain (Malaga and Barcelona) and Brazil (Búzios), and another was started in Chile (Santiago). As a part of these projects, new smart-grid technologies and solutions will be implemented in order to manage the cities more efficiently and in a more sustainable manner, while also saving more energy.

Distributed power generation

In 2013, initial testing of the triangle-based omni-purpose building (TOP) was completed. This system is made up of photovoltaic panels and storage systems and is able to provide renewable energy to populations in remote areas that are not connected to the power grid.

In Spain, work is ongoing on project "Novare Energrid", an open, modular energy management platform based on a distributed infrastructure for managing the flow of energy on the grid. The system makes it possible to manage power generation and consumption by way of a system of nodes (in residential and business areas), thereby creating a decentralized system of dialog between consumers, producers and users.

The Enel Group is also greatly committed to a number of projects in various countries, such as Italy, Spain and Brazil, to create an innovative network of advanced smart infrastructures to recharge electric vehicles, so as to promote the use of these vehicles and favor more sustainable mobility.

Energy efficiency

The Enel Group is developing innovative technologies and new electrical services for our customers in order to optimize and rationalize the consumption of energy.

During the year, particular emphasis was placed on post-metering services, the regulation of consumption, and end-use energy efficiency, while also studying the related technical aspects and defining and developing new business models.

In particular:

- work continued on the project Enel Info+, which calls for the testing of Enel smart info, a device that provides customers with tracked generation/consumption data, thereby promoting greater awareness of their own energy-use habits and fostering more efficient ones;
- the project Energy@Home was carried out in collaboration with Electrolux, Indesit Company and Telecom Italia. This project led to the development of a communication platform for smart devices in the home;
- work continued on the project *Come Consumo* (How I Consume), a system that enables end users to view their consumption in real time on either a local device or online, while also providing access to historical consumption data.

Enel is also involved in the European project ENCOURAGE, the goal of which is to develop technologies to help optimize the energy efficiency of office buildings by focusing on the optimal control of the subsystems within the buildings, while also providing adequate means for interacting effectively with the outside world (i.e. with other buildings, local power generators, energy retailers and distributors).

In Spain and South America, various energy-efficiency projects are under way, including the European project EnergyTIC, the goal of which is to develop various innovative solutions that will enable customers to save water and energy.

Renewable energy

Renewable energy is one of Enel's key strategies for reducing CO_2 emissions and, at the same time, for making our production portfolio more competitive. There is great growth potential in terms of installed capacity, and intensive efforts are under way to develop increasingly efficient, effective technologies that can be used in a variety of contexts around the world. For this reason, Enel is active in all of the leading renewable generation technologies, and we are identifying technologies that can help to take advantage of resources that are currently not being used, such as the energy of the sea.

In 2013, the following activities were undertaken.

Concentrated Solar Power (CSP, or thermodynamic solar)

Construction and start-up have been completed at the 5 MWe "Archimede" concentrated solar power (CSP) plant, and the procedures of plant management and steam generation have been defined, as have the main guidelines of operation and maintenance. Studies are also being conducted concerning a new fluid mix with a lower melting point and the use of innovative plant components that will help to increase performance.

Photovoltaics

Efforts continue to find innovative technologies and plant components with a view towards their commercial and pre-commercial development, and we have assessed the possibility of integrating semi-transparent photovoltaic modules into architecture.

Wind

Efforts continue to refine the short- and medium-term (up to 72 hours) output forecasting models of wind farms.

Geothermal power

In Stillwater, Nevada (USA), work has been completed on the detailed plans for the first CSP thermal solar plant to be integrated with a binary geothermal plant, which will provide additional thermal power of 17 MW.

Biomass

Enel has focused on characterizing small-scale (100 kWe to 1 MWe) technologies able to provide high levels of efficiency and flexibility.

Hydroelectric

Solutions have been developed that could optimize the power generation of hydroelectric plants by using the water released to meet minimum environmental flow obligations.

Marine energy

The R115 marine system has begun operating. This system was developed in collaboration with 40South Energy and is able to generate 100 kWe. Commercial agreements have been signed with the partner firm for the provision of additional systems.

Energy storage

The ability to store the energy generated from renewable sources is proving to be one of the most interesting, significant challenges in the management of renewable energy, as well as in the evolution of smart grids and in the manner in which energy is managed at both the residential and industrial level. As storage systems become more efficient, it will be possible to store the electricity generated when costs are lower and there is an abundance of renewable energy and then use that energy at a later time when it is needed.

In Italy and Spain, numerous pilot projects are under way in which various storage technologies installed at various points of the grid are being tested and compared.

Information and Communication Technologies (ICT)

The increasing focus on innovative digital technologies can be seen, in part, in the 2013 creation of a unit dedicated to the guidance, coordination, creation and promotion of innovative solutions based on such technologies.

By way of a network with the world's most prominent ICT firms, research labs, and a number of universities, we have been able to identify several innovative solutions for predictive maintenance applied to wind turbines and for detecting energy fraud (i.e. non-technical losses). In terms of customer relations, we have been testing new technologies of sentiment analysis using the social networks and for the advanced analysis of the efficacy of the various online tools.

Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Purchase of electricity on the Power Exchange for pumping and plant planning Sale of electricity for own use
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives Sale of electricity for own use
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market Purchase of transport, dispatching and metering services Sale of electricity for own use
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Purchase of fuels for generation plants, storage services and natural gas distribution Sale of electricity for own use
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods Sale of electricity for own use
Poste Italiane Group	Fully controlled (directly) by the Ministry for the Economy and Finance	Purchase of postal services Sale of electricity for own use

Finally, Enel also maintains relationships with the pension funds FOPEN and Fondenel, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity and Gas.

For more details on transactions with related parties, please see the discussion in note 37 to these consolidated financial statements.

Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2013		at Dec. 31, 2012 restated	
Financial statements - Enel SpA	**1,372**	**25,867**	**3,428**	**25,817**
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	7	(77,828)	14	(77,683)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	6,149	74,861	3,943	73,842
Consolidation differences at the Group consolidation level	(745)	12,235	(2,504)	12,855
Intercompany dividends	(3,540)	-	(4,583)	-
Elimination of unrealized intercompany comprehensive income, net of tax effects and other minor adjustments	(8)	806	(60)	944
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	3,235	35,941	238	35,775
NON-CONTROLLING INTERESTS	1,545	16,898	1,204	16,312
CONSOLIDATED FINANCIAL STATEMENTS	**4,780**	**52,839**	**1,442**	**52,087**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Consolidated financial statements

Consolidated Income Statement

Millions of euro	Notes	2013		2012 restated [1]	
			of which with related parties		*of which with related parties*
Revenues					
Revenues from sales and services	9.a	77,258	*8,753*	82,431	*7,217*
Other revenues and income	9.b	3,277	*401*	2,518	*46*
	[*Subtotal*]	**80,535**		**84,949**	
Costs					
Raw materials and consumables	10.a	41,612	*10,266*	46,582	*9,971*
Services	10.b	15,551	*2,510*	15,780	*2,298*
Personnel	10.c	4,596		5,789	
Depreciation, amortization and impairment losses	10.d	7,067		9,003	
Other operating expenses	10.e	2,837	*30*	2,774	*39*
Capitalized costs	10.f	(1,450)		(1,747)	
	[*Subtotal*]	**70,213**		**78,181**	
Net income/(charges) from commodity risk management	11	**(378)**	*78*	**38**	*82*
Operating income		**9,944**		**6,806**	
Financial income	12	2,453	*35*	2,185	*13*
Financial expense	12	5,266	*4*	5,197	
Share of income/(expense) from equity investments accounted for using the equity method	13	86		88	
Income before taxes		**7,217**		**3,882**	
Income taxes	14	2,437		2,440	
Net income from continuing operations		**4,780**		**1,442**	
Net income from discontinued operations		-		-	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**4,780**		**1,442**	
Pertaining to shareholders of the Parent Company		3,235		238	
Pertaining to non-controlling interests		1,545		1,204	
Earnings per share (euro) pertaining to the ordinary shareholders of the Parent Company	15	*0.34*		*0.03*	
Diluted earnings per share (euro) pertaining to the ordinary shareholders of the Parent Company	15	*0.34*		*0.03*	
Earnings from continuing operations per share (euro) pertaining to the ordinary shareholders of the Parent Company	15	*0.34*		*0.03*	
Diluted earnings from continuing operations per share (euro) pertaining to the ordinary shareholders of the Parent Company	15	*0.34*		*0.03*	

(1) The consolidated income statement for 2012 has been restated to provide a better presentation of the impact recognized in the previous year of the introduction of IAS 19 Revised and the change in the accounting treatment of environmental certificates. For more information, please see note 4 below.

Statement of Consolidated Comprehensive Income

Millions of euro	Notes	2013	2012 restated [1]
Net income for the year		**4,780**	**1,442**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges		(174)	(760)
Share of income recognized in equity by companies accounted for using the equity method		(29)	(7)
Change in the fair value of financial investments available for sale		(105)	(416)
Change in translation reserve		(3,197)	73
Other comprehensive income not recyclable to profit or loss			
Change in net liabilities (assets) in respect of defined-benefit plans		**(188)**	**(248)**
Income/(Loss) recognized directly in equity	29	**(3,693)**	**(1,358)**
Comprehensive income for the period		**1,087**	**84**
Pertaining to:			
- shareholders of the Parent Company		1,514	(1,232)
- non-controlling interests		(427)	1,316

(1) The statement of consolidated comprehensive income for 2012 has been restated to provide a better presentation of the impact recognized in the previous year of the introduction of IAS 19 Revised and the change in the accounting treatment of environmental certificates. For more information, please see note 4 below.

Consolidated Balance Sheet

Millions of euro	Notes						
ASSETS		**at Dec. 31, 2013**		at Dec. 31, 2012 restated [1]		at Jan. 1, 2012 restated	
			of which with related parties		*of which with related parties*		*of which with related parties*
Non-current assets							
Property, plant and equipment	16	81,050		83,115		80,592	
Investment property		181		197		245	
Intangible assets	17	33,229		35,997		39,049	
Deferred tax assets	18	6,239		6,816		6,206	
Equity investments accounted for using the equity method	19	647		1,115		1,085	
Non-current financial assets	20	6,401	*4*	5,518	*74*	6,325	
Other non-current assets	21	837	*15*	800	*55*	415	
	[*Total*]	**128,584**		**133,558**		**133,917**	
Current assets							
Inventories	22	3,586		3,338		3,148	
Trade receivables	23	11,533	*1,268*	11,719	*893*	11,570	*1,473*
Tax receivables	24	1,735		1,631		1,251	
Current financial assets	25	7,877	*4*	9,381	*39*	10,466	*1*
Other current assets	26	2,562	*152*	2,262	*46*	2,136	*71*
Cash and cash equivalents	27	8,030		9,891		7,015	
	[*Total current assets*]	**35,323**		**38,222**		**35,586**	
Assets held for sale	28	**241**		**317**		**381**	
TOTAL ASSETS		**164,148**		**172,097**		**169,884**	

(1) The consolidated balance sheet at December 31, 2012 has been restated to provide a better presentation of the impact recognized in the previous year of the introduction of IAS 19 Revised and the completion of the purchase price allocation process for a number of business combinations carried out the previous year. For more information, please see note 4 below.

Millions of euro	Notes						
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2013**		at Dec. 31, 2012 restated [1]		at Jan. 1, 2012 restated	
			of which with related parties		*of which with related parties*		*of which with related parties*
Equity pertaining to the shareholders of the Parent Company							
Share capital		9,403		9,403		9,403	
Other reserves		7,084		8,747		10,217	
Retained earnings (Loss carried forward)		19,454		17,625		18,892	
	[*Total*]	**35,941**		**35,775**		**38,512**	
Non-controlling interests		**16,898**		**16,312**		**15,589**	
Total shareholders' equity	29	**52,839**		**52,087**		**54,101**	
Non-current liabilities							
Long-term loans	27	51,113		55,959		48,703	
Post-employment and other employee benefits	30	3,696		4,542		3,192	
Provisions for risks and charges	31	8,047		8,648		8,057	
Deferred tax liabilities	18	10,905		11,786		11,505	
Non-current financial liabilities	32	2,257		2,553		2,307	
Other non-current liabilities	33	1,266	*2*	1,151	*2*	1,313	
	[*Total*]	**77,284**		**84,639**		**75,077**	
Current liabilities							
Short-term loans	27	2,529		3,970		4,799	
Current portion of long-term loans	27	4,690		4,057		9,672	
Trade payables	34	13,004	*3,647*	13,903	*3,496*	12,931	*3,304*
Income tax payable		308		364		671	
Current financial liabilities	35	3,640	*4*	3,138	*1*	3,668	*2*
Other current liabilities	36	9,834	*24*	9,931	*39*	8,907	*15*
	[*Total*]	**34,005**		**35,363**		**40,648**	
Liabilities held for sale	28	**20**		**8**		**58**	
Total liabilities		**111,309**		**120,010**		**115,783**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**164,148**		**172,097**		**169,884**	

(1) The consolidated balance sheet for 2012 has been restated to provide a better presentation of the impact recognized in the previous year of the introduction of IAS 19 Revised and the completion of the purchase price allocation process for a number of business combinations carried out the previous year. For more information, please see note 4 below.

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves pertaining to the shareholders of the Parent Company					
	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments
at January 1, 2012	**9,403**	**5,292**	**1,881**	**2,262**	**120**	**(49)**
Effect of application of IAS 19/R	-	-	-	-	-	-
at January 1, 2012 restated	**9,403**	**5,292**	**1,881**	**2,262**	**120**	**(49)**
Dividends and interim dividends	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(28)	(1,204)
of which:						
- Income/(Loss) recognized directly in equity	-	-	-	-	*(28)*	*(1,204)*
- Net income/(loss) for the year	-	-	-	-	-	-
at December 31, 2012 restated (1)	**9,403**	**5,292**	**1,881**	**2,262**	**92**	**(1,253)**
Dividends and interim dividends	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	98	-
Disposal of equity interests without loss of control	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(1,290)	(237)
of which:						
- Income/(Loss) recognized directly in equity	-	-	-	-	*(1,290)*	*(237)*
- Net income/(loss) for the year	-	-	-	-	-	-
at December 31, 2013	**9,403**	**5,292**	**1,881**	**2,262**	**(1,100)**	**(1,490)**

(1) The statement of changes in consolidated shareholders' equity at December 31, 2012 has been restated to provide a better presentation of the impact recognized in the previous year of the introduction of IAS 19 Revised and the completion of the purchase price allocation process for a number of business combinations carried out the previous year. For more information, please see note 4 below.

Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using the equity method	Reserve for employee benefits	Other retained earnings	Equity pertaining to the shareholders of the Parent Company	Non-controlling interests	**Total shareholders' equity**
749	**78**	**15**	**-**	**18,899**	**38,650**	15,650	**54,300**
	-	-	(131)	(7)	**(138)**	(61)	**(199)**
749	**78**	**15**	**(131)**	**18,892**	**38,512**	15,589	**54,101**
-	-	-	-	(1,505)	**(1,505)**	(628)	**(2,133)**
	-	-	-			35	**35**
-	-	(7)	(231)	238	**(1,232)**	1,316	**84**
-	-	*(7)*	*(231)*	-	***(1,470)***	*112*	***(1,358)***
-	-	-	-	*238*	***238***	*1,204*	***1,442***
749	**78**	**8**	**(362)**	**17,625**	**35,775**	16,312	**52,087**
-	-	-	-	(1,410)	**(1,410)**	(829)	**(2,239)**
-	22	-	-	-	**76**	102	**178**
(28)	*6*	**-**	4	4	**(14)**	1,740	**1,726**
-	-	(24)	(170)	3,235	**1,514**	(427)	**1,087**
-	-	*(24)*	*(170)*	-	***(1,721)***	*(1,972)*	***(3,693)***
-	-	-	-	*3,235*	***3,235***	*1,545*	***4,780***
721	**62**	**(16)**	**(528)**	**19,454**	**35,941**	**16,898**	**52,839**

Consolidated Statement of Cash Flows

Millions of euro	Notes	2013	of which with related parties	2012 restated [1]	of which with related parties
Income before taxes for the year		**7,217**		**3,882**	
Adjustments for:					
Amortization and impairment losses of intangible assets		1,622		3,516	
Depreciation and impairment losses of property, plant and equipment		4,790		4,899	
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)		(264)		(66)	
Accruals to provisions		1,023		2,469	
Financial (income)/expense		2,319		2,413	
(Gains)/Losses from disposals and other non-monetary items		48		514	
Cash flows from operating activities before changes in net current assets		*16,755*		*17,627*	
Increase/(Decrease) in provisions		(1,884)		(1,517)	
(Increase)/Decrease in inventories		(249)		(190)	
(Increase)/Decrease in trade receivables		(596)	*(375)*	(825)	*580*
(Increase)/Decrease in financial and non-financial assets/liabilities		(681)	*27*	1	*(117)*
Increase/(Decrease) in trade payables		(893)	*151*	978	*192*
Interest income and other financial income collected		1,110	*35*	1,168	*13*
Interest expense and other financial expense paid		(3,715)	*4*	(3,898)	
Income taxes paid		(2,606)		(2,929)	
Cash flows from operating activities (a)		**7,241**		**10,415**	
Investments in property, plant and equipment		(5,350)		(6,522)	
Investments in intangible assets		(610)		(627)	
Investments in entities (or business units) less cash and cash equivalents acquired		(210)		(182)	
Disposals of entities (or business units) less cash and cash equivalents sold		1,409		388	
(Increase)/Decrease in other investing activities		614		355	
Cash flows from investing/disinvesting activities (b)		**(4,147)**		**(6,588)**	
Financial debt (new long-term borrowing)	27	5,336		13,739	
Financial debt (repayments and other net changes)		(9,565)		(12,505)	
Collection of proceeds from disposal of equity interests without loss of control		1,814		-	
Incidental expenses in disposal of equity interests without loss of control		(85)		-	
Dividends and interim dividends paid		(2,044)		(2,229)	
Cash flows from financing activities (c)		**(4,544)**		**(995)**	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**(426)**		**29**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		**(1,876)**		**2,861**	
Cash and cash equivalents at the start of the year [2]		9,933		7,072	
Cash and cash equivalents at the end of the year [3]		8,057		9,933	

(1) The consolidated statement of cash flows for 2012 has been restated to reflect the application of the new IAS 19 Revised. For more information, please see note 4 below.

(2) Of which cash and cash equivalents equal to €9,891 million at January 1, 2013 (€7,015 million at January 1, 2012), short-term securities equal to €42 million at January 1, 2013 (€52 million at January 1, 2012) and cash equivalents pertaining to "assets held for sale" equal to zero at January 1, 2013 (€5 million at January 1, 2012).

(3) Of which cash and cash equivalents equal to €8,030 million at December 31, 2013 (€9,891 million at December 31, 2012), short-term securities equal to €17 million at December 31, 2013 (€42 million at December 31, 2012) and cash and cash equivalents pertaining to "assets held for sale" in the amount of €10 million at December 31, 2013 (none at December 31, 2012).

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA, which operates in the energy utility sector, has its registered office in Viale Regina Margherita 137, Rome, Italy.
The consolidated financial statements for the period ended December 31, 2013 comprise the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the annex.
These consolidated financial statements were approved for publication by the Board on March 11, 2014.
These financial statements have been audited by Reconta Ernst & Young SpA.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2013 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation 1606/2002/EC and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

Basis of presentation

The consolidated financial statements consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance sheet, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows and the related notes.
The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities associated with assets held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the twelve months following the close of the financial year.
The consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the consolidated statement of cash flows.
The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.
The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items.
The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows report transactions with related parties, the definition of which is given in the next section.

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance-sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.

In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.

Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Use of estimates

Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity and gas to retail customers are recognized at the time the electricity or gas is supplied and include, in addition to amounts invoiced on the basis of periodic (and pertaining to the year) meter readings, an estimate of the value of electricity and gas distributed during the period but not yet invoiced, which is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenues between the date of the last meter reading and the end of the year are based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pensions and other post-employment benefits

Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs. Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets is reviewed periodically and wherever circumstances or events suggest that a more frequent review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 17 below.

Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their possible future disposal, in accordance with the Company's most recent plans.

The estimates of such recoverable values are considered reasonable. Nevertheless, possible changes in the estima-

tion factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Depreciable value of certain elements of Italian hydroelectric plants following enactment of Law 134/2012

Law 134 of August 7, 2012 containing "urgent measures for growth", published in the *Gazzetta Ufficiale* on August 11, 2012, introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no predominant public interest in using the waters for another purpose that is incompatible with continuing use for hydroelectric purpose, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.

In order to ensure operational continuity, the law also established procedures for the transfer from the departing concession holder to the new concession holder of ownership of the business unit necessary to operate the concession, including all legal relationships associated with the concession, against payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

> for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the payment shall be determined on the basis of revalued cost less public capital grants (also revalued) received by the concession holder for the construction of such works, as reduced for ordinary wear and tear;
> for other property, plant and equipment, the payment shall be determined on the basis of market value, meaning replacement value, as reduced for ordinary wear and tear.

While acknowledging that the new regulations introduce major changes in the transfer of ownership of the business unit for the operation of hydroelectric concessions, the difficulties associated with the practical application of these principles are clear, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).

The main uncertainties are the following:

> the price for the transfer of the business unit must be negotiated with the grantor agency five years prior to the expiration of the concession, on the basis of currently unavailable technical and financial parameters that will be announced in a decree of the Ministry for Economic Development acting on an opinion of the Authority for Electricity and Gas;
> it is reasonable to expect that the process of quantifying that value will require assessments involving significant uncertainties, especially as regards the determination of the ordinary wear and tear of the assets under discussion and the positions that the parties involved could take;
> the law itself, which acknowledges the existence of objective uncertainties associated with the determination of the price, establishes that in the event of disagreement between the concession holder and the grantor, the issue shall be resolved through recourse to a panel of three independent and qualified third parties;
> at present no historic data are available as the rules have not yet been applied.

In view of the above uncertainties, management has concluded that it cannot formulate an estimate of residual value. Given that the legislation still requires the new concession holder to make a payment to the departing concession holder, management reviewed the depreciation period for assets classified as to be relinquished free of charge prior to the enactment of Law 134/2012 (until year ended December 31, 2011, in view of the fact that they were to be relinquished free of charge, they were depreciated over the shorter of the term of the concession and the useful life of each asset), no longer basing it on the term of the concession but, if longer, on the economic and technical life of the individual asset. If further information should become available that would enable a reliable estimate of residual value, the carrying amounts of the assets involved will be modified on a prospective basis.

Determining the fair value of financial instruments

The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances were this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.

In accordance with the new international accounting

standard IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Group measures CVA/DVA on the basis of the net exposure to counterparty risk of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. In order to measure CVA/DVA, the Company uses a Potential Future Exposure valuation technique, most of whose inputs are observable on the market.
Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

Recovery of deferred tax assets
At December 31, 2013, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
The assessment of recoverability takes account of the estimate of future taxable incomes and is based on prudent tax planning strategies. However, where the Company should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation
The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.
Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Provision for doubtful accounts
The provision for doubtful accounts reflects estimates of losses on the Group's receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, current and historical arrears, eliminations and collections, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the economy and the relevant markets.
Although we believe that the amount of such provisions is appropriate, the use of different assumptions or a change in economic conditions could result in changes in the provision for doubtful accounts and, therefore, impact net income.
The estimates and assumptions are reviewed periodically and the effects of any changes are taken to the income statement in the year they accrue.

Decommissioning and site restoration
In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of nuclear power plants and the storage of waste fuel and other radioactive materials, the estimation of future costs is a critical process in view of the fact that such costs will be incurred over a very long period of time, estimated at up to 100 years.
The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Company considers it will have to pay for the decommissioning operation.
The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.
That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework concerning the protection of health and the environment.
Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other
In addition to the items listed above, estimates were also used with regard to the valuation of share-based payment plans and the fair value measurement of assets acquired and liabilities assumed in business combinations. For these items, the estimates and assumptions are discussed in the notes on the accounting policies adopted.

Management judgments

Identification of cash generating units (CGUs)
In application of "IAS 36 - Impairment of assets", the goodwill

recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.
In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely interdependent and largely independent of those associated with other assets (or groups of assets).
The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted.
In particular, the CGUs identified in the Iberia and Latin America Division are represented by groups of electricity/gas production, distribution and sales assets in the Iberian peninsula and certain countries in Latin America that are managed on a unified basis by the Group, including in financial matters. The CGUs identified in the Generation and Energy Management Division and the Sales Division are represented by assets resulting from business combinations involving gas regasification operations in Italy and the domestic retail gas market or by uniform groups of assets operating in the sale or generation of electricity. The CGUs identified in the Renewable Energy Division are represented (with a number of minor exceptions made in Italy and Spain to reflect the Group organizational model) by the group of assets exclusively associated with the generation of electricity from renewable energy resources located in geographical areas considered uniform on the basis of regulatory and contractual aspects and characterized by a high degree of interdependence of business processes and substantial integration in the same geographical area. The CGUs identified in the International Division are represented by electricity generation and distribution/sales assets identified with business combinations and which constitute, by geographical area and business, individual units generating independent cash flows. The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.
The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group.

Determination of the existence of control

"IAS 27 - Consolidated and separate financial statements" defines control as power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
The existence of control does not depend solely on ownership of a majority shareholding or the contractual form used in the acquisition. Accordingly management must use its judgment in determining whether specific situations give the Group the power to govern the financial and operating policies of the investee.
For subsidiaries for which control does not derive from ownership of a majority of voting rights, management has analyzed any agreements with other investors in order to determine whether such agreements give the Group the power of governance indicated above, even though it holds a minority share of voting rights. In this assessment process, management also took account of potential voting rights (call options, warrants, etc.) in order to determine whether they would be currently exercisable as of the reporting date. Following such analysis, the Group consolidated certain companies (Emgesa, Codensa and SE Hydropower) on a line-by-line basis even though it does not hold more than half of the voting rights, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2013" to these financial statements.

Application of "IFRIC 12 - Service concession arrangements" to concessions

"IFRIC 12 - Service concession arrangements" establishes that, depending on the characteristics of the concession arrangements, the infrastructure used to deliver public services shall be recognized under intangible assets or under financial assets, depending, respectively, on whether the concession holder has the right to charge users of the services or it has the right to receive a specified amount from the grantor agency.
More specifically, IFRIC 12 applies to public-to-private service concession arrangements if:

> the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
> the grantor controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions. On the basis of that analysis, the provisions of IFRIC 12 are applicable to the infrastructure used for the concessions for the distribution of electricity of a number of companies in the Iberia and Latin America Division that operate in Brazil (Ampla and Coelce).

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the FOPEN and Fondenel pension funds, and the members of the boards of auditors (and their close family members), and the key management personnel (and their close family members) of Enel SpA and the companies over which it exercises control.
Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include company directors.

Subsidiaries

Subsidiaries comprise those entities for which the Group has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. In assessing the existence of a situation of control, account is also taken of potential voting rights that are effectively exercisable or convertible. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.
The acquisition of an additional stake in subsidiaries and the sale of holdings that do not result in the loss of control are considered transactions between owners. As such, the accounting effects of these transactions are recognized directly in consolidated equity.
Conversely, where a controlling interest is divested, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date are recognized through profit or loss.

Associated companies

Associated companies comprise those entities in which the Group has a significant influence. Potential voting rights that are effectively exercisable or convertible are also taken into consideration in determining the existence of significant influence.
These investments are initially recognized at cost, allocating any difference between the cost of the equity investment and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities of the associated company in an analogous manner to the treatment of business combinations, and are subsequently measured using the equity method. The Group's share of profit or loss is recognized in the consolidated financial statements from the date on which it acquires the significant influence over the entity until such influence ceases.
Should the Group's share of the loss for the period exceed the carrying amount of the equity investment, the latter is impaired and any excess recognized in a provision if the Group has a commitment to meet legal or constructive obligations of the associate or in any case to cover its losses.
Where an interest is divested and as a result the Group no longer exercises a significant influence, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date is recognized through profit or loss.

Joint ventures

Interests in joint ventures – enterprises over whose economic activities the Group exercises joint control with other entities – are consolidated using the proportionate method. The Group recognizes its share of the assets, liabilities, revenues and expenses on a line-by-line basis in proportion to the Group's share in the entity from the date on which joint control is acquired until such control ceases.
The following table reports the contribution of the main joint ventures to the aggregates in the consolidated financial statements:

Millions of euro	Hydro Dolomiti Enel	RusEnergoSbyt	Nuclenor	Atacama	Tejo
			At Dec. 31, 2013		
Percentage of consolidation	49.0%	49.5%	50.0%	50.0%	38.9%
Non-current assets	282	42	28	204	164
Current assets	47	82	44	122	53
Non-current liabilities	81	1	36	31	122
Current liabilities	38	64	25	44	36
Revenues	147	1,419	4	134	78
Costs	86	1,313	3	100	63

Where an interest is divested and as a result the Group no longer exercises joint control, any capital gain (or loss) on the sale and the effects of the remeasurement to fair value of the residual interest as at the sale date is recognized through profit or loss.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2013 in accordance with the accounting policies adopted by the Parent Company.

All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part pertaining to the Group.

In both cases, unrealized losses are eliminated except when representative of impairment.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance-sheet exchange rate.

Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date that value was determined.

Any exchange rate differences are recognized through the income statement.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency of the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

At first-time adoption of the IFRS-EU, the Group elected to not apply IFRS 3 (Business combinations) retrospectively to acquisitions carried out prior to January 1, 2004. Accordingly, the goodwill in respect of acquisitions preceding the IFRS-EU transition date is carried at the value reported in the last consolidated financial statements prepared on the basis of the previous accounting standards (for the year ended December 31, 2003).

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the acquisition method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities could only be calculated on a provisional basis, the business combination was recognized using such provisional values. The value of the non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition of control the net assets acquired previously were remeasured to fair value and any adjustments were recognized in equity. Any adjustments resulting from the completion of the measurement

process were recognized within twelve months of the acquisition date.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 Revised hereafter.
More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser.
Costs directly attributable to the acquisition are recognized through profit or loss.
This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.
The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.
If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.
In the case of business combinations achieved in stages, at the date of acquisition of control the holdings acquired previously are remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Measurement of fair value

The Group determines fair value in accordance with IFRS 13 whenever such measurement is required by the international accounting standards as a recognition or measurement criterion or as a supplemental disclosure regarding specific assets or liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the largest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.
After having identified the market, the entity identifies market participants, i.e. independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.
In determining which assumptions to consider in measuring fair value, an entity should use the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
In accordance with IFRS 13, fair value measurement takes account of the characteristics of the specific assets or liabilities being measured, namely:

> for a non-financial asset, an entity takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
> for liabilities and equity, the fair value reflects the effect of non-performance risk, the risk that an entity will not fulfil an obligation;
> in the case of groups of financial assets or liabilities managed on the basis of an entity's net exposure to market risks or credit risk, it may measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All of the assets and liabilities measured at fair value or whose fair value is reported in the notes to the financial statements are classified in accordance with the three-level hierarchy described below, depending on the inputs used in determining their fair value.
More specifically:

- Level 1, where the fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2, where the fair value is determined on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3, where the fair value is determined on the basis of unobservable inputs.

For assets and liabilities measured at fair value on a recurring basis, the Group determines whether any transfers between these levels have occurred, identifying at the end of the reporting period the level in which the material input with the lowest level has been classified.

Property, plant and equipment

Property, plant and equipment is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use.

It is increased by the present value of the estimate of the costs of decommissioning and restoring the asset where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "provisions for risks and charges".

Borrowing costs associated with financing directly attributable to the purchase or construction of assets that require a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.

Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.

Where major components of individual items of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be reliably determined. All other expenditure is recognized as an expense in the period in which it is incurred.

The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss.

Property, plant and equipment is reported net of accumulated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

Civil buildings	20-67 years
Buildings and civil works incorporated in plants	20-67 years
Hydroelectric power plants:	
- penstock	22-65 years
- mechanical and electrical machinery	20-40 years
- other fixed hydraulic works	20-100 years
Thermal power plants:	
- boilers and auxiliary components	18-46 years
- gas turbine components	10-26 years
- mechanical and electrical machinery	17-45 years
- other fixed hydraulic works	21-66 years
Nuclear power plants	40-60 years
Geothermal power plants:	
- cooling towers	20 years
- turbines and generators	30 years
- turbine parts in contact with fluid	10 years
- mechanical and electrical machinery	20 years
Wind power plants:	
- towers	20-25 years
- turbines and generators	20-25 years
- mechanical and electrical machinery	15-25 years
Solar power plants:	
- mechanical and electrical machinery	15-40 years
Public and artistic lighting:	
- public lighting installations	18-25 years
- artistic lighting installations	20-25 years
Transport lines	21-50 years
Transformer stations	24-50 years
Distribution plants:	
- high-voltage lines	40-50 years
- primary transformer stations	15-40 years
- low- and medium-voltage lines	30-50 years
Meters:	
- electromechanical meters	6-25 years
- electricity balance measurement equipment	10-35 years
- electronic meters	10-20 years

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.
Land, both unbuilt and on which civil and industrial buildings stand, is not depreciated as it has an undetermined useful life.
Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Leased assets

Property, plant and equipment acquired under finance leases, whereby all risks and rewards incident to ownership are substantially transferred to the entity, are initially recognized as assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.
Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.
Although not formally designated as lease agreements, certain types of contract can be considered as such if performance of such contracts depends on the use of one or more specific assets and if in substance those contracts grant the right to use such assets.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For plants in Italy, the concessions terminate in 2020 and 2040 (respectively, for plants located in the Autonomous Province of Trento and in the Autonomous Province of Bolzano) and 2029 (for all others). Within the regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the State in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.
In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants following enactement of Law 134/2012", which you are invited to consult for more details.

In accordance with Spanish Laws 29/1985 and 46/1999, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The terms of the concessions extend up to 2067.
A number of generation companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance-sheet value of the assets themselves and their profitability. In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "property, plant and equipment" and is depreciated over the useful lives of the assets.
Enel also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

Investment property

Investment property consists of the Group's real estate held to generate rental income or capital gains rather than for use in operations or the delivery of goods and services.
Investment property is initially recognized at cost in the same manner as other property, plant and equipment. Subsequently, it is measured at cost net of depreciation and any impairment losses.
Impairment losses are determined on the basis of the following criteria.
The fair value of investment property is determined assuming that the individual assets are sold in an orderly transaction between market participants at the measurement date at current market conditions. The calculation of fair value takes account of the condition of the individual assets and any lease income and other assumptions that market participants would use in determining the price of the asset at current market conditions. The fair value of investment property recognized at December 31, 2013, as determined on the basis of appraisals by independent experts, is equal to €216 million.
Investment property is derecognized either at the time of its disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits, as well as goodwill if acquired for consideration. They are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable incidental expenses necessary to make the assets ready for use.
The assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis.
Amortization commences when the asset is ready for use.
Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.
Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.
Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in note 17 below. Goodwill relating to equity investments in associates is included in their carrying amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any property, plant and equipment and intangible assets is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Value in use is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows – calculated on the basis of the most recent business plans – using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining the recoverable amount of property, plant and equipment, intangible assets and goodwill, the Group generally adopts the value in use criterion.
The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.
If an asset's carrying amount or that of the cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in the income statement.
Impairment losses of cash generating units are first charged against the carrying amount of any goodwill attributed to it and then against the value of other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss

no longer apply, the carrying amount of the asset is restored through profit or loss in an amount that shall not exceed the net carrying amount the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.
The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use is tested for recoverability annually or even more frequently if there is evidence suggesting that the assets may be impaired. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer apply.
If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and written down where necessary.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value, except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs or, where applicable, replacement cost.
For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.
Environmental certificates (green certificates, white certificates and CO_2 emissions allowances) not used for compliance purposes in the reference period are recognized under inventories. As regards CO_2 emissions allowances, inventories are allocated between the trading portfolio and that used for compliance with greenhouse gas emission requirements. Within the latter, the allowances are allocated in sub-portfolios on the basis of the year of compliance to which they have been assigned.
Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.
Inventories also include purchases of nuclear fuel, whose use is determined on the basis of the energy produced.

Construction contracts

Construction contracts are measured on the basis of the contractual amounts accrued with reasonable certainty in respect of the stage of completion of the works as determined using the cost-to-cost method. Advances paid by customers are deducted from the value of the construction contracts up to the extent of the accrued amounts; any excess is recognized under liabilities. Losses on individual contracts are recognized in their entirety in the period in which they become probable, regardless of the stage of completion of the contract.

Financial instruments

Financial assets measured at fair value through profit or loss

This category includes debt securities and equity investments in entities other than subsidiaries, associates and joint ventures held for trading and designated as at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognized at fair value. Subsequent to initial recognition, gains and losses from changes in their fair value are recognized in the income statement.

Financial assets held to maturity

This category comprises non-derivative financial instruments with fixed or determinable payments, that do not represent equity investments, are quoted on an active market and for which an entity has the positive intention and ability to hold them until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.
Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.
In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market and that the entity does not originally intend to sell.

Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate. In the case of renegotiated financial assets, impairment losses are calculated using the original effective interest rate in effect prior to the amendment of the related terms and conditions. Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category includes listed debt securities not classified as held to maturity, equity investments in other entities (unless classified as "designated as at fair value through profit or loss") and financial assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.
At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance-sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each balance-sheet date, financial assets are analyzed to determine whether their value is impaired.
A financial asset is considered impaired when there is objective evidence of such impairment loss as the result of one or more events that occurred after the initial recognition of the asset that have had an impact on the reliably estimated future cash flows of the asset.
Objective evidence of an impairment loss includes observable data about events such as, for example, significant financial difficulty of the obligor; default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or other form of financial reorganization; or observable data indicating a measurable decrease in estimated future cash flows.
Where an impairment loss is found, the latter is calculated as indicated above for each type of financial asset involved. When there is no realistic chance of recovering the financial asset, the corresponding value of the asset is written off through profit or loss.

Cash and cash equivalents

This category reports assets that are available on demand or at very short term, have cleared and have no collection costs as well as highly short-term liquid financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.
In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost. Trade payables falling due in line with generally accepted trade terms are not discounted.

Financial liabilities

Financial liabilities other than derivatives are recognized when the Company becomes a party to the contractual clauses representing the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.

When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and are recognized in profit or loss only when the change in the cash flows from the hedged items to be offset actually occurs.
The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.
Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss.
Derivative financial instruments are recognized at the trade date.
Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which are separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.
The Group also analyzes all forward contracts for the purchase or sale of non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they must be classified and treated in conformity with IAS 39 or if they have been entered into for physical delivery in line with the normal purchase/sale/use needs of the Company (own use exemption).
If such contracts have not been entered into in order to obtain or deliver electricity or energy commodities, they are measured at fair value.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

- the contractual right to receive the cash flows associated with the asset expires;
- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements envisaged under IAS 39 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or lapsed.

Post-employment and other employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined-benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance-sheet date (the projected unit credit method). The liability, which is carried net of any plan assets, is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.
As regards the net liabilities (assets) of defined-benefit plans, the actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest) are recognized in other comprehensive income when they occur.
In the event of a change being made to an existing defined-benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship are recognized at the earlier of the following dates:

- when the entity can no longer withdraw its offer of benefits; and
- when the entity recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefit. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefits. Otherwise, if the termination benefits due to employees are expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before 12 months after the end of the annual reporting

period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

Share-based payments

Stock option plans

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date.

The calculation method to determine the fair value considers all characteristics of the option (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date consistent with the expected life of the plan. The pricing model used is the Cox-Rubinstein.

This cost is recognized in the income statement, with a specific contra-item in shareholders' equity, over the vesting period considering the best estimate possible of the number of options that will become exercisable.

Restricted share units incentive plans

The cost of services rendered by employees and remunerated through restricted share units (RSU) incentive plans is determined based on the fair value of the RSU granted to employees, in relation to the vesting of the right to receive the benefit.

The calculation method to determine the fair value considers all characteristics of the RSU (term, exercise conditions, etc.), as well as the price and volatility of Enel shares over the vesting period. The pricing model used is the Monte Carlo method.

This cost is recognized in the income statement, with recognition of a specific liability adjusted periodically to fair value, over the vesting period, considering the best estimate possible of the number of RSU that will become exercisable.

Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.

If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.

Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.

Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.

Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.

For more information on the estimation criteria adopted in determining provisions for dismantling and/or restoration of property, plant and equipment, especially those associated with nuclear power plants, please see the section on the use of estimates.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar local, national or international authorities.

Grants received for specific expenditure or specific assets the value of which is recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement over the period in which the related costs are recognized.

Operating grants are recognized fully in profit or loss at the time they satisfy the requirements for recognition.

Environmental certificates

Some Group companies are affected by national regulations governing green certificates and white certificates, as well as the European emissions trading system.

Green certificates earned in respect of electricity generated by renewable energy plants and white certificates (energy efficiency certificates) earned in respect of energy savings achieved that have been certified by the competent authority are treated as non-monetary operating grants and are recognized at fair value under other revenues and income, with recognition of an asset under other non-financial assets, if the certificates are not yet credited to the ownership account, or under inventories, if the certificates have already been credited to that account.
At the time the certificates are credited to the ownership account, their value is reclassified from other assets to inventories.
In the case of sale, the difference between the sale price of those certificates and the carrying amount at the sale date is recognized under revenues from sales.

For the purposes of accounting for charges in respect of regulatory requirements concerning green and white certificates and CO_2 emissions allowances, the Group uses the "net liability approach".
Under this treatment, environmental certificates received free of charge and those earned as a result of company operations that are to be used to meet compliance requirements are recognized at nominal value (zero). In addition, charges incurred in acquiring certificates on the market (or obtained for consideration of some form) to make up any compliance shortfall are recognized through profit or loss on an accruals basis under other operating expenses, as they represent "system charges" consequent upon compliance with a regulatory requirement.

Revenues

Revenues are recognized when it is probable that the future economic benefits will flow to the Company and these benefits can be measured reliably.
More specifically, the following criteria are used depending on the type of transaction:

- revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;
- revenues from the sale and transport of electricity and gas refer to the quantities provided during the period, even if these have not yet been invoiced, and are determined using estimates as well as periodic meter readings. Where applicable, this revenue is based on the rates and related restrictions established by law or the Authority for Electricity and Gas and analogous foreign authorities during the applicable period. In particular, the authorities that regulate the electricity and gas markets can use mechanisms to reduce the impact of the temporal mismatching between the setting of prices for energy for the regulated market as applied to distributors and the setting of prices by the latter for final consumers;
- revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;
- revenues accrued in the period in respect of construction contracts are recognized on the basis of the payments agreed in relation to the stage of completion of the work, determined using the cost-to-cost method, under which costs, revenues and the related margins are recognized on the basis of the progress of the project. The stage of completion is determined as a ratio between costs incurred at the measurement date and the overall costs expected for the project. In additional to contractual payments, project revenues include any payments in respect of variations, price revisions and incentives, with the latter recognized where it is probable that they will actually be earned and can be reliably determined. Revenues are also adjusted for any penalties for delays attributable to the Company;
- revenues for fees for connection to the electricity distribution grid are recognized in full upon completion of connection activities if the service provided can be recognized separately from any electricity distribution services provided on an ongoing basis.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in

the fair value of derivatives connected with financial transactions.

Income taxes

Current income taxes for the period, which are recognized under "income tax payable" net of payments on account, or under "income tax receivable" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance-sheet date.
Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end.
Deferred tax assets and liabilities in respect of taxes levied by the same tax authority are offset if the Company has a legal right to offset current tax assets against current tax liabilities generated at the time they reverse.
Current and deferred taxes are recognized in profit or loss, with the exception of those in respect of items directly credited or debited to equity, which are recognized directly in equity.

Dividends

Dividends from equity investments are recognized when the shareholders' right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other balance-sheet assets and liabilities. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are available in their current condition for immediate sale.
Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS/IAS applicable to the specific assets or liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of costs to sell. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement. The corresponding values for the previous period are not reclassified.
A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

> represents a major line of business or geographical area of operations;
> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
> is a subsidiary acquired exclusively with a view to resale.

Gains or losses on operating assets sold – whether disposed of or classified as held for sale – are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.
Non-current assets that no longer meet the requirements for classification as held for sale or which cease to belong to a disposal group classified as held for sale are measured as the lower of:

> the book value before the asset (or disposal group) was classified as held for sale, adjusted for depreciation, amortization, writedowns or writebacks that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and
> the recoverable value, which is equal to the greater of its fair value net of costs to sell and its value in use, as calculated at the date on which the decision not to sell was taken.

3

Recently issued accounting standards

First-time adoption and applicable standards

The Group has adopted the following amendment to international accounting standards that took effect as from January 1, 2013:

> "Amendment to IAS 1 - Presentation of items of other comprehensive income", issued in June 2011. The amendment calls for the separate presentation of items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future ("recycling") and those that will not be recycled. The application of the amendment did not have a significant impact.

> "IAS 19 - Employee benefits", issued in June 2011; the standard supersedes the current IAS 19 governing the accounting treatment of employee benefits. The most significant change regards the requirement to recognize all actuarial gains/losses in OCI, with the elimination of the corridor approach. The amended standard also introduces more stringent rules for disclosures, with the disaggregation of the cost into three components; eliminates the expected return of plan assets; no longer permits the deferral of the recognition of past service cost in profit or loss; and introduces more detailed rules for the recognition of termination benefits. The impact of the application of the amended standard is summarized in note 4.

> "IFRS 13 - Fair value measurement", issued in May 2011; the standard represents a single IFRS framework to be used whenever another accounting standard requires or permits the use of fair value measurement. The standard sets out guidelines for measuring fair value and introduces specific disclosure requirements. The overall impacts on profit or loss and equity of the application, on a prospective basis, of the new standard were a positive €4 million and €46 million, respectively, mainly due to the new method used to determine counterparty risk, which also includes non-performance risk.

> "Amendments to IFRS 7 - Offsetting financial assets and financial liabilities", issued in December 2011, in parallel with the amendments to IAS 32; the amendments establish more extensive disclosures for the offsetting of financial assets and liabilities, with a view to enabling users of financial statements to assess the actual and potential effects on the entity's financial position of netting arrangements, including the set-off rights associated with recognized assets or liabilities. The application of the new provisions did not have a significant impact.

> "IFRIC 20 - Stripping costs in the production phase of a surface mine", issued in October 2011; the interpretation sets out the accounting treatment to be applied to costs incurred for the removal of mine waste materials during the production phase, clarifying when they can be recognized as an asset. The application of the new interpretation did not have an impact on the consolidated financial statements.

> "Annual Improvements to IFRSs 2009-2011 Cycle", issued in May 2012; the document contains formal modifications and clarifications of existing standards. The application of the new provisions did not have a significant impact for the Group. More specifically, the following standards have been amended:

- "IAS 1 - Presentation of financial statements"; the amendment clarifies how comparative information must be presented in the financial statements and specifies that an entity may voluntarily elect to provide additional comparative information;
- "IAS 16 - Property, plant and equipment"; the amendment clarifies that if spare parts and servicing equipment meet the requirements for classification as "property, plant and equipment" they shall be recognized and measured in accordance with IAS 16; otherwise they shall be classified as inventory;
- "IAS 32 - Financial instruments: presentation"; the amendment establishes that income taxes relating to distributions to equity holders and to transaction costs of equity transactions shall be accounted for in accordance with IAS 12;
- "IAS 34 - Interim financial reporting"; the amendment clarifies that interim financial reports shall specify the total assets and liabilities for a particular reportable segment only if such amounts are regularly provided by the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements presented.

Standards not yet applicable and not yet adopted

In 2012 and 2013, the European Commission endorsed the following accounting standards and interpretations, which will be applicable to the Group in future years:

> "IFRS 10 - Consolidated financial statements", issued in May 2011; replaces "SIC 12 - Consolidation - special purpose entities" and, for the part concerning consolidated financial statements, "IAS 27 - Consolidated and separate financial statements", the title of which was changed to "Separate financial statements". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the current IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While current accounting standards give priority – where control does not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: power over the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns. The accounting effects of a loss of control or a change in the ownership interest that does not result in a loss of control are unchanged with respect to the provisions of the current IAS 27. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The application of the new provisions will not have an impact on the Group.

> "IAS 27 - Separate financial statements", issued in May 2011. Together with the issue of IFRS 10 and IFRS 12, the current IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The application of the new provisions will not have an impact on the Group.

> "IFRS 11 - Joint arrangements", issued in May 2011; replaces "IAS 31 - Interests in joint ventures" and "SIC 13 - Jointly controlled entities - non-monetary contributions by venturers". Unlike IAS 31, which assesses joint arrangements on the basis of the contractual form adopted, IFRS 11 assesses them on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have pro-rata rights to the assets and pro-rata obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to a share of the net assets or profit/loss of the arrangement. In the consolidated financial statements, accounting for an interest in a joint operation involves the recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method (proportionate consolidation is no longer permitted). The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The application of the new standard will involve a change in the measurement of joint ventures, which will now be accounted for exclusively with the equity method. More specifically, while there will be no impact on the net income and equity of the Group, if IFRS 11 had been adopted for the purposes of preparing the consolidated financial statements at December 31, 2013, revenues for 2013 would have been about €1,800 million lower, while total assets at December 31, 2013 would have been about €700 million lower.

> "IAS 28 - Investments in associates and joint ventures", issued in May 2011. Together with the issue of IFRS 11 and IFRS 12, the current IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of "SIC 13 - Jointly controlled entities - non-monetary contributions by venturers", describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The future application of the new provisions will not have an impact on the Group, with the exception of the effects discussed earlier of the application of IFRS 11.

> "IFRS 12 - Disclosure of interests in other entities", issued in May 2011; IFRS 12 brings together in a single standard the required disclosures concerning interests held in subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard replaces the disclosures called for in the current IAS 27, IAS 28 and IAS 31 with new disclosure requirements in order to ensure the disclosure of more uniform and consistent information, introducing new requirements for disclosures concerning subsidiaries with significant non-controlling shareholders and individually material associates and joint ventures. The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The future application of the new provisions will require implementation of the new disclosure requirements.

> "Amendments to IAS 32 - Offsetting financial assets and financial liabilities", issued in December 2011. IAS 32 establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity:

a) has a legally enforceable right to set off the amounts; and

b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The amendments to IAS 32 clarify the conditions that must be met for these two requirements to be satisfied. As regards the first requirement, the amendment expands the illustration of cases in which an entity "currently has a legally enforceable right of set-off", while as regards the second the amendment clarifies that, where the entity settles the financial asset and liability separately, for set-off to be allowed the associated credit and liquidity risk should be insignificant and, in this regard, specifies the characteristics that gross settlement systems must have.

The amendments will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The future application of the new provisions will give rise to the reclassification of a number of items in the consolidated balance sheet, with no impact on consolidated equity.

> "Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition guidance", issued in June 2012. The amendments are intended to clarify a number of issues concerning the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean "the beginning of the annual reporting period in which IFRS 10 is applied for the first time" (i.e. January 1, 2013). In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended analogously, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11. The amendments will take effect retrospectively for periods beginning on or after January 1, 2014. The future application of the new provisions will not have a significant impact on the Group.

> "Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities", issued in October 2012. The amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the parent qualifies as an "investment entity". More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity. The amendments will take effect retrospectively for periods beginning on or after January 1, 2014. The future application of the new provisions will not have an impact on the Group.

> "Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets", issued in May 2013. The amendments of IAS 36 as a consequence of the provisions of IFRS 13 did not reflect the intentions of the IASB concerning the disclosures to report about the recoverable amount of impaired assets. Consequently, the IASB amended the standard further, eliminating the disclosure requirements originally introduced by IFRS 13 and requiring specific disclosures concerning the measurement of fair value in cases in which the recoverable amount of impaired assets is calculated on the basis of fair value less costs of disposal. The amendments also require disclosures on the recoverable amount of assets or cash generating units for which an impairment loss has been recognized or reversed during the period. The amendments will take effect retrospectively for periods beginning on or after January 1, 2014. The future application of the new provisions will not have an impact on the Group.

> "Amendments to IAS 39 - Novation of derivatives and continuation of hedge accounting", issued in June 2013. The amendments are intended to allow entities, under certain conditions, to continue hedge accounting in the case of novation of the hedging instrument with a central counterpar-

ty as a result of the introduction of a new law or regulation. The amendments will take effect retrospectively for periods beginning on or after January 1, 2014. The future application of the new provisions will not have an impact on the Group.

In the years from 2009 to 2013, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that, as of December 31, 2013, had not yet been endorsed by the European Commission. The rules that could have an impact on the consolidated financial statements of the Group are set out below:

> "IFRS 9 - Financial instruments", issued in November 2009 and subsequently revised: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets and liabilities. Financial assets must be classified based on the business model of the entity and the characteristics of the associated cash flows. The new standard requires financial assets and liabilities to be measured initially at fair value plus any transaction costs directly attributable to their assumption or issue. Subsequently, they are measured at fair value or amortized cost, unless the fair value option is applied. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure them at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss. In November 2013, a section on hedge accounting was introduced. The new provisions governing the recognition of the effects of hedging relationships call for risk management policies to be reflected in the financial statements, eliminating inconsistencies and weaknesses in the hedge accounting model in IAS 39. The current version of IFRS 9 does not address macro hedging, an issue that the IASB is still discussing. Accordingly, until the completion of the entire hedge accounting project, the standard permits entities to choose between applying the hedge accounting requirements of IFRS 9 and those of IAS 39. The amendments introduced in November 2013 also eliminated the reference to a mandatory effective date for the standard, which is available for immediate application. The Group, however, will not apply the standard before endorsement. The Group is assessing the potential impact of the future application of the new provisions.
> "Amendments to IFRS 9 and IFRS 7 - Mandatory effective date and transition disclosure", issued in December 2011. The amendment modifies "IFRS 9 - Financial instruments", postponing the mandatory effective date from January 1, 2013 to January 1, 2015 and establishing new rules for the transition from IAS 39 to IFRS 9. These provisions have been superseded by the amendments of IFRS 9 issued in November 2013 (see previous paragraph). The amendments being discussed here also modify "IFRS 7 - Financial instruments: disclosures", introducing new comparative disclosures, which will be mandatory or optional depending on the date of transition to IFRS 9. The Group is assessing the potential impact of the future application of the new provisions.
> "IFRIC 21 - Levies", issued in May 2013. The interpretation defines when a liability in respect of the obligation to pay a levy (other than income taxes) due to the government, whether local, national or international must be recognized. More specifically, the interpretation established that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy (for example, upon reaching a given threshold level of revenue), as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time, the liability shall be recognized gradually over that period. The interpretation will take effect, subject to endorsement, for periods beginning on or after January 1, 2014. The Group does not expect the future application of the provisions to have an impact.
> "Amendment to IAS 19 - Defined-benefit plans: employee contributions", issued in November 2013. The amendments are intended to clarify how to recognize contributions from employees within a defined-benefit plan. More specifically, contributions linked to service should be recognized as a reduction in service cost:
  - over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
  - in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

  The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2015. The Group is assessing the potential impact of the future application of the measures.
> "Annual improvements to IFRSs 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:
  - "IFRS 2 - Share-based payment"; the amendment clari-

fies the meaning of "vesting conditions", defining "performance conditions" and "service conditions" separately. The changes will apply prospectively, subject to endorsement, to share-based payment transactions for which the grant date is on or after July 1, 2014;

- "IFRS 3 - Business combinations"; the amendment clarifies how to classify any contingent consideration agreed in a business combination. Specifically, the amendment establishes that if the contingent consideration meets the definition of financial instrument it shall be classified as a financial liability or equity. In the former case, the liability shall be measured at fair value and changes in fair value shall be recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not meet the definition of financial instrument shall be measured at fair value and changes in fair value shall be recognized in profit or loss. The changes will apply prospectively, subject to endorsement, to business combinations for which the acquisition date is on or after July 1, 2014;
- "IFRS 8 - Operating segments"; the amendment introduces new disclosure requirements. In particular, the disclosures shall include a brief description of how segments have been aggregated and what economic indicators have been assessed in determining that the aggregated operating segments share similar economic characteristics. The changes will apply, subject to endorsement, to annual periods beginning on or after January 1, 2015;
- "IFRS 13 - Fair value measurement"; the amendment clarifies, within the standard's Basis for Conclusions, that the IASB does not intend to modify the measurement requirements for short-term receivables and payables;
- "IAS 16 - Property, plant and equipment"; the amendment clarifies that, when an item of property, plant and equipment is revalued, the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation. In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses. The changes will apply, subject to endorsement, to annual periods beginning on or after January 1, 2015. More specifically, they will be applicable to revaluations recognized in the year ending December 31, 2015 and in the immediately preceding annual period;
- "IAS 24 - Related party disclosures"; the amendment clarifies that an entity is a related party if that entity, or any member of a group of which it is a part, provides key management personnel services (a so-called management entity). The amendment also introduces disclosure requirements concerning that sort of related party. The changes will apply, subject to endorsement, to annual periods beginning on or after January 1, 2015;
- "IAS 38 - Intangible assets"; the amendment clarifies that when an intangible asset is revalued, its gross carrying amount shall be adjusted in a manner consistent with the revaluation. In addition, it also clarifies that the accumulated amortization shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses. The changes will apply, subject to endorsement, to annual periods beginning on or after January 1, 2015. More specifically, they will be applicable to revaluations recognized in the year ending December 31, 2015 and in the immediately preceding annual period.

> "Annual improvements to IFRSs 2011-2013 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group. More specifically, the following standards were amended:

- "IFRS 3 - Business combinations"; the amendment clarifies that IFRS 3 does not apply in the financial statements of a joint arrangement to the recognition of the formation of every type of joint arrangement (pursuant to IFRS 11). The changes will apply prospectively, subject to endorsement, for annual periods beginning on or after January 1, 2015;
- "IFRS 13 - Fair value measurement"; the amendment clarifies that the exception provided for in that standard of measuring financial assets and liabilities on the basis of the net exposure of the portfolio shall apply to all contracts within the scope of IAS 39/IFRS 9 even if they do not meet the definitions in IAS 32 of financial assets/liabilities. The changes will apply, subject to endorsement, for annual periods beginning on or after January 1, 2015. More specifically, they will apply prospectively from the date that the Group initially applies IFRS 13;
- "IAS 40 - Investment property"; the amendment establishes that a property interest held by a lessee under an operating lease may be classified as an investment property if and only if the property would otherwise meet the definition of an investment property and if the lessee used the fair value model to measure such investments.

The amendment also clarifies that when an entity acquires an investment property, it must determine whether that acquisition is a business combination under the provisions of IFRS 3. The change regarding property interests held under a lease shall apply retroactively, subject to endorsement, for annual periods beginning on or after January 1, 2015; the amendment concerning the acquisition of an investment property shall apply prospectively, subject to endorsement, to acquisitions made on or after January 1, 2015.

4

Restatement of comparative figures at December 31, 2012

Following the application, as from January 1, 2013 with retrospective effect, of the new version of "IAS 19/R - Employee benefits", the main effects on the income statement and balance sheet for the previous year are discussed below:

> as the corridor approach may no longer be used, all actuarial gains and losses previously unrecognized at January 1, 2012 have been recognized directly in equity. Accordingly, the amortization accruing in respect of the excess gains and losses outside the corridor was eliminated from the income statement (€19 million). The restatement of those items led to the adjustment of the respective defined-benefit obligation and the net plan assets recognized in the balance sheet;

> as the recognition of past service cost in the income statement may no longer be deferred, for employee benefits already existing at December 31, 2011, the portion of the past service cost not yet recognized was recognized in its entirety in equity at January 1, 2012, increasing the employee benefit obligation. For employee benefit plans introduced in 2012, the effect of the increase in the associated obligation was recognized directly through profit or loss for that period. That recognition through profit or loss included charges of €932 million for the obligation in respect of the transition-to-retirement plan implemented for certain employees in Italy at the end of 2012;

> in application of the new standard, net interest income on plan assets is recognized in substitution of the expected return on those assets. As a result, that interest is no longer presented under financial income but is instead deducted from the financial expense of the benefit plans. The impact of that change on the restated 2012 income statement for the Group was not material.

In all cases, the theoretical tax effects and amounts pertaining to non-controlling interests were also calculated.

In addition, in 2013, the Group adopted a new accounting policy to standardize the recognition and presentation of the various types of environmental certificates (CO_2 allowances, green certificates, white certificates). The new approach is based on the business model of the companies involved in the environmental certificate mechanisms and led only to a number of reclassifications in the income statement and consolidated balance sheet.

Finally, as a result of the definitive allocation of the purchase prices of the Kafireas pipeline and of Stipa Nayaá and Eólica Zopiloapan, companies operating in the Renewable Energy Division, which was completed after December 31, 2012, the balance-sheet accounts at that date have been restated to reflect the fair value adjustment of the assets acquired and liabilities assumed in the associated business combinations. The following tables reports the changes in the income statement, statement of comprehensive income and consolidated balance sheet following the above amendments, including the associated tax effects. The impact on the consolidated statement of cash flows is limited to a number of reclassifications among the various components, in line with the figures reported in the balance sheet and income statement.

Millions of euro

	2012	IAS 19/R effect	New environmental certificate policy	**2012 restated**
Revenues				
Revenues from sales and services	82,699	-	(268)	82,431
Other revenues and income	2,190	-	328	2,518
Total revenues	**84,889**	**-**	**60**	**84,949**
Costs				
Raw materials and consumables	46,130	-	452	46,582
Services	15,738	-	42	15,780
Personnel	4,860	929	-	5,789
Depreciation, amortization and impairment losses	9,003	-	-	9,003
Other operating expenses	3,208	-	(434)	2,774
Capitalized costs	(1,747)	-	-	(1,747)
Total costs	**77,192**	**929**	**60**	**78,181**
Net income/(charges) from commodity risk management	**38**	**-**	**-**	**38**
Operating income	**7,735**	**(929)**	**-**	**6,806**
Financial income	2,272	(87)	-	2,185
Financial expense	5,275	(78)	-	5,197
Share of income/(expense) from equity investments accounted for using the equity method	88	-	-	88
Income before taxes	**4,820**	**(938)**	**-**	**3,882**
Income taxes	2,745	(305)	-	2,440
Net income from continuing operations	**2,075**	**(633)**	**-**	**1,442**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income for the year (shareholders of the Parent Company and non-controlling interests)	**2,075**	**(633)**	**-**	**1,442**
Pertaining to shareholders of the Parent Company	865	(627)	-	238
Pertaining to non-controlling interests	1,210	(6)	-	1,204

Millions of euro

	2012	IAS 19/R effect	**2012 restated**
Net income for the year	**2,075**	**(633)**	**1,442**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges	(760)	-	(760)
Share of income recognized in equity by companies accounted for using the equity method	(7)	-	(7)
Change in the fair value of financial investments available for sale	(416)	-	(416)
Change in translation reserve	73	-	73
Other comprehensive income not recyclable to profit or loss			
Change in net liabilities/(assets) in respect of defined-benefit plans	-	(248)	(248)
Income/(Loss) recognized directly in equity	**(1,110)**	**(248)**	**(1,358)**
Comprehensive income for the period	**965**	**(881)**	**84**
Pertaining to:			
- shareholders of the Parent Company	(374)	(858)	(1,232)
- non-controlling interests	1,339	(23)	1,316

Millions of euro

	at Dec. 31, 2011	IAS 19/R effect	at Jan. 1, 2012 restated	at Dec. 31, 2012	IAS 19/R effect	Renewable Energy Division PPA	**at Dec. 31, 2012 restated**
Non-current assets							
Property, plant and equipment	80,592	-	80,592	83,115	-	-	83,115
Investment property	245	-	245	197	-	-	197
Intangible assets	39,049	-	39,049	35,970	-	27	35,997
Deferred tax assets	6,116	90	6,206	6,305	511	-	6,816
Equity investments accounted for using the equity method	1,085	-	1,085	1,115	-	-	1,115
Non-current financial assets	6,325	-	6,325	5,518	-	-	5,518
Other non-current assets	512	(97)	415	897	(97)	-	800
Total non-current assets	**133,924**	**(7)**	**133,917**	**133,117**	**414**	**27**	**133,558**
Current assets							
Inventories	3,148	-	3,148	3,338	-	-	3,338
Trade receivables	11,570	-	11,570	11,719	-	-	11,719
Tax receivables	1,251	-	1,251	1,631	-	-	1,631
Current financial assets	10,466	-	10,466	9,381	-	-	9,381
Other current assets	2,136	-	2,136	2,262	-	-	2,262
Cash and cash equivalents	7,015	-	7,015	9,891	-	-	9,891
Total current assets	**35,586**	**-**	**35,586**	**38,222**	**-**	**-**	**38,222**
Assets held for sale	**381**	**-**	**381**	**317**	**-**	**-**	**317**
TOTAL ASSETS	**169,891**	**(7)**	**169,884**	**171,656**	**414**	**27**	**172,097**

Millions of euro

	at Dec. 31, 2011	IAS 19/R effect	at Jan. 1, 2012 restated	at Dec. 31, 2012	IAS 19/R effect	Renewable Energy Division PPA	**at Dec. 31, 2012 restated**
Equity pertaining to the shareholders of the Parent Company							
Share capital	9,403	-	9,403	9,403	-	-	9,403
Other reserves	10,348	(131)	10,217	9,109	(362)	-	8,747
Retained earnings (Loss carried forward)	18,899	(7)	18,892	18,259	(634)	-	17,625
	38,650	**(138)**	**38,512**	**36,771**	**(996)**	**-**	**35,775**
Non-controlling interests	15,650	(61)	15,589	16,387	(84)	9	16,312
TOTAL SHAREHOLDERS' EQUITY	**54,300**	**(199)**	**54,101**	**53,158**	**(1,080)**	**9**	**52,087**
Non-current liabilities							
Long-term loans	48,703	-	48,703	55,959	-	-	55,959
Post-employment and other employee benefits	3,000	192	3,192	3,063	1,479	-	4,542
Provisions for risks and charges	8,057	-	8,057	8,648	-	-	8,648
Deferred tax liabilities	11,505	-	11,505	11,753	15	18	11,786
Non-current financial liabilities	2,307	-	2,307	2,553	-	-	2,553
Other non-current liabilities	1,313	-	1,313	1,151	-	-	1,151
	74,885	**192**	**75,077**	**83,127**	**1,494**	**18**	**84,639**
Current liabilities							
Short-term loans	4,799	-	4,799	3,970	-	-	3,970
Current portion of long-term loans	9,672	-	9,672	4,057	-	-	4,057
Trade payables	12,931	-	12,931	13,903	-	-	13,903
Income tax payable	671	-	671	364	-	-	364
Current financial liabilities	3,668	-	3,668	3,138	-	-	3,138
Other current liabilities	8,907	-	8,907	9,931	-	-	9,931
	40,648	**-**	**40,648**	**35,363**	**-**	**-**	**35,363**
Liabilities held for sale	58	-	58	8	-	-	8
TOTAL LIABILITIES	**115,591**	**192**	**115,783**	**118,498**	**1,494**	**18**	**120,010**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**169,891**	**(7)**	**169,884**	**171,656**	**414**	**27**	**172,097**

5

Main changes in the scope of consolidation

In the two periods under review, the scope of consolidation changed as a result of the following main transactions.

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);
- acquisition, on June 27, 2012, of the remaining 50% of a number of companies in the Kafireas wind power pipeline in Greece, which had previously been included under "Elica 2" and accounted for using the equity method in view of its 30% stake; as from that date the companies have therefore been consolidated on a line-by-line basis;
- acquisition, on June 28, 2012, of 100% of Stipa Nayaá, a Mexican company operating in the wind generation sector;
- disposal, on August 2, 2012, of the entire capital of Water & Industrial Services Company (Wisco), which operates in the waste water treatment sector in Italy;
- disposal, on October 9, 2012, of the entire share capital of Endesa Ireland, a company operating in the generation of electricity;
- acquisition, on October 12, 2012, of the additional 58% of Trade Wind Energy, a company in which the Group had held a stake of 42%; as a result of the purchase, the company is no longer consolidated using the equity method but is consolidated on a line-by-line basis;
- acquisition, on December 21, 2012, of 99.9% of Eólica Zopiloapan, a Mexican company operating in the wind generation sector.

2013

- acquisition, on March 22, 2013, of 100% of Parque Eólico Talinay Oriente, a company operating in the wind generation sector in Chile;
- acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the generation of electricity from biomass; in view of the joint control exercised with another owner, the company is consolidated on a proportionate basis;
- disposal, on April 8, 2013, of 51% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States;
- acquisition, on May 22, 2013, of 26% of Chisholm View Wind Project and Prairie Rose Wind Project, two companies operating in the wind generation sector in the United States in which the Group held a stake of 49%; as a result of the purchase, the companies are no longer consolidated using the equity method but are consolidated on a line-by-line basis;
- acquisition, on August 9, 2013, of 70% of Domus Energia (now Enel Green Power Finale Emilia), a company operating in the biomass generation sector;
- acquisition, on October 31, 2013, of 100% of Compañía Energética Veracruz, a company operating in the development of hydroelectric plants in Peru;
- disposal, on November 13, 2013, of 40% of Artic Russia, with the consequent deconsolidation of the interest held by the latter in SeverEnergia;
- acquisition, in November and December 2013, of nine companies (representing three business combinations) operating in the development of wind power projects in the United States;
- disposal, on December 20, 2013, of the remaining stake in Enel Rete Gas, previously consolidated using the equity method.

Definitive allocation of the purchase price of a number of companies of the Renewable Energy Division

Following the acquisition of control in 2012 of a number of companies of the Greek Kafireas wind pipeline and 100% of Stipa Nayaá and Eólica Zopiloapan, Mexican companies operating in the wind generation sector, in 2013, the Group completed the allocation of the associated purchase prices to the assets acquired and the liabilities assumed. More specifically, in all cases the Group:

> recognized certain intangible assets as a result of the completion of the determination of their fair value;
> determined the tax effects associated with the above recognition;
> allocated to non-controlling interests the portion of those assets pertaining to them.

The following table summarizes the accounting effects as of the acquisition dates

Definitive allocation of the purchase price

Millions of euro

	Kafireas pipeline	Stipa Nayaá	Eólica Zopiloapan
Net assets acquired before allocation	1	125	112
Adjustments for measurement at fair value:			
- intangible assets	55	14	11
- deferred tax liabilities	(11)	(4)	(3)
- non-controlling interests	(9)	-	-
Net assets acquired after allocation	**36**	**135**	**120**
Value of the transaction [1]	58	139	126
Goodwill	**22**	**4**	**6**

(1) Including incidental expenses.

Business combinations and acquisitions of joint ventures in 2013

As regards the acquisitions in 2013 that represent a business combination and in compliance with the provision of IFRS 3 Revised, the following table reports the impact of the initial recognition of those transactions. As regards the business combinations with Parque Eólico Talinay Oriente, Compañía Energética Veracruz, PowerCrop, a number of minor companies in the Renewable Energy Division and a number of wind projects in the United States (the latter representing three separate business combinations), the transactions were recognized on a provisional basis pending completion of the allocation of the purchase price pursuant to IFRS 3 Revised. Conversely, the business combinations with Chisholm View and Prairie Rose were already carried out on a definitive basis and incorporate the remeasurement at fair value of property, plant and equipment in the amounts of €4 million and €1 million, respectively.

Business combinations and acquisitions of joint ventures in 2013

	Business combinations						Acquisitions of joint ventures
Millions of euro	Parque Eólico Talinay Oriente	Chisholm View Wind Project	Prairie Rose Wind	US wind projects	Other minor operations in the Renewable Energy Division	Compañía Energética Veracruz	PowerCrop
Property, plant and equipment	127	276	223	7	9	-	10
Intangible assets	-	-	-	69	-	14	2
Other non-current assets	19	-	-	-	-	-	-
Cash and cash equivalents	-	8	9	-	1	-	-
Current assets	-	4	2	-	-	-	5
Non-current liabilities	-	(124)	(108)	(20)	(2)	-	-
Current liabilities	(20)	(29)	(24)	(6)	-	-	(2)
Non-controlling interests	-	(34)	(25)	-	(3)	-	-
Net assets acquired	**126**	**101**	**77**	**50**	**5**	**14**	**15**
Goodwill	-	-	-	-	14	-	9
Price of the transaction [1]	**126**	**101**	**77**	**50**	**19**	**14**	**24**
Cash flow impact	81 [2]	35 [3]	27 [4]	-	19	2	4 [5]
Cash flow impact excluding cash and cash equivalents acquired	81	27	18	-	18	2	4

(1) Including incidental expenses.
(2) Net of the advance paid in 2012 (€27 million) and the amount still to be paid (€18 million).
(3) Net of the value of the interest acquired in 2012, previously accounted for using the equity method (€66 million).
(4) Net of the value of the interest acquired in 2012, previously accounted for using the equity method (€50 million).
(5) Net of the advance paid in 2012 (€8 million) and the amount still to be paid (€12 million).

Effects of Enersis capital increase

On March 29, 2013, the capital increase of the Chilean company Enersis was completed in the overall amount of €4,559 million. The capital increase was subscribed by Endesa (60.6%) with the transfer of the equity investments included in Cono Sur Participaciones and by other shareholders (39.4%) in cash.

More specifically, the equity investments held directly by Cono Sur Participaciones at the transaction date were:

> Ampla Energia e Serviços, with an interest of 7.70%;
> Ampla Investimentos e Serviços, with an interest of 7.71%;
> Codensa, with an interest of 26.66%;
> Compañia Eléctrica San Isidro, with an interest of 4.39%;
> Eléctrica Cabo Blanco, with an interest of 80.00%;
> Emgesa, with an interest of 21.60%;
> Empresa Distribuidora Sur, with an interest of 6.22%;
> Endesa Brasil, with an interest of 28.48%;
> Endesa Cemsa, with an interest of 55.00%;
> Generalima, with an interest of 100.00%;
> Inversiones Distrilima, with an interest of 34.83%;
> Inversora Dock Sud, with an interest of 57.14%;
> Yacylec, with an interest of 22.22%.

Since the capital increase was fully subscribed by existing shareholders, after the operation the shareholder base of Enersis was unchanged. For the Enel Group, the transaction qualifies as a disposal of a minority interest to the extent of the dilution produced with the transfer of the assets to Enersis.

The following table summarizes the impact of the disposal on the accounts:

Effects of the disposal of minority interests pertaining to the Endesa-Latin America CGU

Millions of euro	
Determination of the value of the interest divested in the Enersis capital increase	
Net assets of Cono Sur Participaciones	2,261
Non-controlling interests in those assets	(180)
Goodwill pertaining to those assets	357
Value of 92.06% of Cono Sur Participaciones	**2,438**
Interest transferred in Enersis capital increase (39.4%)	**961**
Determination of price for assets transferred	
Capital increase subscribed in cash	1,795
Share pertaining to Enel Group (55.8%)	**1,001**
Cost of transaction pertaining to Enel Group (1)	**54**
Price received for disposal	**947**
Net result on transaction (recognized in reserve from disposal of equity interests without loss of control)	**(14)**

(1) Calculated on basis of total costs incurred of €94 million, net of tax effects and non-controlling interests.

6

Risk management

Market risk

As part of its operations, the Enel Group is exposed to a variety of market risks, notably the risk of changes in interest rates, exchange rates and commodity prices.

As part of the governance of risk management, market risks are governed through specific policies set at both the Group level and at the level of individual divisions/countries, with special Risk Committees responsible for strategic policy-making and oversight. The governance arrangements for risk management provide for a system of operational limits defined by individual risk type, which are monitored periodically by the Risk Management units.

The nature of the financial risks to which the Group is exposed is such that changes in interest rates can cause an increase in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.
The Group is also exposed to the risk that changes in the exchange rates between the euro and the main foreign currencies could have an adverse impact on the value in euro of performance and financial aggregates denominated in foreign currencies, such as costs, revenues, assets and liabilities, as well as the consolidation values of equity investments denominated in currencies other than the euro (translation risk).
As with interest rates, changes in exchange rates can cause variations in the value of financial assets and liabilities measured at fair value.
The Group's policies for managing financial risks provide for the stabilization of the effects of changes in interest rates and exchange rates with the exclusion of translation risk. This objective is achieved both at the source of the risk, through the strategic diversification of the nature of financial assets and liabilities, and by modifying the risk profile of exposures with derivatives entered into on over-the-counter markets.

The risk of fluctuations in commodity prices is generated by the volatility of those prices and existing structural correlations. The combination of these factors creates uncertainty about the margin on transactions in fuels and energy. The variability of prices can also impact the industrial and commercial strategies of the Group.
In order to minimize the effects of such fluctuations and stabilize margins, strategies such as advance sourcing and hedging with derivatives are defined and planned in accordance with the Group's policies and the operational limits specified

under risk governance arrangements. The Group also engages in proprietary trading activities, aimed at monitoring the energy commodity markets used by the Group.
The strategies for hedging the price risk arising from trading in commodities can be implemented by Group companies through financial instruments that eliminate market risk by sterilizing the variable components of prices. To make the process more efficient, Enel has centralized the hedging of commodity price risk using financial instruments with a specialized organizational unit that primarily operates through contracts for difference and swaps, and turns to the derivatives market to hedge the net balance of the exposures.

During 2013, EMIR (European Market Infrastructure Regulation 648/2012 of the European Parliament) came into force. It is intended to regulate the OTC derivatives market in order to contain the systemic and counterparty risk typical of the market within sustainable limits, increasing the transparency of trading and reducing the scope for market abuse.
To this end, the EMIR framework introduces an operational model for the management of the entire life cycle of OTC derivatives, involving both financial and non-financial counterparties. Among the main innovations, it provides for the standardization of contracts, the obligation to use a clearing system involving a central or bilateral counterparty, and requirements to report to authorized entities at the European level (trade repositories).
In 2013, the Enel Group, as non-financial counterparty, undertook a number of initiatives to ensure compliance with the EMIR regulatory framework.
In particular, in the more specific area of risk management governance, the Group has begun monitoring the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of the clearing obligations. During 2013, no overshoot of those threshold values was detected.

We report below the scale of transactions in derivative instruments outstanding at December 31, 2013, indicating the fair value and notional amount for each class of instrument.
The fair value of a derivative contract is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance-sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.
For contracts involving commodities, the measurement is conducted using prices for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.
Changes in the assumptions made in estimating the input date could have an impact on the fair value recognized for those instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted into euros at the exchange rate provided by the European Central Bank.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

In conformity with the international accounting standards, financial assets and liabilities associated with derivative instruments are classified as:

> cash flow hedge derivatives related to i) hedging the risk of changes in cash flows associated with long-term floating-rate borrowings; ii) hedging the exchange rate risk associated with long-term debt denominated in currencies other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) hedging the exchange rate risk associated with the price of fuels priced in foreign currencies; iv) hedging the price risk associated with forecast sales of electricity at vari-

able prices; and v) hedging the price risk associated with sales of coal and oil commodities;

> fair value hedge derivatives, related to hedging the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk;

> trading derivatives associated with proprietary trading in commodities or hedging interest and exchange rate risk or commodity risk which it would be inappropriate to designate as cash flow hedges/fair value hedges or which do not meet the formal requirements of IAS 39.

Interest rate risk

The twin objectives of reducing the amount of debt subject to changes in interest rates and of containing borrowing costs are pursued with the use of a variety of derivatives contracts, notably interest rate swaps, interest rate options and swaptions. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge. Hedging strategies can also make use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).

Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to Enel's expectations for future interest rate developments. In addition, interest rate options are also considered appropriate in periods of uncertainty about future interest rate developments, in order to benefit from any decreases in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2013 and December 31, 2012 broken down by type of contract:.

Millions of euro	Notional amount	
	2013	2012
Interest rate swaps	8,803	8,294
Interest rate options	50	50
Total	**8,853**	**8,344**

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2013 and December 31, 2012, broken down by designation (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012
Cash flow hedge derivatives								
Interest rate swaps	6,878	6,433	(386)	(686)	40	5	(426)	(691)
Fair value hedge derivatives								
Interest rate swaps	1,121	83	49	17	49	17	-	-
Trading derivatives								
Interest rate swaps	804	1,778	(67)	(110)	2	4	(69)	(114)
Interest rate options	50	50	(4)	(7)	-	-	(4)	(7)
Total interest rate swaps	8,803	8,294	(404)	(779)	91	26	(495)	(805)
Total interest rate options	50	50	(4)	(7)	-	-	(4)	(7)
TOTAL INTEREST RATE DERIVATIVES	**8,853**	**8,344**	**(408)**	**(786)**	**91**	**26**	**(499)**	**(812)**

The following table reports the cash flows expected in coming years from these financial derivatives:

Expected cash flows from interest rate derivatives

Millions of euro	Notional amount						
	at Dec. 31, 2013	2014	2015	2016	2017	2018	Beyond
CFH on interest rates							
Positive fair value	40	(7)	(9)	(6)	(1)	4	72
Negative fair value	(426)	(173)	(104)	(57)	(40)	(28)	(117)
FVH on interest rates							
Positive fair value	49	(3)	19	14	4	(2)	39
Trading derivatives on interest rates							
Positive fair value	2	2	1	-	-	-	-
Negative fair value	(73)	(21)	(9)	(7)	(6)	(5)	(39)

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

At December 31, 2013, 9% of net long-term financial debt was floating rate (17% at December 31, 2012). Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, net financial debt was more than 6% overhedged at December 31, 2013 (97% hedged at December 31, 2012). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, net financial debt was more than 6% overhedged (99% hedged at December 31, 2012).

If interest rates had been 25 basis points higher at December 31, 2013, all other variables being equal, shareholders' equity would have been €68.8 million higher (€79.4 million at December 31, 2012) as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 25 basis point lower at that date, all other variables being equal, shareholders' equity would have been €68.8 million lower (€79.4 million at December 31, 2012) as a result of the decrease in the fair value of CFH derivatives on interest rates.

An equivalent increase (decrease) in interest rates, all other variables being equal, would have a negative (positive) impact on the income statement in terms of higher (lower) interest expense on the portion of debt not hedged against interest rate risk of about €35 million.

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

- debt denominated in currencies other than the currency of account or the functional currency entered into by the holding company or the individual subsidiaries;
- cash flows in respect of the purchase or sale of fuel or electricity on international markets;
- cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign companies or the purchase or sale of equity investments.

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives such as currency forwards, cross currency interest rate swaps and currency options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent fixed- or floating-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

Currency options involve the purchase (or sale) of the right to

exchange, at an agreed future date, two principal amounts denominated in different currencies on specified terms (the contractual exchange rate represents the option strike price); such contracts may call for the actual exchange of the two amounts (deliverable) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

The following table reports the notional amount of transactions outstanding at December 31, 2013 and December 31, 2012, broken down by type of hedged item:

Millions of euro	Notional amount	
	2013	2012
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	14,263	13,892
Currency forwards hedging exchange rate risk on commodities	4,253	6,250
Currency forwards hedging future cash flows in currencies other than euro	1,906	1,348
Currency swaps hedging commercial paper	246	232
Currency forwards hedging credit lines	201	201
Other currency forward	423	-
Total	**21,292**	**21,923**

More specifically, these include:

- CCIRSs with a notional amount of €14,263 million to hedge the exchange rate risk on debt denominated in currencies other than the euro (€13,892 million at December 31, 2012);
- currency forwards with a total notional amount of €6,159 million used to hedge the exchange rate risk associated with purchases of fuel, imported electricity and expected cash flows in currencies other than the euro (€7,598 million at December 31, 2012);
- currency swaps with a total notional amount of €246 million used to hedge the exchange rate risk associated with redemptions of commercial paper issued in currencies other than the euro (€232 million at December 31, 2012);
- currency forwards with a total notional amount of €201 million used to hedge the exchange rate risk associated with credit lines in currencies other than the euro (€201 million at December 31, 2012).

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2013 and December 31, 2012, broken down by designation (IAS 39):

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012
Cash flow hedge derivatives:								
- currency forwards	2,989	3,458	(91)	(83)	4	4	(95)	(87)
- CCIRSs	14,258	13,631	(1,551)	(847)	435	927	(1,986)	(1,774)
Fair value hedge derivatives:								
- CCIRSs	5	261	(2)	18	-	23	(2)	(5)
Trading derivatives:								
- currency forwards	4,040	4,573	12	35	46	74	(34)	(39)
Total forwards	7,029	8,031	(79)	(48)	50	78	(129)	(126)
Total CCIRS	14,263	13,892	(1,553)	(829)	435	950	(1,988)	(1,779)
TOTAL EXCHANGE RATE DERIVATIVES	**21,292**	**21,923**	**(1,632)**	**(877)**	**485**	**1,028**	**(2,117)**	**(1,905)**

The following table reports the cash flows expected in coming years from these financial derivatives:

Expected cash flows from exchange rate derivatives

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2013	2014	2015	2016	2017	2018	Beyond
CFH on exchange rates							
Positive fair value	439	164	70	52	48	32	275
Negative fair value	(2,081)	(346)	(71)	(186)	(32)	(47)	(313)
FVH on exchange rates							
Negative fair value	(2)	(1)	(1)	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	46	35	-	-	-	-	-
Negative fair value	(34)	(35)	-	-	-	-	-

An analysis of the Group's debt shows that 31% of medium- and long-term debt (29% at December 31, 2012) is denominated in currencies other than the euro.

Taking account of exchange rate hedges and the portion of debt denominated in the currency of account or the functional currency of the Group company holding the debt position, the proportion of unhedged debt decreases to 1% (2% at December 31, 2012), a proportion that is felt would not have a significant impact on the Group's earnings in the event of a change in market exchange rates.

At December 31, 2013, assuming a 10% appreciation of the euro against the foreign currencies involved, all other variables being equal, shareholders' equity would have been €1,539 million lower (€1,689 million at December 31, 2012), as a result of the decrease in the fair value of CFH derivatives on exchange rates. Conversely, assuming a 10% depreciation of the euro against the foreign currencies involved, all other variables being equal, shareholders' equity would have been €1,881 million higher (€2,064 million at December 31, 2012) as a result of the increase in the fair value of CFH derivatives on exchange rates.

Commodity risk

The exposure to the risk of changes in commodity prices is associated with the purchase of fuel for power plants and the purchase and sale of gas under indexed contracts as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on the electricity spot market).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

As regards electricity sold by the Group, Enel uses fixed-price contracts in the form of bilateral physical contracts and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case.

The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is quantified and managed on the basis of an estimation of developments in generation costs. The residual positions thus determined are aggregated on the basis of uniform risk factors that can be hedged in the market. Various types of derivatives are used to reduce the exposure to fluctuations in energy commodity prices (mainly forwards, swaps, commodity options, futures and contracts for differences). Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity in the main European countries), using financial derivatives and physical contracts traded on regulated and over-the-counter markets, exploiting profit opportunities through arbitrage transactions carried out on the basis of expected market developments.

The commodity risk management processes established at the Group level are designed to constantly monitor developments in risk over time and to determine whether the risk levels, as observed for specific analytical dimensions (for example, geographical areas, organizational structures, business lines, etc.), comply with the thresholds consistent with the risk appetite established by top management. These operations are conducted within the framework of formal governance rules that establish strict risk limits. Compliance

with the limits is verified by units that are independent of those undertaking the transactions. Positions are monitored monthly, assessing the Profit at Risk, in the case of industrial portfolios, and daily, calculating Value at Risk, in the case of the trading book.

The risk limits for Enel's proprietary trading are set in terms of Value-at-Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits for 2013 is equal to about €33 million.

The following table reports the notional amount and fair value of derivative contracts relating to commodities at December 31, 2013 and December 31, 2012.

Millions of euro	Notional amount		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012
Cash flow hedge derivatives:								
- derivatives on energy	2,024	1,847	(19)	19	16	23	(35)	(4)
- derivatives on coal	1,250	1,507	(120)	(141)	-	-	(120)	(141)
- derivatives on gas	1,413	585	(8)	(5)	-	-	(8)	(5)
- other derivatives on commodities	*90*	-	6	-	6	-	-	-
Trading derivatives:								
- derivatives on energy	13,812	13,371	127	66	268	84	(141)	(18)
- swaps on oil commodities	5,426	3,380	(44)	(66)	1,621	1,346	(1,665)	(1,412)
- futures/options on oil commodities	3,357	4,661	30	5	173	80	(143)	(75)
- derivatives on coal	1,442	1,724	6	(3)	69	84	(63)	(87)
- embedded derivatives	659	126	(1)	(122)	-	-	(1)	(122)
TOTAL COMMODITY DERIVATIVES	**29,473**	**27,201**	**(23)**	**(247)**	**2,153**	**1,617**	**(2,176)**	**(1,864)**

Cash flow hedge derivatives refer to the physical positions in the underlying and, therefore, any negative (positive) change in the fair value of the derivative instrument corresponds to a positive (negative) change in the fair value of the underlying physical commodity, so that the impact on the income statement is equal to zero. The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2013 (gross of taxes) that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
		at Dec. 31, 2013	
Fair value of cash flow hedge derivatives on energy	121	(19)	(159)
Fair value of cash flow hedge derivatives on coal	(204)	(120)	(27)
Fair value of cash flow hedge derivatives on gas	(24)	(8)	7
Fair value of cash flow hedge derivatives on other commodities	3	6	5

The following table shows the fair value of derivatives and the consequent impact on the income statement and shareholders' equity at December 31, 2013 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
		at Dec. 31, 2013	
Fair value of trading derivatives on energy	19	127	244
Fair value of trading derivatives on oil commodities	(39)	(14)	25
Fair value of trading derivatives on coal	(18)	6	21

Embedded derivatives relate to contracts for the purchase and sale of energy entered into by Slovenské elektrárne in Slovakia. The risk factors underlying the contracts are the price of electricity on the Slovakian market, the price of aluminum on the London Metal Exchange and the euro/US dollar exchange rate. The market value at December 31, 2013 came to a negative €0.8 million, composed of:

a. an embedded derivative on the euro/US dollar exchange rate whose fair value at December 31, 2013 was nil;
b. a derivative on the price of gas whose fair value at December 31, 2013 was a negative €1 million.

The following tables show the fair value at December 31, 2013, as well as the value expected from a 10% increase or decrease in the underlying risk factors.

Fair value embedded derivative (a)

Millions of euro	euro/US dollar exchange rate
Decrease of 10%	-
Scenario at Dec. 31, 2013	-
Increase of 10%	-

Fair value embedded derivative (b)

Millions of euro	Aluminum price
Decrease of 10%	(14)
Scenario at Dec. 31, 2013	(1)
Increase of 10%	12

The following table reports the cash flows expected in subsequent years from these financial derivatives on commodities.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2013	2014	2015	2016	2017	2018	Beyond
Cash flow hedge derivatives							
Positive fair value	22	10	8	2	2	-	-
Negative fair value	(163)	(156)	(6)	(1)	-	-	-
Trading derivatives							
Positive fair value	2,131	2,192	(20)	(51)	10	-	-
Negative fair value	(2,013)	2,096	37	53	(7)	-	-

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty has an effect on the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).

As part of the sale and distribution of electricity and gas to eligible customers, the selection of counterparties is monitored through the assessment of the related credit risk and the request for suitable guarantees and/or security deposits to ensure adequate protection from counterparty default risk.

Open positions in financial derivatives are entered into with leading Italian and international financial institutions, diversifying the exposure among different institutions and constantly monitoring their credit ratings.

In addition, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

As regards the credit risk associated with the solvency of counterparties in commodities transactions, the Group uses a centralized assessment system that enhances the monitoring and governance of the risk. In 2013, in addition to a new centralized system that increases the effectiveness of risk monitoring and governance, the Group Credit Risk Committee approved the application of portfolio limits for the divisions/countries involved and for the Group as a whole.

To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, in particular specific segments of the commercial portfolio. More specifically, in 2011 a five-year framework agreement was reached with two leading banks for the ongoing non-recourse assignment of invoiced receivables and receivables to be invoiced in respect of customers in the enhanced protection market in Italy.
In subsequent years, partly in view of the macroeconomic environment, the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).
All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Liquidity risk

Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized treasury function, ensuring access to the money and capital markets. The Parent Company meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

Underscoring the Enel Group's continued capacity to access the credit market despite the financial market crisis, in 2013 the Group carried out bond issues with retail investors totaling €3.6 billion, and obtained bank loans and other financing totaling €1.8 billion.

At December 31, 2013, the Enel Group had a total of about €8 billion in cash or cash equivalents, of which €3.3 billion held by Endesa, as well as total committed credit lines of €15.4 billion, of which €3.8 billion held by Endesa. The limits on the committed credit lines amounted to €16.8 billion (€1.4 billion drawn), of which €3.8 billion held by Endesa (€0.05 billion drawn). In addition, the Group had uncommitted credit lines totaling €0.9 billion (€0.1 billion drawn), of which €0.7 billion held by Endesa (entirely undrawn).
Finally, the Group has outstanding commercial paper programs with a maximum ceiling of about €9.3 billion (€2.2 billion used), of which €3.3 billion held by Endesa through its subsidiaries (€0.8 billion used).

6.1 Derivatives contracts classified under non-current financial assets - *€444 million*

The following table shows the notional amount and fair value of derivative contracts classified under non-current financial assets.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					
- interest rates	1,236	25	35	5	30
- exchange rates	3,973	7,227	347	890	(543)
- commodities	137	34	12	7	5
Total	**5,346**	**7,286**	**394**	**902**	**(508)**
Fair value hedge derivatives:					
- interest rates	1,045	83	45	17	28
- exchange rates	-	254	-	23	(23)
Total	**1,045**	**337**	**45**	**40**	**5**
Trading derivatives:					
- interest rates	30	45	2	4	(2)
- exchange rates	-	92	-	1	(1)
- commodities	58	40	3	6	(3)
Total	**88**	**177**	**5**	**11**	**(6)**
TOTAL	**6,479**	**7,800**	**444**	**953**	**(509)**

At December 31, 2013, the notional amount of the cash flow hedge derivative contracts classified as non-current financial assets came to €5,346 million, with the corresponding fair value of €394 million.

The cash flow hedge derivatives on interest rates are essentially related to new hedges of loans using interest rate swaps in a notional amount of about €665 million and with a fair value of €17 million.

The general increase in interest rates gave rise to a reclassification from "non-current financial liabilities" to "non-current financial assets" of derivatives in a notional amount of €464 million and with a fair value of €11 million.

The cash flow hedge derivatives on exchange rates are essentially related to transactions hedging the exchange rate risk on bond issues in currencies other than the euro using cross currency interest rate swaps.

Developments in the euro exchange rate against the main currencies caused the fair value of these derivatives to decline. For some derivatives positions, this change led to the reclassification to "non-current financial liabilities" of a notional amount of €1,848 million in respect of transactions that at December 31, 2012 had been classified under "non-current financial assets". Finally, a notional amount of about €91 million was reclassified from "non-current financial assets" to "current financial assets", as the positions expire in 2014.

Fair value hedge derivatives essentially increased due to new hedges using interest rate swaps of the hybrid bond issued by Enel SpA in the notional amount of €800 million.

The change in fair value hedge derivatives on exchange rates was basically attributable to cross currency interest rate swaps, with the reclassification from "non-current financial assets" to "non-current financial liabilities" of a notional amount of €119 million with a fair value of €14 million, and the reclassification from "non-current financial assets" to "current financial assets" of a notional amount of €80 million.

Cash flow hedge derivatives on commodities include derivatives on energy with a fair value of €10 million and transactions in CO_2 with a fair value of €2 million. Trading derivatives essentially regard energy transactions entered into by Endesa (with a fair value of €3 million).

Non-current financial assets concerning derivatives with a carrying amount of €385 million were governed by master netting agreements or similar agreements that do not meet the requirements for offsetting under the current version of IAS 32.

For a summary of the balances of the fair value of non-current derivatives classified as assets, broken down by measurement criteria, please see note 7 on IFRS 13 disclosures.

6.2 Derivatives contracts classified under current financial assets - *€2,285 million*

The following table reports the notional amount and fair value of the derivative contracts, grouped by type and designation.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					-
- interest rates	22	-	5	-	5
- exchange rates	1,506	1,139	92	41	51
- commodities	149	1,693	10	16	(6)
Total	1,677	2,832	107	57	50
Fair value hedge derivatives:					
- interest rates	76	-	4	-	4
Total	76	-	4	-	4
Trading derivatives:					
- exchange rates	1,807	2,298	46	73	(27)
- commodities	13,990	16,395	2,128	1,588	540
Total	15,797	18,693	2,174	1,661	513
TOTAL	**17,550**	**21,525**	**2,285**	**1,718**	**567**

The cash flow hedge derivatives on exchange rates are essentially related to transactions hedging the exchange rate risk on bond issues in currencies other than the euro using cross currency interest rate swaps.

For these derivatives, a notional amount of about €1,234 million with a fair value of €79 million was reclassified from "non-current financial assets" to "current financial assets", as the positions expire in 2014.

In addition, transactions in a notional amount of €758 million with a fair value of €38 million expired in January 2013.

Trading derivatives on exchange rates essentially comprise transactions to hedge the exchange rate risk associated with the prices of energy commodities. The decrease in the notional amount and fair value of these derivatives is mainly associated with normal operations.

Commodity derivatives regard energy derivatives with a fair value of €6 million and transactions in CO_2 with a fair value of €4 million classified as cash flow hedges. Trading derivatives regard energy transactions in the amount of €265 million, and hedges of fuels and other commodities classified as trading transactions with a fair value of €1,863 million.

Current financial assets in respect of trading derivatives on commodities have been offset in the amount of €406 million by the value of derivatives reported under current financial liabilities where such netting is permitted under contractual and statutory provisions.

Current financial assets concerning derivatives with a carrying amount of €1,777 million were governed by master netting agreements or similar agreements that do not meet the requirements for offsetting under the current version of IAS 32.

For a summary of the balances of the fair value of current derivatives classified as assets, broken down by measurement criteria, please see note 7 on IFRS 13 disclosures.

6.3 Derivatives contracts classified under non-current financial liabilities - *€2,257 million*

The following table reports the notional amount and fair value of the cash flow hedge, fair value hedge and trading derivatives.

Millions of euro	Notional amount			Fair value		
	at Dec. 31, 2013	at Dec. 31, 2012	Change	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:						
- interest rates	4,275	6,405	(2,130)	402	691	(289)
- exchange rates	8,825	5,955	2,870	1,821	1,777	44
- commodities	391	282	109	7	16	(9)
Total	**13,491**	**12,642**	**849**	**2,230**	**2,484**	**(254)**
Fair value hedge derivatives:						
- exchange rates	5	7	(2)	2	5	(3)
Total	**5**	**7**	**(2)**	**2**	**5**	**(3)**
Trading derivatives:						
- interest rates	216	763	(547)	22	62	(40)
- exchange rates	14	30	(16)	-	1	(1)
- commodities	66	46	20	3	1	2
Total	**296**	**839**	**(543)**	**25**	**64**	**(39)**
TOTAL	**13,792**	**13,488**	**304**	**2,257**	**2,553**	**(296)**

At December 31, 2013, the notional amount of derivatives classified under non-current financial liabilities came to €13,792 million, with a corresponding fair value of €2,257 million. Compared with December 31, 2012, these represent an increase of €304 million and a decrease of €296 million, respectively.

The improvement in the fair value of the cash flow hedge derivatives on interest rates is mainly due to the broad rise in the yield curve over the course of the year.

A notional amount of €500 million with a fair value of €30 million was reclassified from "non-current financial liabilities" to "current financial liabilities", as the positions expire in 2014.

Cash flow hedge derivatives on exchange rates essentially regard the hedging (using cross currency interest rate swaps) of bond issues in currencies other than the euro. The fair value reflects the change in the euro against the hedged currencies. The increase in the notional amount is mainly associated with the reclassification from "non-current financial assets" to "non-current financial liabilities", as well as new CCIRSs entered into by Enel SpA to hedge the tranches of the hybrid bond denominated in pounds sterling and US dollars in the total amount of €1,389 million.

Commodity derivatives classified as cash flow hedges regard hedges on gas and energy with a fair value of €7 million.

Trading derivatives on commodities include derivatives on energy entered into by Endesa with a fair value of €3 million.

Non-current financial liabilities concerning derivatives with a carrying amount of €2,030 million were governed by master netting agreements or similar agreements that do not meet the requirements for offsetting under the current version of IAS 32.

For a summary of the balances of the fair value of non-current derivatives classified as liabilities, broken down by measurement criteria, please see note 7 on IFRS 13 disclosures.

6.4 Derivatives contracts classified under current financial liabilities - *€2,535 million*

The following table reports the notional amount and fair value of the derivative contracts.

Millions of euro	Notional amount		Fair value		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					
- interest rates	1,345	3	24	-	24
- exchange rates	2,943	2,768	260	84	176
- commodities	4,100	1,930	156	134	22
Total	**8,388**	**4,701**	**440**	**218**	**222**
Trading derivatives:					
- interest rates	608	1,020	51	59	(8)
- exchange rates	2,219	2,153	34	38	(4)
- commodities	10,582	6,781	2,010	1,713	297
Total	**13,409**	**9,954**	**2,095**	**1,810**	**285**
TOTAL	**21,797**	**14,655**	**2,535**	**2,028**	**507**

The substantial increase in the notional amount of interest rate derivatives is entirely attributable to the reclassification of a number of derivatives from "non-current financial liabilities" to "current financial liabilities".
The deterioration in the fair value of cash flow hedges on exchange rates, mainly cross currency interest rate swaps by Enersis, is essentially due to the reclassification of those transactions from "non-current financial liabilities" to "current financial liabilities".

Cash flow hedge derivatives on commodities regard energy derivatives with a fair value of €2 million, contracts for differences in the amount of €32 million and hedges of gas, coal and shipping contracts of €122 million; trading derivatives include contracts on fuels and other commodities with a fair value of €1,871 million, trading operations in energy with a fair value of €138 million and embedded derivatives related to energy sale contracts in Slovakia, with a fair value of €1 million.
Current financial liabilities in respect of trading derivatives on commodities have been offset in the amount of €406 million by the value of derivatives reported under current financial assets where such netting is permitted under contractual and statutory provisions.
Current financial liabilities concerning derivatives with a carrying amount of €1,904 million were governed by master netting agreements or similar agreements that do not meet the requirements for offsetting under the current version of IAS 32.

For a summary of the balances of the fair value of current derivatives classified as liabilities, broken down by measurement criteria, please see note 7 on IFRS 13 disclosures.

7

Disclosures on the fair value of assets and liabilities

In these consolidated financial statements, certain items are measured at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Following amendments to IFRS 13, which entered force as from the current year, a number of specific disclosure requirements concerning such items have been introduced. The following tables summarize the individual components of the consolidated balance sheet that have been measured at fair value, with a breakdown of the levels of the fair value hierarchy (as defined in the international accounting standards) to which they belong.

7.1 Assets

The following table reports the value of assets measured at fair value, broken down by level of fair value inputs.

Millions of euro	Notes	**Fair value**	Level 1	Level 2	Level 3
		at Dec. 31, 2013			
Investment property [1]		**216**	-	-	216
Equity investments in other entities	20	**183**	174	3	6
Service concession arrangements	20	**618**	-	618	-
Securities held to maturity	27	**128**	128	-	-
Financial investments in funds or portfolio management products measured at fair value through profit or loss	27	**24**	24	-	-
Cash flow hedge derivatives (current and non-current):	6				
- interest rates		**40**	-	40	-
- exchange rates		**439**	-	439	-
- commodities		**22**	1	21	-
Fair value hedge derivatives (current and non-current):	6				
- interest rates		**49**	-	49	-
Trading derivatives (current and non-current):	6				
- interest rates		**2**	-	2	-
- exchange rates		**46**	-	46	-
- commodities		**2,131**	617	1,514	-
Inventories measured at fair value	22	**498**	420	-	78
Assets held for sale	28	**198**	-	3	195
Securities available for sale	27	**17**	14	-	3

(1) Asset not measured at fair value.

Investment property

The value of investment property, presented in the table as measured using Level 3 inputs, was calculated with the assistance of appraisals provided by independent experts who used different valuation techniques depending on the specific features of the individual properties. The fair value rose by €9 million compared with the previous year.

Equity investments in other entities

The fair value of investment in listed companies was determined on the basis of the market price on the closing date of the year. That of unlisted companies was determined on the basis of a valuation, considered reliable, of significant balance-sheet aggregates. There was no change in the Level 3 fair value compared with 2012.

Service concession arrangements

Service concession arrangements regard electricity distribution activities in the Brazilian market by Ampla and Coelce, which are measured in accordance with IFRIC 12. The fair value was estimated as the net replacement cost based on the most recent available data on rates and the general price index for the Brazilian market.

Securities held to maturity

Securities held to maturity are composed of bonds.
The following table reports changes in securities measured using Level 3 inputs.

Millions of euro	
Balance at January 1, 2013	4
Gain/(Loss) through profit or loss	(4)
Subscriptions	-
Balance at December 31, 2013	-

Securities classified under Level 3 comprise promissory notes issued in 2012.

Financial derivatives

The fair value was determined on the basis of official prices for instruments traded on regulated markets. For instruments not traded on regulated markets the fair value was determined by discounting expected cash flows on the basis of the market yield curve at the reference date and converting the amounts in currencies other than the euro at period-end exchange rates. The balance of those measured using Level 1 inputs regards positions in futures on CO_2, on Brent listed on the Intercontinental Exchange (ICE) and on gas listed on the main natural gas spot markets (NBP, TTF, NCG, PEG, etc.).

Inventories measured at fair value

The value of inventories measured using Level 3 inputs was calculated with the assistance of appraisals provided by independent experts who used different valuation techniques depending on the specific features of the individual cases.

Assets held for sale/Liabilities held for sale

Assets and liabilities held for sale mainly regard Marcinelle Energie, and the associated fair value was calculated as the estimated realizable value.

Securities available for sale

There was no change in the Level 3 fair value compared with 2012.

7.2 Liabilities

The following table reports the value of liabilities measured a fair value, broken down by level of fair value inputs.

Millions of euro	Notes	Fair value	Level 1	Level 2	Level 3
		at Dec. 31, 2013			
Cash flow hedge derivatives (current and non-current):	6				
- interest rates		**426**	-	426	-
- exchange rates		**2,081**	-	2,081	-
- commodities		**163**	102	61	-
Fair value hedge derivatives (current and non-current):	6				
- exchange rates		**2**	-	2	-
Trading derivatives (current and non-current):	6				
- interest rates		**73**	-	73	-
- exchange rates		**34**	-	34	-
- commodities		**2,013**	1,070	942	1
Liabilities for acquisition of equity investments	36	**37**	-		37
Liabilities for put options granted to non-controlling shareholders	36	**801**	-	-	801
Bonds: [1]	27				
- fixed rate		**39,517**	31,662	7,856	-
- floating rate		**8,131**	4,365	3,766	-
Bank loans: [1]	27				
- fixed rate		**976**	-	976	-
- floating rate		**9,026**	-	9,026	-
Other loans: [1]	27				
- fixed rate		**1,153**	-	1,153	-
- floating rate		**605**	-	605	-
Short-term payables to banks [1]	27	**150**	-	150	-
Commercial paper [1]	27	**2,202**	-	2,202	-
Cash collateral and other financing on derivatives	27	**119**	-	119	-
Other short-term financial debt [1]	27	**58**	-	58	-
Liabilities held for sale	28	**8**	-	-	8

(1) Liabilities not measured at fair value.

Trading derivatives

The balance of Level 3 items regards the embedded derivative (identified as such in note 6 of these consolidated financial statements) on the price of gas in the energy purchase contract agreed by Slovenské elektrárne in Slovakia.

The measurement of the contract was carried out in two steps. The first step involved determining the market value of the energy acquired, while in the second step a Monte Carlo simulation was used to determine the value of the contract. The fair value of the contract is equal to the difference between the average of the value obtained in the simulation and the market value of the energy acquired.

The following table reports changes in the item in 2013.

Millions of euro	Embedded derivatives of Slovenské elektrárne
Opening balance at January 1, 2013	**48**
(Gain)/Loss through profit or loss	(47)
Closing balance at December 31, 2013	**1**

The profit taken to the income statement is associated with Slovenské elektrárne's termination of the embedded derivative on the price of gas (€48 million) and the opening of a new embedded derivative position on the price of aluminum, entered into by the same company in December 2013.

Medium and long-term loans

In the case of transactions directly observable and quoted on the market, fair value is determined using official prices (market approach). In cases where such variables are not present, the valuation techniques are adopted as appropriate for each category of financial instrument (income and cost approaches).

Liabilities for acquisition of equity investments

The liability regards the debt for the purchase of a number of companies in North America, whose fair value was determined on the basis of the contractual conditions of the agreements between the parties.

Liabilities for put options granted to non-controlling shareholders

Of the overall liability, €778 million is accounted for by the liability in respect of the options on Enel Distributie Muntenia and Enel Energie Muntenia and was determined in relation to the vesting conditions specified in the associated contracts. The remainder of €23 million regards the liability in respect of the put options on Renovables de Guatemala and Maicor Wind, whose fair value was determined using the binominal option pricing model (BOPM) and the discounted cash flow model (DCF). There were no changes in the Level 3 fair values compared with the previous year.

8

Segment information

The representation of performance and financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods being compared.

For more information on developments in performance and financial position during the year, please see the appropriate section of the report on operations.

Segment information for 2013 and 2012

Results for 2013 (1)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenues from third parties	16,699	18,878	3,669	30,825	7,103	2,337	1,024	**80,535**
Revenues from other segments	222	4,041	4,029	110	634	490	(9,526)	-
Total revenues	**16,921**	**22,919**	**7,698**	**30,935**	**7,737**	**2,827**	**(8,502)**	**80,535**
Total costs	15,973	21,578	3,690	24,041	6,328	1,060	(9,524)	**63,146**
Net income/(charges) from commodity risk management	(82)	(165)	-	(148)	(4)	21	-	**(378)**
Depreciation and amortization	101	516	977	2,700	486	526	103	**5,409**
Impairment losses/ Reversals	403	106	3	210	834	91	11	**1,658**
Operating income	**362**	**554**	**3,028**	**3,836**	**85**	**1,171**	**908**	**9,944**
Capital expenditure	**99**	**318**	**1,046**	**2,181**	**924**	**1,307** (2)	**84**	**5,959**

(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 €1 million regarding units classified as "held for sale".

Results for 2012 restated [1] [2]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenues from third parties	18,170	18,869	3,820	33,708	8,015	2,264	103	**84,949**
Revenues from other segments	181	6,375	4,297	461	688	432	(12,434)	-
Total revenues	**18,351**	**25,244**	**8,117**	**34,169**	**8,703**	**2,696**	**(12,331)**	**84,949**
Total costs	17,759	24,284	4,494	26,778	7,110	1,049	(12,296)	**69,178**
Net income/ (charges) from commodity risk management	17	131	-	(161)	57	(6)	-	**38**
Depreciation and amortization	87	626	925	2,892	453	487	126	**5,596**
Impairment losses/ Reversals	419	(40)	69	2,663	219	73	4	**3,407**
Operating income	**103**	**505**	**2,629**	**1,675**	**978**	**1,081**	**(165)**	**6,806**
Capital expenditure	**97**	**403**	**1,497**	**2,497** [3]	**1,161**	**1,257**	**163** [4]	**7,075**

(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) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy.
(3) Does not include €73 million regarding units classified as "held for sale".
(4) Does not include €1 million regarding units classified as "held for sale".

Financial position by segment

At December 31, 2013

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	39	9,615	15,096	35,936	9,847	10,224	504	**81,261**
Intangible assets	775	651	117	27,264	1,928	2,212	282	**33,229**
Trade receivables	4,015	3,068	1,706	3,615	595	371	(1,830)	**11,540**
Other	250	2,506	1,240	2,009	471	408	(204)	**6,680**
Operating assets	**5,079**	**15,840** [1]	**18,159**	**68.824**	**12,841** [2]	**13,215** [4]	**(1,248)**	**132,710**
Trade payables	3,070	3,570	2,488	4,226	832	762	(1,937)	**13,011**
Sundry provisions	234	1,218	2,536	4,131	2,744	180	700	**11,743**
Other	1,959	729	2,994	4,371	1,123	496	(1,546)	**10,126**
Operating liabilities	**5,263**	**5,517**	**8,018**	**12,728**	**4,699** [3]	**1,438** [5]	**(2,783)**	**34,880**

(1) Of which €6 million regarding units classified as "held for sale".
(2) Of which €194 million regarding units classified as "held for sale".
(3) Of which €1 million regarding units classified as "held for sale".
(4) Of which €26 million regarding units classified as "held for sale".
(5) Of which €8 million regarding units classified as "held for sale".

At December 31, 2012 restated [1]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	34	9,833	15,212	38,481	10,085	9,124	559	**83,328**
Intangible assets	780	687	125	29,037	2,840	2,229	299	**35,997**
Trade receivables	4,198	3,564	2,149	3,746	773	571	(3,282)	**11,719**
Other	261	2,164	722	2,524	463	231	(165)	**6,200**
Operating assets	**5,273**	**16,248**	**18,208**	**73,788**	**14,161** [2]	**12,155**	**(2,589)**	**137,244**
Trade payables	3,874	3,765	2,669	5,154	1,058	1,072	(3,688)	**13,904**
Sundry provisions	306	1,363	2,585	5,023	2,972	192	749	**13,190**
Other	1,886	533	2,943	3,154	1,230	479	(88)	**10,137**
Operating liabilities	**6,066**	**5,661**	**8,197**	**13,331**	**5,260** [3]	**1,743**	**(3,027)**	**37,231**

(1) The figures have been restated to take account of the impact of the change, with retrospective effect, of the accounting policy used for of employee benefits under the new version of IAS 19/R, as well as the completion of the allocation of the purchase price of the assets acquired and the liabilities assumed of the Kafireas pipeline and of Stipa Nayaá and Eólica Zopiloapan. For further information please see note 4.
(2) Of which €217 million regarding units classified as "held for sale".
(3) Of which €1 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated
Total assets	**164,148**	**172,097**
Equity investments accounted for using the equity method	647	1,115
Non-current financial assets	6,401	5,518
Long-term tax receivables included in "other non-current assets"	494	401
Current financial assets	7,877	9,381
Cash and cash equivalents	8,030	9,891
Deferred tax assets	6,239	6,816
Tax receivables	1,735	1,631
Financial and tax assets of "assets held for sale"	15	100
Segment assets	**132,710**	**137,244**
Total liabilities	**111,309**	**120,010**
Long-term loans	51,113	55,959
Non-current financial liabilities	2,257	2,553
Short-term loans	2,529	3,970
Current portion of long-term loans	4,690	4,057
Current financial liabilities	3,640	3,138
Deferred tax liabilities	10,905	11,786
Income tax payable	308	364
Other tax payables	976	945
Financial and tax liabilities of "liabilities held for sale"	11	7
Segment liabilities	**34,880**	**37,231**

Revenues

9.a Revenues from sales and services - *€77,258 million*

Millions of euro

	2013	2012 restated	Change	
Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies	67,285	71,322	(4,037)	-5.7%
Revenues from the sale and transport of natural gas to end users	4,451	4,402	49	1.1%
Revenues from fuel sales	2,635	1,931	704	36.5%
Connection fees for the electricity and gas networks	998	1,413	(415)	-29.4%
Revenues for contract work in progress	6	21	(15)	-71.4%
Other sales and services	1,883	3,342	(1,459)	-43.7%
Total	**77,258**	**82,431**	**(5,173)**	**-6.3%**

"Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies" amounted to €67,285 million (€71,322 million in 2012). Among others, they include €33,135 million in revenues from the sale of electricity to end users (€36,756 million in 2012), €17,525 million in revenues from the sale of electricity to wholesale buyers (€16,974 million in 2012), €4,520 million in revenues from electricity trading activities (€5,763 million in 2012), and €9,611 million in revenues from the transport of electricity (€9,031 million in 2012).

"Revenues from the sale and transport of natural gas to end users" came to €4,451 million in 2013 and include €2,377 million in revenues from the sale and transport of natural gas in Italy (€2,473 million in 2012) and €2,074 million in sales of natural gas abroad (€1,929 million in 2012).

"Revenues from fuel sales" amounted to €2,635 million in 2013, which includes €2,161 million in sales of natural gas (€1,460 million in 2012), while the sale of other fuels amounted to €474 million (€471 million in 2012).

"Other sales and services" declined mainly owning to the reduction of €1,287 million in trading in CO_2 emission allowances and other environmental certificates.

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2013	2012 restated
Italy	32,556	32,427
Europe - EU	31,070	35,034
Europe - non EU	3,305	3,390
America	9,720	11,006
Other	607	574
Total	**77,258**	**82,431**

9.b Other revenues and income - *€3,277 million*

Millions of euro

	2013	2012 restated	Change	
Cost contributions and other fees	73	99	(26)	-26.3%
Grants for environmental certificates	848	553	295	53.3%
Sundry reimbursements	183	195	(12)	-6.2%
Gains on disposal of assets	944	6	938	-
Measurement at fair value after changes in control	21	16	5	31.2%
Gains on sale of property, plant and equipment and intangible assets	38	43	(5)	-11.6%
Service continuity bonuses	96	99	(3)	-3.0%
Proceeds from reimbursement of charges for elimination of Electrical Worker Pension Fund	-	615	(615)	-100.0%
Other revenues	1,074	892	182	20.4%
Total	**3,277**	**2,518**	**759**	**30.1%**

"Cost contributions and other fees" regard revenues on certain connections to the electricity and gas networks, while "grants for environmental certificates" are incentives paid to renewables generation plants or for energy efficiency activities.

"Sundry reimbursements" are accounted for by reimbursements from customers and suppliers in the amount of €76 million (€136 million in 2012) and insurance settlements totaling €107 million (€59 million in 2012).

"Gains on disposal of assets" amounted to €944 million in 2013, mainly in respect of the gain on the disposal of Artic Russia (and indirectly the stake held by the latter in SeverEnergia) in the amount of €964 million and of 51% of the Buffalo Dunes Wind Project (€20 million). These factors were partially offset by the cancellation of the gain posted in 2009 owing to the withdrawal of the agreement with Acciona for the sale of La Cinqueta (€43 million).

The gain from "measurement at fair value after changes in control" amounted to €21 million and regarded the remeasurement of the net assets still held in the Buffalo Dunes Wind Project (49% of the company) following the disposal that led to the loss of control.

"Proceeds from reimbursement of charges for elimination of Electrical Worker Pension Fund" recognized in 2012 regards the authorization of the reimbursement of costs incurred for the elimination of the pension fund by the Authority for Electricity and Gas with its Resolution 157/2012.

The increase in "Other revenues" is mainly accounted for by the government grant of €381 million to the Argentine distribution company Edesur under the provisions of *Resolución* 250/13 regarding the *Mecanismo de Monitoreo de Costos*.

Costs

10.a Raw materials and consumables - *€41,612 million*

Millions of euro

	2013	2012 restated	Change	
Electricity	28,297	30,080	(1,783)	-5.9%
Fuel and gas	11,738	13,379	(1,641)	-12.3%
Materials	1,577	3,123	(1,546)	-49.5%
Total	**41,612**	**46,582**	**(4,970)**	**-10.7%**
- of which capitalized costs for materials	*(737)*	*(989)*	*252*	*-25.5%*

Purchases of "electricity" comprise those from the Single Buyer in the amount of €5,135 million (€5,992 million in 2012) and purchases from the Energy Markets Operator in the amount of €4,451 million (€3,290 million in 2012). The decline in the item is mainly due to the reduction in costs for electricity purchases through bilateral contracts and on national and international markets, essentially as a result of the decline in demand. These factors were partially offset by an increase in purchases on electricity exchanges.

Purchases of "fuel and gas" include €6,142 million in natural gas purchases (€6,630 million in 2012) and €5,596 million in purchases of other fuels (€6,642 million in 2012).

Purchases of "materials" fell mainly as a result of a decline in sourcing of CO_2 emission allowances and other environmental certificates, which were mainly used for resale.

10.b Services - *€15,551 milion*

Millions of euro

	2013	2012 restated	Change	
Electricity and gas wheeling	9,601	9,819	(218)	-2.2%
Maintenance and repairs	1,338	1,337	(39)	-2.8%
Telephone and postal costs	253	276	(23)	-8.3%
Communication services	119	130	(11)	-8.5%
IT services	264	254	10	3.9%
Leases and rentals	619	569	50	8.8%
Other	3,357	3,355	2	0.1%
Total	**15,551**	**15,780**	**(229)**	**-1.5%**

Costs for services came to €15,551 million in 2013, declining with respect to 2012 largely due to the decline in electricity transported for third parties as a result of the decrease in electricity demand in the main markets in which the Group operates.

10.c Personnel - *€4,596 million*

Millions of euro

	2013	2012 restated	Change	
Wages and salaries	3,406	3,511	(105)	-3.0%
Social security contributions	917	896	21	2.3%
Post-employment benefits	117	119	(2)	-1.7%
Other costs	156	1,263	(1,107)	-87.6%
Total	**4,596**	**5,789**	**(1,193)**	**-20.6%**
- of which capitalized	*(714)*	*(759)*	*45*	*-5.9%*

Personnel costs amounted to €4,596 million in 2013, a decrease of €1,193 million.

The workforce contracted by 2,308, due to the effect of the balance between hirings and terminations (a decrease of 2,336 employees), only partially offset by the increase related to the change in the scope of consolidation largely associated with the acquisition of PowerCrop (28 employees). At December 31, 2013 the number of employees associated with assets held for sale (the Belgian company Marcinelle Energie) was 37.

The decline in "other costs" for personnel reflects the net effect of the termination of the transition-to-retirement plan established for certain employees in Italy at the end of 2012, which had prompted the recognition of a charge totaling €970 million. In 2013, the termination of that plan had a positive impact on profit or loss of €1,028 million (equal to the reversal of the initial provision of €970 million plus current service costs and interest costs accrued in the period of €58 million), which fully offset the charges connected with the application of the union agreements to implement, for a number of companies in Italy, the mechanism provided for under Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the Fornero Act), which amounted to €898 million.

For more information on employee benefit plans, please see note 30 below.

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2013.

	Average number [1]			Headcount [1]
	2013	2012	Change	**at Dec. 31, 2013** [2]
Senior managers	1,374	1,375	(1)	1,374
Middle managers	14,552	14,232	320	14,630
Office staff	39,833	40,610	(777)	38,818
Workers	17,224	18,393	(1,169)	16,572
Total	**72,983**	**74,610**	**(1,627)**	**71,394**

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.
(2) Of which 37 in units classified as "held for sale".

10.d Depreciation, amortization and impairment losses - *€7,067 million*

Millions of euro

	2013	2012 restated	Change	
Depreciation	4,583	4,708	(125)	-2.7%
Amortization	826	888	(62)	-7.0%
Impairment losses	1,658	3,407	(1,749)	-51.3%
Total	**7,067**	**9,003**	**(1,936)**	**-21.5%**

Depreciation and amortization (comprising property, plant and equipment and intangible assets) decreased by €187 million in 2013, essentially due to the end of the useful life of a number of generation plants and the revision of the useful life of the nuclear generation plants in Slovakia and a number of conventional thermal generation plants, as well as assets previously classified as to be relinquished free of charge following the enactment of Law 134 of August 7, 2012. For the latter, the new law impacted all of 2013, while in 2012 it was in effect only as from August.

"Impairment losses" mainly regard writedowns of trade receivables amounting to €656 million (€588 million in 2012), the impairment of the goodwill recognized on Enel OGK-5 in the amount of €744 million (€112 million in 2012), the impairment loss on the assets held for sale of Marcinelle Energie (€14 million) following developments in negotiations with the potential purchasers and the consequent adjustment of the value of the assets to their estimated realizable value (an analogous impairment loss of €145 million was recognized for the same company in 2012), as well as impairment losses on property, plant and equipment and intangible assets of €242 million (€95 million in 2012), essentially in respect of a number of generation and storage facilities in Italy, photovoltaic manufacturing plants in Italy and geothermal generation plants in Nicaragua. The previous year, the item included the impairment of goodwill of the cash generating units "Endesa-Iberia" in the amount of €2,392 million and Endesa Ireland in the amount of €67 million.

10.e Other operating expenses - *€2,837 million*

Millions of euro

	2013	2012 restated	Change	
Provisions for risks and charges	85	468	(383)	-81.8%
System charges - emissions allowances	335	47	288	-
Charges for white certificates	295	366	(71)	-19.4%
Charges for green certificates	270	95	175	-
Taxes and duties	1,468	1,225	243	19.8%
Other	384	573	(189)	-33.0%
Total	**2,837**	**2,774**	**63**	**2.3%**

Other operating expenses totaled €2,837 million, up €63 million, mainly due to an increase of €175 million in costs for the purchase of green certificates and increased charges for compliance with environmental restrictions in the amount of €288 million. An additional factor was the increase of €243 million in taxes and duties for the period, largely attributable to the tax on emissions introduced in Spain with Law 15/2012, the effect of which was only partially offset by the reduction in taxes on electricity companies established by Brazilian regulators with *Medida Provisória* 579/2012 and the subsequent Decree 7891/2013. These increases were also partially offset by a reduction in provisions for risks and charges for the year and the downward revision of estimates for provisions recognized in prior years in the amount of €383 million.

10.f Capitalized costs - *€(1,450) million*

Capitalized costs consist of €714 million in personnel costs and €736 million in materials costs (compared with €759 million and €988 million, respectively, in 2012).

Net income/(charges) from commodity risk management

11. Net charges from commodity risk management - *€(378) million*

Net income from commodity risk management reflects €264 million in net income realized on positions closed during the year and €114 million in unrealized net charges on open positions in derivatives at December 31, 2013.

Millions of euro

	2013	2012 restated	Change	
Income				
Unrealized on positions open at the end of the period	1,815	1,368	447	32.7%
Realized on positions closed during the period	739	220	519	-
Total income	**2,554**	**1,588**	**966**	**60.8%**
Charges				
Unrealized on positions open at the end of the period	(1,929)	(1,549)	(380)	24.5%
Realized on positions closed during the period	(1,003)	(1)	(1,002)	-
Total charges	**(2,932)**	**(1,550)**	**(1,382)**	**89.2%**
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	**(378)**	**38**	**(416)**	**-**
- of which trading/non-IFRS/IAS hedge derivatives	*(265)*	*88*	*(353)*	-
- of which ineffective portion of CFH	*(2)*	*(3)*	*1*	*-33.3%*

12. Financial income/(expense) - *€(2,813)million*

Financial income

Millions of euro

	2013	2012 restated	Change	
Total interest and other income from financial assets (current and non-current):				
- interest income at effective rate on non-current securities and receivables	56	49	7	14.3%
- financial income on non-current securities at fair value through profit or loss	2	2	-	-
- interest income at effective rate on short-term financial investments	293	284	9	3.2%
Total interest and other income from financial assets	**351**	**335**	**16**	**4.8%**
Foreign exchange gains	**847**	**640**	**207**	**32.3%**
Income from derivative instruments:				
- income from cash flow hedge derivatives	232	218	14	6.4%
- income from derivatives at fair value through profit or loss	455	273	182	66.7%
- income from fair value hedge derivatives	70	34	36	105.9%
Total income from derivative instruments	**757**	**525**	**232**	**44.2%**
Income from equity investments	**86**	**218**	**(132)**	**-60.6%**
Other income	**412**	**467**	**(55)**	**-11.8%**
TOTAL FINANCIAL INCOME	**2,453**	**2,185**	**268**	**12.3%**

Financial income amounted to €2,453 million, an increase of €268 million compared with the previous year.

"Income from derivative instruments" came to €757 million, of which €362 million realized (€380 million in 2012) and €395 million unrealized (€145 million in 2012).

The increase in foreign exchange gains mainly reflects the positive impact of exchange rate changes on debt denominated in currencies other than the euro.

"Income from equity investments" for 2013 came to €86 million, mainly in respect of the gains on the disposals of Medgaz (€64 million) and Endesa Gas T&D (€12 million). In 2012, the item included the proceeds from the disposal of the stake in Terna (€185 million).

"Other income" for 2013 include financial income in the total amount of €103 million (€180 million in 2012) recognized as an increase in the financial assets recognized in application of IFRIC 12 in Brazil following the entry into force of the *Medida Provisória* 579/2012. The item also includes €43 million in interest paid to Edesur in Argentina on the government grant to that company under the provisions of *Resolución* 250/2013.

Financial expense

Millions of euro

	2013	2012 restated	Change	
Interest expense and other charges on financial debt (current and non-current):				
- interest expense on bank loans	536	577	(41)	-7.1%
- interest on bonds	2,170	2,206	(36)	-1.6%
- interest expense on other loans	111	149	(38)	-25.5%
- financial expense on securities at fair value through profit or loss	-	-	-	-
- commissions on unused lines of credit	66	38	28	73.7%
Total interest expense and other charges on financial debt	**2,883**	**2,970**	**(87)**	**-2.9%**
Foreign exchange losses	**583**	**573**	**10**	**1.7%**
Expense on derivative instruments:				
- expense on cash flow hedge derivatives	812	491	321	65.4%
- expense on derivatives at fair value through profit or loss	397	269	128	47.6%
- expense on fair value hedge derivatives	9	17	(8)	-47.1%
Total expense on derivative instruments	**1,218**	**777**	**441**	**56.8%**
Accretion of post-employment and other employee benefits	**163**	**281**	**(118)**	**-42.0%**
Accretion of other provisions	**203**	**259**	**(56)**	**-21.6%**
Charges on equity investments	**7**	**12**	**(5)**	**-41.7%**
Other charges	**209**	**325**	**(116)**	**-35.7%**
TOTAL FINANCIAL EXPENSE	**5,266**	**5,197**	**69**	**1.3%**

Financial expense totaled €5,266 million, up €69 million compared with 2012.

More specifically, the decrease in "interest expense and other charges on financial debt" is mainly attributable to the generalized decline in interest rates compared with 2012, as well as the debt refinancing strategy to optimize the financial structure and lengthen the average maturity of the debt of the Group.

"Expense on derivative instruments" came to €1,218 million, of which €521 million in realized charges (€534 million in 2012) and €697 million in unrealized charges (€243 million in 2012).

Expense from accretion, with regard to both employee benefits and other provisions, decreased by a total of €174 million, largely due to the reduction of the provisions themselves, as well as of the discount rates used in the measurement of the provisions.

Other charges for 2013 amounted to €209 million (€325 million in 2012), and reflect the positive impact of €66 million from the writeback of the value of the receivable due from the Slovakian National Nuclear Fund.

13. Share of income/(expense) from equity investments accounted for using the equity method - *€86 million*

Millions of euro

	2013	2012 restated	Change	
Income from associates	119	123	(4)	-3.3%
Expense on associates	(33)	(35)	2	-5.7%
Total	**86**	**88**	**(2)**	-2.3%

For more information on the composition of the balance, please see note 19.

The share of income and expense from equity investments accounted for using the equity method is largely in line with the previous year.

14. Income taxes - *€2,437 million*

Millions of euro

	2013	2012 restated	Change	
Current taxes	2,458	2,898	(440)	-15.2%
Adjustments for income taxes related to prior years	(178)	(319)	141	-44.2%
Deferred tax liabilities	(250)	489	(739)	-
Deferred tax assets	407	(628)	1,035	-
Total	**2,437**	**2,440**	**(3)**	**-0.1%**

Income taxes for 2013 amounted to €2,437 million, equal to 33.8% of taxable income, compared with 62.9% in 2012.
These developments reflect the recognition in 2012 of the impairment losses on goodwill, which did not generate a corresponding tax benefit, and the impact of the increase in essentially tax-exempt gains recognized in 2013, as well as adjustments of taxes for previous years, which include an adjustment of €56 million of the receivable in respect of the request for the IRES/IRAP reimbursement made under the provisions of Article 4, paragraph 12, of Decree Law 16 of March 2, 2012.
Developments in deferred tax assets and liabilities reflect the new international accounting standards, which had a significant impact on deferred tax assets in respect of employee benefits, the adjustment recognized in 2012 of the deferred taxes of the Chilean and Slovakian companies following the rise in tax rates in those two countries as from January 1, 2013, and changes in provisions for risks recognized in 2012 and 2013.

The following table reconciles the theoretical tax rate with the effective tax rate. Please note that the estimated tax liability of Group companies outside of Italy is €890 million (€1,025 million in 2012).

Millions of euro

	2013		2012 restated	
Income before taxes	7,217	-	3,882	-
Theoretical taxes	1,985	27.5%	1,068	27.5%
Theoretical tax effect on impairment losses on goodwill	205	2.8%	707	18.2%
Permanent differences, effect of different foreign tax rates, and minor items	(281)	-3.9%	69	1.8%
IRES surtax (Decree Law 112/2008)	363	5.0%	495	12.8%
Difference on estimated income taxes from prior years for Italian companies	(174)	-2.4%	(272)	-7.0%
IRAP	339	4.7%	373	9.6%
Total	**2,437**	**33.8%**	**2,440**	**62.9%**

15. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 9,403,357,795 shares, adjusted for the diluting effect of outstanding stock options (zero euro in both periods).

Millions of euro

	2013	2012 restated	Change
Net income from continuing operations pertaining to shareholders of the Parent Company (millions of euro)	3,235	238	2,997
Net income from discontinued operations pertaining to shareholders of the Parent Company (millions of euro)	-	-	-
Net income pertaining to shareholders of the Parent Company (millions of euro)	3,235	238	2,997
Number of ordinary shares	9,403,357,795	9,403,357,795	-
Dilutive effect of stock options	-	-	-
Basic and diluted earnings per share (euro)	0.34	0.03	0.31
Basic and diluted earnings from continuing operations per share (euro)	0.34	0.03	0.31
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-

Please note that existing stock option plans for top management could dilute basic earnings per share in the future. For more information on those plans, please see the appropriate section of these notes.

Between the balance-sheet date and the date of publication of the financial statements, no events or transactions took place that changed the number of ordinary shares or potential ordinary shares in circulation at the end of the year.

16. Property, plant and equipment - *€81,050 million*

Changes in property, plant and equipment for 2012 and 2013 are shown below:

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	**Total**
Cost	580	10,564	142,608	417	1,468	1,232	223	9,556	**166,648**
Accumulated depreciation	-	5,262	79,054	325	1,101	162	152	-	**86,056**
Balance at Jan. 1, 2012 restated	**580**	**5,302**	**63,554**	**92**	**367**	**1,070**	**71**	**9,556**	**80,592**
Capital expenditure	6	58	1,633	20	68	13	5	4,633	**6,436**
Assets entering service	10	222	4,828	1	23	3	40	(5,127)	-
Exchange rate difference	8	29	363	-	(3)	8	-	63	**468**
Change in scope of consolidation	1	-	215	-	-	-	-	6	**222**
Depreciation	-	(237)	(4,261)	(21)	(105)	(58)	(18)	-	**(4,700)**
Impairment losses	(78)	32	(14)	-	-	-	-	(13)	**(73)**
Other changes	62	160	242	3	(30)	19	(1)	29	**484**
Remeasurement at fair value after changes in control	-	-	-	-	-	-	-	4	**4**
Reclassification from/to "assets held for sale"	-	(4)	(314)	-	-	-	-	-	**(318)**
Total changes	**9**	**260**	**2,692**	**3**	**(47)**	**(15)**	**26**	**(405)**	**2,523**
Cost	589	11,101	149,109	433	1,463	1,275	261	**9,151**	173,382
Accumulated depreciation	-	5,539	82,863	338	1,143	220	164	-	90,267
Balance at Dec. 31, 2012 restated	**589**	**5,562**	**66,246**	**95**	**320**	**1,055**	**97**	**9,151**	**83,115**
Capital expenditure	2	60	1,094	15	49	8	8	4,110	**5,346**
Assets entering service	15	188	3,341	5	59	76	14	(3,698)	-
Exchange rate differences	(24)	(134)	(1,740)	-	(17)	(24)	-	(419)	**(2,358)**
Change in scope of consolidation	9	30	590	-	-	-	-	(45)	**584**
Depreciation	-	(223)	(4,145)	(19)	(101)	(53)	(19)	-	**(4,560)**
Impairment losses	30	(9)	(90)	(4)	(13)	-	-	(94)	**(180)**
Other changes	(40)	(5)	(612)	1	(12)	(76)	5	(141)	**(880)**
Reclassification from/to "assets held for sale"	-	(3)	(14)	-	-	-	-	-	**(17)**
Total changes	**(8)**	**(96)**	**(1,576)**	**(2)**	**(35)**	**(69)**	**8**	**(287)**	**(2,065)**
Cost	581	11,174	149,155	450	1,431	1,203	286	8,864	**173,144**
Accumulated depreciation	-	5,708	84,485	357	1,146	217	181	-	**92,094**
Balance at Dec. 31, 2013	**581**	**5,466**	**64,670**	**93**	**285**	**986**	**105**	**8,864**	**81,050**

"Plant and machinery" includes assets to be relinquished free of charge with a net carrying amount of €9,864 million (€11,002 million at December 31, 2012), €5,120 million of which related to power generation plants (€5,986 million at December 31, 2012) and €3,192 million to Endesa's electricity distribution network (€3,688 million at December 31, 2012).

"Leased assets" include certain assets which the Group is using in Spain, France, Greece, Italy, Latin America and Slovakia. More specifically, in Spain the assets relate to a 25-year "tolling" contract for which an analysis pursuant to IFRIC 4 identified an em-

bedded finance lease, under which Endesa has access to the generation capacity of a combined-cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%. The other lease agreements regard wind plants that the Group uses in France (with a term of 15 years expiring in 2024-2025), in Greece (with a term of 10 years expiring in 2014) and in Italy (with a term of 18 years expiring in 2029-2031).

In Latin America, the assets relate to leased power transmission lines and plant (Ralco-Charrúa), with a residual term of 10 years on the lease at a 6.5% rate, a lease of a combined-cycle plant (Talara) with a term of 9 years at a fixed rate of 5.8%, as well as a number of combined cycle plants in Peru (residual lease term of three years bearing a floating rate). The leased assets in Slovakia essentially relate to the sale and lease back agreements for the V1 nuclear power plant at Jaslovske Bohunice and the hydroelectric plant at Gabcikovo. The leasing arrangements were a necessary condition for the start of the privatization of the Slovakian electricity system. The lease for the V1 plant covers the entire remaining useful life of the asset and the period between the end of generation and the start of the decommissioning process, while the lease for the Gabcikovo plant has a 30-year term as from April 2006.

The following table reports the minimum lease payments and the related present value.

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2012	
2013	70	70
2014-2017	300	198
After 2017	687	492
Total	**1,057**	**760**

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2013	
2014	68	68
2015-2018	353	224
After 2018	606	440
Total	**1,027**	**732**

The table below summarizes capital expenditure in 2013 by category. These expenditures, totaling €5,346 million, fell by €1,090 million compared with 2012.

Millions of euro		
	2013	2012
Power plants:		
- thermal	738	952
- hydroelectric	557	656
- geothermal	226	214
- nuclear	722	802
- alternative resources	942	911
Total power plants	**3,185**	**3,535**
Electricity distribution network	2,022	2,782
Land, buildings and other assets and equipment	139	119
TOTAL	**5,346**	**6,436**

Capital expenditure on power plants totaled €3,185 million, a decrease of 350 million on the previous year. This mainly reflects lower investment in conventional thermal plants and nuclear power plants in Italy, eastern Europe and Latin America.

These effects were only partially offset by increased investment in renewable generation plants by the Renewable Energy Division.

Capital expenditure for the electricity distribution network totaled €2,022 million, a decrease of €760 million over the previous year. The decrease is essentially attributable to a selective approach to work on the medium and low voltage grids in Italy and Spain.

The "change in scope of consolidation" for the period mainly concerned the acquisitions of control of the US companies Chisholm View Wind Project and Prairie Rose Wind Project (€499 million), the acquisition of a 100% stake in Parque Eólico Talinay Oriente, a company operating in the wind generation sector in Chile (€127 million), and of 50% of PowerCrop, which operates in biomass generation in Italy (€10 million). These factors were partially offset by the impact of the deconsolidation of the Buffalo Dunes Wind Project (€64 million).

"Impairment losses" on property, plant and equipment amounted to €180 million, mainly accounted for by the impairment losses recognized in respect of a number of generation plants and fuel storage facilities in view of changes in plans for their future use as well as an increase in impairment losses on photovoltaic manufacturing facilities in Italy, a number of geothermal plants in Nicaragua and a number of specific projects in North America and the Iberian peninsula.

Owing to the persistence of the economic crisis in Italy and in view of the adverse impact of that crisis on the traditional generation sector, although the Group has already incorporated assumptions of a slow economic recovery in the business plan approved in March 2013, we have found that the continuation of economic distress could represent evidence of impairment in accordance with IAS 36. Accordingly, we conducted an impairment test at December 31, 2013 of the Enel Produzione cash generating unit (whose assets are represented by conventional

generation facilities in Italy). No impairment losses requiring recognition were found by those tests.
The model used in that testing was a unlevered discounted cash flow (DCF) approach applied to pre-tax amounts, with a time horizon based on an explicit period of 10 years plus a terminal value calculated as a perpetuity with stable growth. The assumptions concerning the growth rate and the discount rate were analogous to those adopted for other CGUs. In particular, the growth rate was determined on the basis of the average forecast for medium/long-term electricity demand and set at 1.1%, while the discount rate was determined as the pre-tax WACC of 9.9%.

"Other changes" include, among other items, the effect of the capitalization of interest on specific loans for capital expenditure in the amount of €129 million (€91 million in 2012), as well as the change (positive in 2012 and negative in 2013) in the change in decommissioning plans for nuclear plants (see note 31).

"Reclassification to 'assets held for sale'" essentially reports the property, plant and equipment of the French company WP France 3, which in view of the decisions taken by management meets the requirements of IFRS 5 for classification as assets held for sale.

17. Intangible assets - *€33,229 million*

Changes in intangible assets for 2012 and 2013 are shown below:

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	Goodwill	**Total**
Cost	30	2,185	17,558	4,412	1,487	317	18,342	**44,331**
Accumulated amortization	9	1,609	1,262	1,466	936	-	-	**5,282**
Balance at Jan. 1, 2012 restated	**21**	**576**	**16,296**	**2,946**	**551**	**317**	**18,342**	**39,049**
Capital expenditure	12	117	5	94	34	365	-	**627**
Assets entering service	(1)	130	19	143	25	(316)	-	**-**
Exchange rate differences	1	(2)	93	(300)	(5)	-	28	**(185)**
Change in scope of consolidation	1	-	35	-	25	74	60	**195**
Amortization	(4)	(250)	(289)	(213)	(128)	(4)	-	**(888)**
Impairment losses	-	-	2	-	(1)	-	(2,517)	**(2,516)**
Other changes	(3)	2	11	(202)	5	(63)	(3)	**(253)**
Remeasurement at fair value after changes in control	-	-	1	-	-	11	-	**12**
Reclassification from/to "assets held for sale"	-	-	(44)	-	-	-	-	**(44)**
Total changes	**6**	**(3)**	**(167)**	**(478)**	**(45)**	**67**	**(2,432)**	**(3,052)**
Cost	41	2,432	17,605	4,196	1,595	384	15,910	**42,163**
Accumulated amortization	14	1,859	1,476	1,728	1,089	-	-	**6,166**
Balance at Dec. 31, 2012 restated	**27**	**573**	**16,129**	**2,468**	**506**	**384**	**15,910**	**35,997**
Capital expenditure	8	86	3	242	30	241	-	**610**
Assets entering service	8	116	-	-	16	(140)	-	**-**
Exchange rate differences	(4)	(8)	(1,160)	(416)	(8)	(6)	(160)	**(1,762)**
Change in scope of consolidation	-	-	14	-	-	71	23	**108**
Amortization	(4)	(270)	(236)	(196)	(117)	-	-	**(823)**
Impairment losses	-	-	(1)	(44)	(3)	(1)	(745)	**(794)**
Other changes	(4)	(26)	(50)	(36)	83	(59)	(13)	**(105)**
Reclassification from/to "assets held for sale"	-	-	(2)	-	-	-	-	**(2)**
Total changes	**4**	**(102)**	**(1,432)**	**(450)**	**1**	**106**	**(895)**	**(2,768)**
Cost	47	2,522	16,208	3,671	1,667	490	15,015	**39,620**
Accumulated amortization	16	2,051	1.511	1,653	1,160	-	-	**6,391**
Balance at Dec. 31, 2013	**31**	**471**	**14,697**	**2,018**	**507**	**490**	**15,015**	**33,229**

The "change in scope of consolidation" for the period, net of the increase in "goodwill", mainly concerned a number of wind projects in the United States and the acquisition of Compañía Energética Veracruz in Peru.

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include costs incurred by the gas companies and the foreign electricity distribution companies to acquire customers. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions. The item includes assets with an indefinite useful life in the amount of €9,995 million (€10,622 million at December 31, 2012), essentially accounted for by concessions for distribution activities in Spain (€5,676 million), Colombia (€2,034 million), Chile (€1,669 million) and Peru (€616 million), for which there is no statutory or currently predictable expiration date. On the basis of the forecasts developed, cash flows for each of the electricity distribution concessions are sufficient to recover the value of the intangible assets.

"Service concession arrangements", recognized pursuant to IFRIC 12, regard certain infrastructure serving electricity distribution concessions in Brazil.

"Goodwill" amounted to €15,015 million, a decrease of €895 million over the previous year.

Millions of euro	at Dec. 31, 2012 restated			Change in scope of consolidation	Exchange rate differences	Impairment losses	Other changes	at Dec. 31, 2013		
	Cost	Accumulated impairment	**Net carrying amount**					Cost	Accumulated impairment	**Net carrying amount**
Endesa	14,259	(2,392)	**11,867**	-	-	-	-	14,259	(2,392)	**11,867**
Enel OGK-5	1,257	(112)	**1,145**	-	(138)	(744)	-	1,119	(856)	**263**
Gruppo Enel Green Power [1]	974	(85)	**889**	22	(16)	-	(13)	967	(85)	**882**
Slovenské elektrárne	697	-	**697**	-	-	-	-	697	-	**697**
Enel Energia	579	-	**579**	-	-	-	-	579	-	**579**
Enel Distributie Muntenia	548	-	**548**	-	(1)	-	-	547	-	**547**
Enel Energie Muntenia	113	-	**113**	-	-	-	-	113	-	**113**
RusEnergoSbyt	45	-	**45**	-	(5)	-	-	40	-	**40**
Nuove Energie	26	-	**26**	-	-	-	-	26	-	**26**
Enel Stoccaggi	1	-	**1**	-	-	(1)	-	1	(1)	-
Enel Lab	-	-	-	1	-	-	-	1	-	**1**
Artic Russia	10	(10)	-	-	-	-	-	-	-	-
Total	**18,509**	**(2,599)**	**15,910**	**23**	**(160)**	**(745)**	**(13)**	**18,349**	**(3,334)**	**15,015**

(1) EGP España, EGP Latin America, EGP North America, EGP Hellas, Enel Panama, EGP France, EGP Romania, EGP Bulgaria, Powercrop, EGP Finale Emilia, EGP South Africa, EGP Portoscuso and other minor companies.

The "change in the scope of consolidation" mainly regards the acquisition of 50% of PowerCrop, which operates in the biomass generation sector, and other minor acquisitions by the Renewable Energy Division.

"Impairment losses" are recognized following impairment tests, as discussed below.

The criteria used to identify the cash generating units (CGUs) were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as on the level of reporting monitored by management.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount

rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums.

Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

- for the explicit period, from the 10-year business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. More specifically, the explicit period of cash flows considered in impairment testing differs in accordance with the specific features and business cycles of the various CGUs being tested. These differences are generally associated with the different average times needed to build and bring into service the plant and other works that characterize the investments of the specific businesses that make up the CGU (conventional thermal generation, nuclear power, renewables, distribution, etc.);
- for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet, with the exceptions discussed below.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC and the long-term growth rate, the outcomes of which fully supported that value.

The table below reports the composition of the main goodwill values according to the company to which the CGU belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Growth rate [1]	Discount rate pre-tax WACC [2]	Explicit period of cash flows	Terminal value [3]
	at Dec. 31, 2013				
Endesa-Iberia [4]	8,607	1.80%	8.40%	10 years	Perpetuity
Endesa-Latin America	3,260	- [5]	8.90%	10 years	Perpetuity
Enel OGK-5	263	1.20%	12.20%	10 years	Perpetuity
Slovenské elektrárne	697	1.00%	8.80%	10 years	Perpetuity
Enel Romania [6]	660	2.40%	9.90%	10 years	Perpetuity
Enel Energia	579	0.70%	12.70%	10 years	10 years
EGP España	403	2.00%	7.90%	5 years	14 years
EGP Latin America	262	3.40%	8.50%	5 years	23 years
EGP North America	103	2.10%	7.70%	5 years	19 years
EGP Hellas	33	2.00%	13.60%	10 years	18 years
RusEnergoSbyt	40	-	15.60%	10 years	-
Nuove Energie	26	0.70%	9.90%	10 years	17 years
EGP Portoscuso and other minor	21	2.00%	10.00%	10 years	18 years
EGP France	29	1.90%	7.60%	5 years	19 years
EGP Romania	13	2.40%	10.60%	10 years	13 years
EGP Bulgaria	5	3.00%	8.20%	10 years	11 years
PowerCrop	9	2.00%	11.50%	10 years	7 years
EGP Finale Emilia	3	2.00%	12.00%	10 years	7 years
EGP South Africa	1	1.90%	9.80%	5 years	23 years
Enel Stoccaggi	-	-	-	-	-

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Goodwill includes the portion referring to EGP España.
(5) Growth rate equal to 4.0% (3.8% at December 31, 2012) for the first 10 years after the explicit period, followed by a perpetuity at a growth rate of 1.0% (1.0% at December 31, 2012).
(6) Includes all companies operating in Romania.

At December 31, 2013, impairment testing found impairment losses of €744 million on the Enel OGK-5 CGU. The assessment reflects, largely to the same extent as the other parameters used in the determination, the expected contraction in estimated future cash flows as a result of the persistent signs of a slowdown in economic growth and a consequent contraction in forecasts for price increases in the medium term. In particular, in 2013 the local government implemented a number of measures to contain energy spending that have helped heighten uncertainty concerning the timetable for the full liberalization of gas prices in Russia, which is considered a key step in making the electricity industry attractive to foreign investors, making it possible to upgrade plants.

At December 31, 2012 the following impairment losses had been recognized:

- €2,392 million on the Endesa-Iberia CGU, to reflect the decrease in the expected cash flows from the assets belonging to the CGU, partly as a result of various measures adopted by the Spanish government in the energy field during 2012, and from the rise in country risk, which is factored into the discount rate;
- €112 million on the Enel OGK-5 CGU, reflecting the emergence of the first signs of a change in industry conditions, prompting management to recognize a deterioration in the earnings potential of the CGU.

Amount	Growth Rate [1]	Discount rate pre-tax WACC [2]	Explicit period of cash flows	Terminal value [3]
at Dec. 31, 2012				
8,607	1.90%	8.00%	10 years	Perpetuity
3,260	- [5]	9.50%	10 years	Perpetuity
1,145	1.20%	13.30%	10 years	Perpetuity
697	1.00%	9.60%	10 years	Perpetuity
661	2.40%	10.30%	10 years	Perpetuity
579	0.40%	11.50%	10 years	10 years
407	2.00%	8.40%	5 years	17 years
270	3.40%	9.90%	5 years	21 years
107	2.20%	7.70%	5 years	20 years
38	2.00%	16.80%	10 years	20 years
45	-	16.50%	10 years	-
26	0.40%	9.20%	10 years	18 years
25	2.00%	10.10%	10 years	15 years
24	1.90%	7.80%	5 years	18 years
13	2.40%	11.50%	5 years	20 years
5	3.00%	9.30%	10 years	12 years
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1	0.40%	8.80%	10 years	31 years

18. Deferred tax assets and liabilities - *€6,239 million and €10,905 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2012 restated	Increase/ (Decrease) taken to income statement	Change in scope of consolidation	Other changes	Exchange rate differences	**at Dec. 31, 2013**
Deferred tax assets:						
- differences in the value of intangible assets, and property, plant and equipment	1,805	102	-	13	(27)	1,893
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,307	(258)	-	21	(28)	2,042
- tax loss carried forward	116	(22)	-	23	(6)	111
- measurement of financial instruments	650	(45)	-	(123)	(10)	472
- other items	1,938	(184)	1	3	(37)	1,721
Total	**6,816**	**(407)**	**1**	**(63)**	**(108)**	**6,239**
Deferred tax liabilities:						
- differences on non-current and financial assets	8,942	(337)	22	16	(548)	8,095
- measurement of financial instruments	220	14	-	(62)	(2)	170
- other items	2,624	73	-	(22)	(35)	2,640
Total	**11,786**	**(250)**	**22**	**(68)**	**(585)**	**10,905**

Non-offsettable deferred tax assets	**2,664**
Non-offsettable deferred tax liabilities	**4,626**
Offsettable deferred tax liabilities	**2,704**

At December 31, 2013 "deferred tax assets" totaled €6,239 million (€6,816 million at December 31, 2012).

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,069 million, because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered. More specifically, the losses include those attributable to the holding companies located in the Netherlands (€363 million).

"Deferred tax liabilities", which totaled €10,905 million at December 31, 2013 (€11,786 million at December 31, 2012), essentially include the determination of the tax effects of the value adjustments to assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets. The exchange rate losses, amounting to €585 million, are essentially attributable to the Latin American companies.

Finally, no deferred tax liabilities were recognized for the subsidiary Enel Energy Europe in respect of the difference (€537 million) between the carrying amount and the value used for tax purposes for the company in application of the exemption provided for under IAS 12, paragraph 39. That difference was generated by the distribution of a special dividend by Endesa to its direct subsidiary in December 2013.

19. Equity investments accounted for using the equity method - *€647 million*

Investments in associated companies accounted for using the equity method are as follows:

Millions of euro	at Dec. 31, 2012 restated	% holding	Income effect	Change in scope of consolidation	Reclassified to "assets held for sale"	Other changes	at Dec. 31, 2013	% holding
Elica 2	134	30.00%	-	-	-	1	135	30.00%
LaGeo	103	36.20%	31	-	-	(36)	98	36.20%
Buffalo Dunes Wind Project	-		(1)	63	-	7	69	49.00%
CESI	35	42.70%	2	-	-	-	37	42.70%
ENEOP-Eólicas de Portugal	36	35.96%	16	-	-	3	55	35.96%
Tecnatom	29	45.00%	1	-	-	-	30	45.00%
Tirme	21	40.00%	2	-	-	-	23	40.00%
Suministradora Eléctrica de Cádiz	16	33.50%	3	-	-	(2)	17	33.50%
Eevm - Empreendimentos Eólicos do Vale do Minho	7	50.00%	16	-	-	(8)	15	50.00%
Compañía Eólica Tierras Altas	14	35.63%	1	-	-	(1)	14	35.63%
Chisholm View Wind Project	60	49.00%	6	(66)	-	-	-	
Prairie Rose Wind Project	48	49.00%	2	(50)	-	-	-	
Endesa Gas T&D (formerly Nubia 2000)	32	20.00%	(6)	(26)	-	-	-	
SeverEnergia	292	19.60%	9	-	(269)	(32)	-	
Enel Rete Gas	125	14.80%	8	-	(126)	(7)	-	
Other	163		(4)	-	-	(5)	154	
Total	**1,115**		**86**	**(79)**	**(395)**	**(80)**	**647**	

The "change in scope of consolidation" item includes €63 million in respect of the sale of 51% of the Buffalo Dunes Wind Project, a company previously consolidated on a full line-by-line basis and now accounted for using the equity method. That change was partially offset by the acquisition of control of Chisholm View Wind Project and Prairie Rose Wind Project for a total amount of €116 million, which had been accounted for using the equity method but following the acquisition of an additional 26% stake in share capital are now consolidated on a full line-by-line basis.

The item "reclassified to 'assets held for sale'" regards the interests held in SeverEnergia and Enel Rete Gas that in consideration of management decisions were classified as such during the year in accordance with IFRS 5. The equity investments were sold in the final quarter of 2013.

The main income statement and balance-sheet data for the principal equity investments in associates are reported in the following table.

Millions of euro	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income/ (loss)
			at Dec. 31, 2013			
Elica 2	7	6	-	-	-	-
LaGeo	258	142	11	54	176	85
Buffalo Dunes Wind Project	328	20	158	50	2	-
CESI	60	94	18	40	91	10
ENEOP-Eólicas de Portugal	1,214	278	1,249	159	195	40
Tecnatom	69	69	33	39	100	2
Tirme	424	104	446	24	73	4
Suministradora Eléctrica de Cádiz	75	17	22	19	16	9
Eevm - Empreendimentos Eólicos do Vale do Minho	274	53	234	61	89	32
Compañía Eólica Tierras Altas	45	16	6	15	20	4

Millions of euro	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Net income/ (loss)
			at Dec. 31, 2012 restated			
Elica 2	9	2	-	1	-	-
LaGeo	243	170	18	49	197	94
CESI	54	88	16	46	61	8
ENEOP-Eólicas de Portugal	1,126	260	1,149	147	147	20
Tecnatom	61	70	23	43	111	8
Tirme	472	125	477	49	100	5
Suministradora Eléctrica de Cádiz	73	19	25	20	17	9
Eevm - Empreendimentos Eólicos do Vale do Minho	288	37	255	56	74	28
Compañía Eólica Tierras Altas	50	5	10	7	29	11

20. Non-current financial assets - *€6,401 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Equity investments in other companies	285	362	(77)	-21.3%
Receivables and securities included in net financial debt (see note 27.3)	4,951	3,576	1,375	38.5%
Derivative contracts (see note 6.1)	444	953	(509)	-53.4%
Service concession arrangements	618	594	24	4.0%
Prepaid non-current financial expense	103	33	70	-
Total	**6,401**	**5,518**	**883**	**16.0%**

"Equity investments in other companies" includes investments measured at fair value in the amount of €183 million, while the remainder of €102 million regarded investments whose fair value could not be readily determined and, in the absence of plans to sell the holdings, were therefore recognized at cost less impairment losses.

More specifically, equity investments in other companies break down as follows:

Millions of euro		% holding		% holding	
	at Dec. 31, 2013		at Dec. 31, 2012 restated		Change
Bayan Resources	169	10.00%	222	10.00%	*(53)*
Echelon	5	7.07%	6	7.36%	*(1)*
Galsi	15	15.61%	15	15.61%	-
Other	96		119		(23)
Total	**285**		**362**		**(77)**

The change with respect to 2012 is essentially attributable to both the disposal of a number of minor equity investments in Spain and a reduction in the fair value of Bayan Resources.

For more on "receivables and securities included in net financial debt", please see note 27.3.

For more on derivatives classified under non-current financial assets, please see note 6.1.

"Service concession arrangements" regard amounts due from the grantor for the construction and/or improvement of infrastructure used to provide public services on a concession basis and recognized in application of IFRIC 12.

For a summary of the fair value balances, broken down by measurement criteria, please see note 7 on IFRS 13 disclosures.

21. Other non-current assets - *€837 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Receivables due from Electricity Equalization Fund and similar bodies	46	51	(5)	-9.8%
Net assets of employee benefit programs	21	-	21	-
Other receivables	770	749	21	2.8%
Total	**837**	**800**	37	**4.6%**

"Receivables due from Electricity Equalization Fund and similar bodies" at December 31, 2013 include only the receivable in respect of the Electricity Equalization Fund claimed by the Italian distribution companies.

"Net assets of employee benefit programs" reports assets backing a number of employee benefit plans for Endesa employees, net of actuarial liabilities.

"Other receivables" at December 31, 2013 are mainly composed of tax receivables in the amount of €494 million (€401 million at December 31, 2012) and advances to suppliers in the amount of €154 million (€263 million at the end of 2012).

22. Inventories - *€3,586 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Raw materials, consumables and supplies:				
- fuel	1,824	2,271	(447)	-19.7%
- materials, equipment and other inventories	1,627	983	644	65.5%
Total	**3,451**	**3,254**	**197**	**6.1%**
Buildings available for sale	77	79	(2)	-2.5%
Advances	58	5	53	-
TOTAL	**3,586**	**3,338**	**248**	**7.4%**

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for the operation, maintenance and construction of generation plants and distribution networks. The increase for the year is mainly attributable to the rise in green and environmental certificate inventories, which more than offset the contraction in stocks of gas and other fuels. The item also includes CO_2 emission allowances in the amount of €525 million at December 31, 2013 (€384 million at December 31, 2012). The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings.

Inventories measured at fair value amounted to €498 million. For more information on the level of fair value inputs and the measurement policies, please see note 7.

23. Trade receivables - *€11,533 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Customers:				
- sale and transport of electricity	8,738	8,838	(100)	-1.1%
- distribution and sale of natural gas	1,524	1,570	(46)	-2.9%
- other activities	1,200	1,243	(43)	-3.5%
Total	**11,462**	**11,651**	**(189)**	**-1.6%**
Trade receivables due from associates	34	29	5	17.2%
Receivables for contract work in progress	37	39	(2)	-5.1%
TOTAL	**11,533**	**11,719**	**(186)**	**-1.6%**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €1,482 million, at the end of the year, as compared with an opening balance of €1,421 million. The table below shows the changes in these allowances.

Millions of euro

Total at January 1, 2012	**1,661**
Accruals	588
Utilization	(802)
Other changes	(26)
Total at December 31, 2012 restated	**1,421**
Accruals	654
Utilization	(546)
Other changes	(47)
Total at December 31, 2013	**1,482**

Trade receivables that had not been written down at December 31, 2013 break down by maturity as follows:

Millions of euro	
Not past due	**7,600**
Past due:	
- from 0 to 6 months	1,890
- from 6 to 12 months	438
- from 12 to 24 months	740
- more than 24 months	865
Total at December 31, 2013	**11,533**

In a number of residual cases with no material impact on the financial statements, trade receivables have been netted against trade payables where permitted under contractual and statutory provisions.

24. Tax receivables - *€1,735 million*

Tax receivables at December 31, 2013 amounted to €1,735 million and are essentially related to income tax credits in the amount of €995 million (€528 million at December 31, 2012), credits for indirect taxes in the amount of €435 million (€593 million at December 31, 2012) and receivables for other taxes and tax surcharges in the amount of €134 million (€394 million at December 31, 2012).

25. Current financial assets - *€7,877 million*

Millions of euro				
	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Current financial assets included in net financial position (see note 27.4)	5,489	7,571	(2,082)	-27.5%
Derivative contracts (see note 6.2)	2,285	1,718	567	33.0%
Other	103	92	11	12.0%
Total	**7,877**	**9,381**	**(1,504)**	**-16.0%**

For more on "current financial assets included in net financial position", please see note 27.4.

For more information on "derivative contracts", please see note 6.2.

26. Other current assets - *€2,562 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Receivables due from Electricity Equalization Fund and similar bodies	745	936	(191)	-20.4%
Receivable due from employees	37	40	(3)	-7.5%
Receivables due from others	1,517	1,092	425	38.9%
Accrued operating income and prepaid expenses	263	194	69	35.6%
Total	**2,562**	**2,262**	**300**	**13.3%**

"Receivables due from Electricity Equalization Fund and similar bodies" include receivables in respect of the Italian system in the amount of €669 million (€454 million at December 31, 2012) and the Spanish system in the amount of €76 million (€482 million at December 31, 2012). Including the portion of receivables classified as long-term (€46 million), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2013 amounted to €791 million (€987 million at December 31, 2012), offset by payables of €3,312 million (€3,371 million at December 31, 2012).

The increase in "receivables due from others" is mainly attributable to the increase in receivables for expired derivatives positions that have not yet been settled in the amount of €203 million and the change of €142 million in receivables for grants to be received in respect of green certificates.

27. Net financial position and long-term financial receivables and securities - *€39,862 million*

The following table reports the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Long-term loans	27.1	51,113	55,959	(4,846)	-8.7%
Short-term loans	27.2	2,529	3,970	(1,441)	-36.3%
Current portion of long-term loans	27.1	4,690	4,057	633	15.6%
Non-current financial assets included in debt	27.3	(4,951)	(3,576)	(1,375)	-38.5%
Current financial assets included in debt	27.4	(5,489)	(7,571)	2,082	27.5%
Cash and cash equivalents	27.5	(8,030)	(9,891)	1,861	18.8%
Total		**39,862**	**42,948**	**(3,086)**	**-7.2%**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2013, and December 31, 2012, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Cash and cash equivalents on hand	1,065	1,027	38	3.7%
Bank and post office deposits	6,965	8,864	(1,899)	-21.4%
Securities	17	42	(25)	-59.5%
Liquidity	**8,047**	**9,933**	**(1,886)**	**-19.0%**
Short-term financial receivables	2,232	1,923	309	16.1%
Factoring receivables	263	288	(25)	-8.7%
Short-term portion of long-term financial receivables	2,977	5,318	(2,341)	-44.0%
Current financial receivables	**5,472**	**7,529**	**(2,057)**	**-27.3%**
Short-term bank debt	(150)	(283)	133	47.0%
Commercial paper	(2,202)	(2,914)	712	24.4%
Short-term portion of long-term bank debt	(1,788)	(714)	(1,074)	-
Bonds and preference shares (short-term portion)	(2,649)	(3,115)	466	15.0%
Other loans (short-term portion)	(253)	(228)	(25)	-11.0%
Other short-term financial payables	(177)	(773)	596	77.1%
Total short-term financial debt	**(7,219)**	**(8,027)**	**808**	**10.1%**
Net short-term financial position	**6,300**	**9,435**	**(3,135)**	**-33.2%**
Debt to banks and financing entities	(8,287)	(13,282)	4,995	37.6%
Bonds and preference shares	(41,483)	(41,509)	26	0.1%
Other loans	(1,343)	(1,168)	(175)	-15.0%
Long-term financial position	**(51,113)**	**(55,959)**	**4,846**	**8.7%**
Net financial position as per CONSOB instructions	**(44,813)**	**(46,524)**	**1,711**	**3.7%**
Long-term financial receivables and securities	**4,951**	**3,576**	**1,375**	**38.5%**
NET FINANCIAL DEBT	**(39,862)**	**(42,948)**	**3,086**	**7.2%**

There are no transactions with related parties for these items.

27.1 Long-term loans (including the portion falling due within 12 months) - *€55,803 million*

The aggregate includes long-term liabilities in respect of bonds, bank loans and other loans in euro and other currencies, including the portion falling due within twelve months.

The following table shows long-term debt and repayment schedules at December 31, 2013, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance
		at Dec. 31, 2013		at Dec. 31, 2012
Bonds:				
- listed, fixed rate	2014-2097 (1)	30,730	31,021	29,882
- listed, floating rate	2014-2031	6,506	6,545	6,507
- unlisted, fixed rate	2014-2039	5,463	5,479	6,460
- unlisted, floating rate	2014-2032	1,433	1,434	1,594
Total bonds		**44,132**	**44,479**	**44,443**
Bank loans:				
- fixed rate	2014-2046	966	974	853
- floating rate	2014-2035	8,031	8,048	11,814
- use of revolving credit lines	2014-2017	1,078	1,078	1,329
Total bank loans		**10,075**	**10,100**	**13,996**
Preference shares: (2)				
- floating rate	2013	-	-	181
Total preference shares		**-**	**-**	**181**
Non-bank loans:				
- fixed rate	2014-2035	1,065	1,065	915
- floating rate	2014-2030	531	531	481
Total non-bank loans		**1,596**	**1,596**	**1,396**
TOTAL		**55,803**	**56,175**	**60,016**

(1) The maturity dates of listed fixed-rate bonds reported here are based on the assumption that the option to extinguish the hybrid bonds issued in September 2013 is exercised at the first possible date for each issue, as reported below. The amortized cost was also calculated using the same assumption.
(2) The preference shares issued by Endesa Capital Finance LLC are perpetual, with an option for early redemption at par as from 2013.

Current portion	Portion falling due at more than 12 months	Maturing in				
		2015	2016	2017	2018	Beyond
467	30,263	2,589	3,693	2,480	5,545	15,956
1,135	5,371	1,436	1,177	346	770	1,642
986	4,477	-	108	1,085	-	3,284
61	1,372	63	64	65	66	1,114
2,649	**41,483**	**4,088**	**5,042**	**3,976**	**6,381**	**21,996**
38	928	66	75	72	279	436
893	7,138	753	839	1,114	760	3,672
857	221	161	60	-	-	-
1,788	**8,287**	**980**	**974**	**1,186**	**1,039**	**4,108**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
116	949	103	98	91	96	561
137	394	65	61	76	49	143
253	**1,343**	**168**	**159**	**167**	**145**	**704**
4,690	**51,113**	**5,236**	**6,175**	**5,329**	**7,565**	**26,808**

The balance for bonds regards, net of €734 million, the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio, while Enel.Re (now Enel Insurance NV) holds bonds issued by Enel SpA totaling €30 million.

The table below reports long-term financial debt by currency and interest rate.

Long-term financial debt by currency and interest rate

Millions of euro	Balance	Nominal value	Balance	Current average interest rate	Current effective interest rate
	at Dec. 31, 2013		at Dec. 31, 2012	**at Dec. 31, 2013**	
Euro	**38,482**	**38,741**	**42,777**	**3.71%**	**3.86%**
US dollar	8,467	8,504	8,380	6.04%	6.29%
Pound sterling	4,486	4,546	4,102	6.00%	6.15%
Colombian peso	1,662	1,662	1,600	7.60%	7.60%
Brazilian real	746	748	839	10.00%	10.20%
Swiss franc	593	595	603	2.85%	2.91%
Chilean peso/UF	461	473	532	7.30%	9.20%
Peruvian sol	302	302	349	6.60%	6.60%
Russian ruble	243	243	347	7.79%	8.39%
Japanese yen	238	238	304	2.35%	2.38%
Other currencies	123	123	183		
Total non-euro currencies	**17,321**	**17,434**	**17,239**		
TOTAL	**55,803**	**56,175**	**60,016**		

Long-term financial debt denominated in currencies other than the euro increased by €82 million. The change is largely attributable to repayments of loans falling due denominated in dollars, Russian rubles and the Latin American currencies, partially offset by new borrowing in dollars, pounds sterling, Brazilian reais and Colombian pesos.

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	New financing	Exchange rate differences	Other	Nominal value
	at Dec. 31, 2012							**at Dec. 31, 2013**
Bonds	44,794	(2,952)	(101)	-	3,571	(833)	-	44,479
Bank loans	14,066	(5,448)	-	-	1,573	(91)	-	10,100
Preference shares	181	(181)	-	-			-	-
Other loans	1,396	(173)	-	265	192	(81)	(3)	1,596
Total financial debt	**60,437**	**(8,754)**	**(101)**	**265**	**5,336**	**(1,005)**	**(3)**	**56,175**

Compared with December 31, 2012, the nominal value of long-term debt at December 31, 2013 decreased by €4,262 million, which is the net effect of €8,754 million in repayments, repurchases of €101 million of own bonds, €5,336 million in new loans and €1,005 million in exchange rate losses, of which €265 million due to the change in the scope of consolidation, mainly attributable to the acquisition of a number of companies in the renewable generation sector in the United States that had previously entered into tax partnership agreements, and €3 million in other items.

The main repayments in 2013 concerned bonds and preference shares in the amount of €3,133 million, bank loans totaling €5,448 million and other loans for €173 million. More specifically, the main bonds maturing in 2013 included:

> $1,000 million in respect of a fixed-rate bond, issued by

Enel Finance International, maturing January 2013;
- €700 million in respect of a fixed-rate bond issued by International Endesa, maturing in February 2013;
- €181 million in respect of the early repayment of Endesa Capital Finance preference shares in March 2013;
- €750 million in respect of a fixed-rate bond, issued by Enel SpA, maturing in June 2013;
- $400 million in respect of a fixed-rate bond, issued by Endesa Chile, maturing in August 2013.

The main repayments of bank loans in the years included the following:
- €341 million in respect of repayments of revolving credit lines by Endesa;
- €293 million in respect of floating-rate bank loans of Endesa;
- €100 million in respect of repayments of a revolving credit line by Enel SpA;
- €100 million in respect of repayments of a credit line of Enel Finance International;
- €250 million in respect of the early repayment of bilateral term loans falling due in 2017 by Enel Finance International;
- €617 million in respect of the tranche falling due in 2014 of the 2009 Credit Facility by Enel SpA and Enel Finance International;
- €3,200 million in respect of the early repayment of the Credit Facility falling due in 2017 by Enel Finance International;
- €360 million in respect of the repayment of subsidized loans held by Group companies.

The main financing contracts finalized in 2013 include:
- on January 15, 2013, Enel SpA renegotiated a bilateral revolving credit facility in the total amount of €500 million falling due in 2014;
- on February 8, 2013, Enel SpA and Enel Finance International entered into a revolving forward starting credit facility of about €9.4 billion, falling due in April 2018, which will replace the current €10 billion revolving credit line as from the expiry of the latter, which is scheduled for 2015 under the terms of the contract;
- on March 18, 2013, Enel Latin America entered into a 5-year loan agreement in the total amount of $100 million;
- on July 30, 2013, Enel Latin America (Chile) entered into a 5-year loan agreement in the total amount of $100 million;
- on July 18, 2013, Enel SpA extinguished a bilateral revolving credit facility early, in the total amount of €500 million maturing in 2014 and renegotiated a bilateral revolving credit facility in the total amount of €800 million structured in the following tranches: €400 million falling due in 2015 and €400 million falling due in 2016;
- on November 14, 2013, Enel Distribuzione entered into a 20-year European Investment Bank loan worth €270 million;
- on November 28, 2013, Enel Green Power International entered into a 15-year European Investment Bank loan worth €200 million;
- on December 16, 2013, Enel Green Power International entered into a 12-year loan agreement worth €100 million with the Danish Export Credit Agency;
- on December 19, 2013, Enel Green Power Latin America entered into a 5-year loan agreement worth $150 million;
- on December 19, 2013, Inelec entered into a 5-year loan agreement worth $150 million;
- on December 27, 2013, Slovenské elektrárne entered into a 7-year project financing arrangement worth €133 million;

The main financing operations carried out in 2013 include:
- the private placement in February, March and April under the Global Medium-Term Notes program of bonds by Enel Finance International, with an Enel guarantee, in the total amount of €485 million, with the following characteristics:
  - €100 million fixed-rate 5% maturing on February 18, 2023;
  - €50 million floating-rate maturing on March 27, 2023;
  - €50 million floating-rate maturing on April 4, 2025;
  - €50 million fixed-rate 4.875% maturing on April 19, 2028;
  - €180 million fixed-rate 4.45% maturing on April 23, 2025;
  - €55 million fixed-rate 4.75% maturing on April 26, 2027;
- in September, Enel SpA issued hybrid bonds, with the following characteristics:
  - €1,250 million fixed-rate 6.50%, maturing on January 10, 2074 with a call option vesting on January 10, 2019;
  - £400 million fixed-rate 7.75%, maturing on September 10, 2075 with a call option vesting on September 10, 2020;
  - $1,250 million fixed-rate 8.75%, maturing on September 24, 2073 with a call option vesting on September 24, 2023;
- in September, Emgesa issued bonds in Colombian pesos totaling €212 million;
- in November, Codensa issued bonds in Colombian pesos totaling €141 million;

- an increase in drawings by Slovenské elektrárne on committed revolving credit lines in the amount of €185 million;
- drawings by Endesa on an European Investment Bank (EIB) loan in the total amount of €150 million;
- drawings by Enel Green Power International floating-rate bank loans in the amount of €170 million;
- drawings by Enel Distribuzione on financing with EIB funds in the amount of €270 million maturing on June 15, 2033;
- drawings by Enel Green Power Latin America on floating-rate bank loans in the total amount of €225 million;
- drawings by Inelec on fixed-rate bank loans in the total amount of €185 million;
- drawings by Endesa on floating-rate bank loans in the total amount of €171 million;
- drawings by Endesa on other financing in the total amount of €179 million.

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within 12 months, broken down by category. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2013		at Dec. 31, 2012	
Bonds:				
- fixed rate	36,193	39,517	36,342	38,338
- floating rate	7,939	8,131	8,101	7,891
Total bonds	**44,132**	**47,648**	**44,443**	**46,229**
Bank loans:				
- fixed rate	966	976	853	932
- floating rate	9,109	9,026	13,143	12,982
Total bank loans	**10,075**	**10,002**	**13,996**	**13,914**
Preference shares:				
- floating rate	-	-	181	181
Total preference shares	**-**	**-**	**181**	**181**
Other loans:				
- fixed rate	1,065	1,153	915	959
- floating rate	531	605	481	476
Total other loans	**1,596**	**1,758**	**1,396**	**1,435**
TOTAL	**55,803**	**59,408**	**60,016**	**61,759**

The following tables show the changes in long-term loans for the period, distinguishing current amounts from amounts falling due at more than 12 months.

Long-term loans (excluding current portion)

Millions of euro	Carrying amount		
	at Dec. 31, 2013	at Dec. 31, 2012	Change
Bonds:			
- fixed rate	34,740	33,624	1,116
- floating rate	6,743	7,885	(1,142)
Total bonds	**41,483**	**41,509**	**(26)**
Bank loans:			
- fixed rate	928	803	125
- floating rate	7,359	12,479	(5,120)
Total bank loans	**8,287**	**13,282**	**(4,995)**
Preference shares:			
- floating rate	-	-	-
Total preference shares	-	-	-
Other loans:			
- fixed rate	949	816	133
- floating rate	394	352	42
Total other loans	**1,343**	**1,168**	175
TOTAL	**51,113**	**55,959**	**(4,846)**

Current portion of long-term loans

Millions of euro	Carrying amount		
	at Dec. 31, 2013	at Dec. 31, 2012	Change
Bonds:			
- fixed rate	1,453	2,718	(1,265)
- floating rate	1,196	216	980
Total bonds	**2,649**	**2,934**	**(285)**
Bank loans:			
- fixed rate	38	50	(12)
- floating rate	1,750	664	1,086
Total bank bonds	**1,788**	**714**	**1,074**
Preference shares:			
- floating rate		181	181
Total preference shares	**-**	**181**	**181**
Other loans:			
- fixed rate	116	99	17
- floating rate	137	129	8
Total other loans	**253**	**228**	**25**
TOTAL	**4,690**	**4,057**	**633**

The Group's main long-term financial debts are governed by covenants containing undertakings by the borrowers (Enel, Endesa and the other Group companies) and in some cases the Parent Company as guarantor that are commonly adopted in international business practice. The main covenants regard the bond issues carried out within the framework of the Global Medium-Term Notes program, loans granted by the EIB and Cassa Depositi e Prestiti, the €10 billion revolving line of credit agreed in April 2010, the Forward Start Facility Agreement entered into on February 8, 2013 in the amount of €9.44 billion and issues of subordinated unconvertible hybrid bonds.
To date none of the covenants have been triggered.

The main commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

- negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;
- *pari passu* clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer itself;
- specification of default events, whose occurrence (e.g. insolvency, failure to pay principal or interest, initiation of liquidation proceedings, etc.) constitutes a default; under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
- early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants governing the loans granted to a number of Group companies by the EIB can be summarized as follows:

- negative pledge clauses, under which Enel undertakes not to establish or grant to third parties additional guarantees or privileges with respect to those already established in the individual contracts by the company or other subsidiaries of the Group, unless an equivalent guarantee is extended equally or pro rata to the loans in question;
- clauses that require the guarantor (whether Enel SpA or banks acceptable to the EIB) to maintain its rating above a specified grade; in the case of guarantees provided by Enel SpA, the Group's equity may not fall below a specified level;

- material changes clauses, under which the occurrence of a specified event (mergers, spin-offs, disposal or transfer of business units, changes in company control structure, etc.) gives rise to the consequent adjustment of the contract, without which the loan shall become repayable immediately without payment of any commission;
- requirements to report periodically to the EIB;
- requirement for insurance coverage and maintenance of property, possession and use of the works, plant and machinery financed by the loan over the entire term of the agreement;
- contract termination clauses, under which the occurrence of a specified event (serious inaccuracies in documentation presented in support of the contract, failure to repay at maturity, suspension of payments, insolvency, special administration, disposal of assets to creditors, dissolution, liquidation, total or partial disposal of assets, declaration of bankruptcy or composition with creditors or receivership, substantial decrease in equity, etc.) triggers immediate repayment.

In 2009 Cassa Depositi e Prestiti granted a loan to Enel Distribuzione that was amended in 2011. The main covenants governing the loan and the guarantee issued by the Parent Company can be summarized as follows:

- a termination and acceleration clause, under which the occurrence of a specified event (such as failure to pay principal or interest installments, breach of contract obligations or occurrence of a substantive prejudicial event, etc.) entitles Cassa Depositi e Prestiti to terminate the loan;
- a clause forbidding Enel or its significant subsidiaries (defined in the contract and the guarantee as subsidiaries pursuant to Article 2359 of the Italian Civil Code or consolidated companies whose turnover or total gross assets are at least 10% of consolidated turnover or consolidated gross assets) from establishing additional liens, guarantees or other encumbrances except for those expressly permitted unless Cassa Depositi e Prestiti gives it prior consent;
- clauses requiring Enel to report to Cassa Depositi e Prestiti both periodically and upon the occurrence of specified events (such as a change in Enel's credit rating, or breach in an amount above a specified threshold in respect of any financial debt contracted by Enel, Enel Distribuzione or any of their significant subsidiaries). Violation of such obligation entitles Cassa Depositi e Prestiti to exercise an acceleration clause;
- a clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

The main covenants for the €10 billion revolving line of credit and the Forward Start Facility Agreement are substantially similar and can be summarized as follows:

- negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
- *pari passu* clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
- change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;
- under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage amounting to 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liabilities in question, which become immediately repayable;
- periodic reporting requirements.

The main covenants covering the hybrid bonds can be summarized as follows:

> specification of default events, whose occurrence (e.g. failure to pay principle or interest, insolvency, initiation of liquidation proceedings, etc.) constitutes a default in respect of the liability in question, which in some cases becomes immediately repayable;
> subordination clauses: each hybrid bond is subordinate to all other bonds issued by the Company and ranks *pari passu* with all other hybrid financial instruments issued, being senior only to equity instruments;
> prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the Company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The undertakings in respect of the bond issues carried out by Endesa Capital under the Global Medium-Term Notes program can be summarized as follows:

> cross-default clauses under which debt repayment would be accelerated in the case of failure to make payment (above specified amounts) on any financial liability of Endesa or Endesa Capital that is listed or could be listed on a regulated market;
> negative pledge clauses under which the issuer may not establish mortgages, liens or other encumbrances on all or part of its assets to secure any financial liability that is listed or could be listed on a regulated market, unless an equivalent guarantee is extended equally or pro rata to the bonds in question;
> *pari passu* clauses, under which the securities and guarantees have at least the same seniority as all other present and future unsecured and unsubordinated securities issued by Endesa Capital or Endesa.

Finally, the loans granted to Endesa, International Endesa BV and Endesa Capital do not contain cross-default clauses regarding the debt of subsidiaries in Latin America.

Undertakings in respect of project financing granted to subsidiaries regarding renewables and other subsidiaries in Latin America contain covenants commonly adopted in international business practice. The main commitments regard clauses pledging all the assets assigned to the projects in favor of the creditors.

A residual portion of the debt of Enersis and Endesa Chile (both controlled indirectly by Endesa) is subject to cross-default clauses under which the occurrence of a default event (failure to make payment or breach of other obligations) in respect of any financial liability of a subsidiary of Enersis or Endesa Chile constitutes a default in respect of the liability in question, which becomes immediately repayable.

In addition, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets.

In addition to the foregoing, a number of loans provide for early repayment in the case of a change of control over Endesa or the subsidiaries.

27.2 Short-term loans - *€2,529 million*

At December 31, 2013 short-term loans amounted to €2,529 million, a decrease of €1,441 million compared with December 31, 2012. They break down as follows.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2013		at Dec. 31, 2012 restated		Change	
Short-term amounts due to banks	150	150	283	283	(133)	(133)
Commercial paper	2,202	2,202	2,914	2,914	(712)	(712)
Cash collateral and other financing on derivatives	119	119	691	691	(572)	(572)
Other short-term financial payables	58	58	82	82	(24)	(24)
Short-term financial debt	**2,529**	**2,529**	**3,970**	**3,970**	**(1,441)**	**(1,441)**

Short-term amounts due to banks totaled €150 million. The payables represented by commercial paper relate to issues outstanding at the end of December 2013 in the context of the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, which was renewed in April 2010, as well as the €3,209 million program of Endesa Internacional BV (now Endesa Latinoamérica) and Enersis.

At December 31, 2013 issues under these programs totaled €2,202 million, of which €1,388 million pertaining to Enel Finance International and €814 million to Endesa Latinoamérica.

For a summary of the fair value balances, broken down by measurement criteria, please see note 7.

27.3 Non-current financial assets included in debt - *€4,951 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change	
Securities held to maturity	128	130	(2)	-1.5%
Financial investments in funds or portfolio management products at fair value through profit or loss	24	12	12	100.0%
Securities available for sale	-	4	(4)	-100.0%
Financial receivables in respect of Spanish electrical system deficit	1,498	-	1,498	-
Other financial receivables	3,301	3,430	(129)	-3.8%
Total	**4,951**	**3,576**	**1,375**	**38.5%**

For a summary of the fair value balances, broken down by measurement criteria, please see note 7.

"Financial receivables in respect of Spanish electrical system" represent amounts due to Endesa Distribución in respect of the rate deficit system in Spain, which substantially defers part of the remuneration due to distributors for costs incurred that are not covered by billing of ordinary rate revenues. The mechanism, which in substance is equivalent to a loan from Endesa Distribución to the Spanish electrical system, has given rise to a receivable of €1,498 million, which as a result of the introduction of a number of new regulations in 2013 is recognized under "non-current financial assets" rather than under "current financial assets" as was done the previous year.

At December 31, 2013, "other financial receivables" include, among other things:

> receivables in respect of the State Decommissioning Fund of Slovakia in the amount of €813 million (€653 million at December 31, 2012);
> receivables in respect of the Electricity Equalization Fund in the amount of €434 million (unchanged at December

31, 2013 and 2012) for reimbursement of the extraordinary costs incurred for the early replacement of electromechanical meters with digital meters;

> receivables in respect of the reimbursement established by the Authority with Resolution 157/2012 of costs incurred with the termination of the Electrical Worker Pension Fund in the amount of €448 million (€504 million at December 31, 2012). Under the provisions of that resolution, the amounts will be recovered by Enel Distribuzione SpA in equal installments until 2020;

> the receivable of the Argentine generation companies in respect of the wholesale electricity market deposited with the FONINVEMEM (*Fondo Nacional de Inversión Mercado Eléctrico Mayorista*) in the amount of €216 million (€281 million at December 31, 2012). The sum was for the construction of three combined cycle plants, two of which were completed in 2010, and will be reimbursed to the generation companies within 120 months of the entry into service of those plants. The loans earn interest at an annual rate of Libor +1%.

27.4 Current financial assets included in debt - *€5,489 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Short-term portion of long-term financial receivables	2,977	5,318	(2,341)	-44.0%
Receivables for factoring advances	263	288	(25)	-8.7%
Securities:				
- securities available for sale	17	42	(25)	-59.5%
Financial receivables and cash collateral	1,720	1,402	318	22.7%
Other financial receivables	512	521	(9)	-1.7%
Total	**5,489**	**7,571**	**(2,082)**	**-27.5%**

"Short-term portion of long-term financial receivables" consists of the financial receivable in respect of the Spanish electricity system deficit in the amount of €1,648 million (€4,839 million at December 31, 2012). The change for the period essentially reflects new receivables accrued in 2013 (€3,165 million including new receivables for extra-peninsular generation) and collections received (€4,858 million including the effects of reimbursements in respect of extra-peninsular generation, of which €3,541 million through the assignment of the receivables to the special securitization fund as established by the Spanish government).

For a summary of the fair value balances, broken down by measurement criteria, please see note 7.

27.5 Cash and cash equivalents - *€8,030 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €195 million (€194 million at December 31, 2012) primarily in respect of deposits pledged to secure transactions.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Bank and post office deposits	6,965	8,864	(1,899)	-21.4%
Cash and cash equivalents on hand	1,065	1,027	38	3.7%
Total	**8,030**	**9,891**	**(1,861)**	**-18.8%**

28. Assets and liabilities held for sale - *€241 million and €20 million*

Changes in assets held for sale during the year are reported in the following table:

Millions of euro	at Dec. 31, 2012 restated	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2013**
Property, plant and equipment	214	12	-	(15)	211
Intangible assets	-	2	-	(1)	1
Deferred tax assets	11	-	-	(11)	-
Equity investments accounted for using the equity method	-	395	(391)	(3)	1
Non-current financial assets	89	2	(86)	(1)	4
Cash and cash equivalents	-	12	-	(2)	10
Inventories, trade receivables and other current assets	3	7	-	4	14
Total	**317**	**430**	**(477)**	**(29)**	**241**

"Assets held for sale" amounted to €241 million at December 31, 2013. They essentially include the assets of Marcinelle Energie and other assets of smaller companies. Other material changes mainly regard the interests held in SeverEnergia and Enel Rete Gas, which, after being reclassified to this account during the year, were sold in the final quarter of 2013.

The change for the period also reflects the disposal of the interest in Medgaz in the 1st Half of the year.

"Liabilities held for sale" amounted to €20 million at December 31, 2013. They comprise the liabilities of Marcinelle Energie and other certain liabilities of smaller companies.

Changes in liabilities held for sale during the year are as follows:

Millions of euro	at Dec. 31, 2012 restated	Reclassification from current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2013**
Deferred tax liabilities	7	-	-	-	7
Trade payables and other current liabilities	1	10	-	2	13
Total	**8**	**10**	**-**	**2**	**20**

The decrease in all items of assets and liabilities held for sale compared with December 31, 2012 essentially reflects the disposals carried out in 2013 noted above.

For a summary of the fair value balances, broken down by measurement criteria, please see note 7 of IFRS 13 disclosures.

29. Shareholders' equity - *€52,839 million*

29.1 Equity pertaining to the shareholders of the Parent Company - *€35,941 million*

Share capital - *€9,403 million*

At December 31, 2013 (as at December 31, 2012), the share capital of Enel SpA – considering that no options were exercised as part of stock option plans in 2013 – amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.
At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 31.24%, and Natixis SA, which holds a 2.64% stake, held as June 27, 2013 for asset management purposes.

Other reserves - *€7,084 million*

Share premium reserve - *€5,292 million*

Legal reserve - *€1,881 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company. Pursuant to Article 47 of the Uniform Tax Code, this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€(1,100) million*

The further decrease in this aggregate for the year is attributable to the net depreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of financial instruments - *€(1,490) million*

This item includes net losses recognized directly in equity resulting from the measurement of cash flow hedging derivatives, as well as net unrealized losses arising in respect of the fair value measurement of financial assets.

Reserve from disposal of equity interests without loss of control - *€721 million*

This item reports the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal and the related taxation. The change for the period reflects the sale of minority interests recognized as a result of the Enersis capital increase.

Reserve from transactions in non-controlling interests - *€62 million*

The reserve reports the amount by which equity acquired following purchases by third parties of additional stakes in companies already controlled in Latin America (Ampla Energia e Serviços, Ampla Investimentos e Serviços and Eléctrica Cabo Blanco) exceeds the purchase prices. On June 17, 2013 the agreement for the sale of the entire share capital of Enel.si by Enel Green Power to Enel Energia was ratified. Accordingly, the change for the period largely regards the difference between the disposal price acquired by third parties of Enel Green Power and the associated share of equity of Enel.si.

Reserve from equity investments accounted for using the equity method - *€(16) million*

The reserve reports the share of comprehensive income to be recognized directly in income for companies accounted for using the equity method.

Reserve for employee benefits - *€(528) million*

Following application as from January 1, 2013 of IAS 19 Revised, the reserve includes all actuarial gains and losses, net of tax effects. The change is attributable to the increase in actuarial gains recognized during the period.

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2012 restated			Change					at Dec. 31, 2013		
	Total	*Of which shareholders of Parent Company*	*Of which non-controlling interests*	Gains/ (Losses) recognized in equity for the year	Released to income statement	Taxes	**Total**	*Of which shareholders of Parent Company*	*Of which non-controlling interests*	**Total**	*Of which shareholders of Parent Company*	*Of which non-controlling interests*
Reserve from translation of financial statements in currencies other than euro	**682**	*92*	*590*	(3,197)	-	-	**(3,197)**	*(1,290)*	*(1,907)*	**(2,515)**	*(1,198)*	*(1,317)*
Reserve from measurement of financial instruments	**(1,350)**	*(1,253)*	*(97)*	(697)	499	(81)	**(279)**	*(237)*	*(42)*	**(1,629)**	*(1,490)*	*(139)*
Share of OCI of equity investments accounted for using the equity method	**8**	*8*	-	(29)	-	-	**(29)**	*(24)*	*(5)*	**(21)**	*(16)*	*(5)*
Remeasurement of net liabilities (assets) for defined-benefit plans	**(440)**	*(362)*	*(78)*	(262)	-	74	**(188)**	*(170)*	*(18)*	**(628)**	*(532)*	*(96)*
Total gains/(losses) recognized in equity	**(1,100)**	***(1,515)***	***415***	**(4,185)**	**499**	**(7)**	**(3,693)**	***(1,721)***	***(1,972)***	**(4,793)**	***(3,236)***	***(1,557)***

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2013.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2013 and 2012 is summarized in the following table.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change
Non-current financial position	51,113	55,959	(4,846)
Net current financial position	(6,300)	(9,435)	3,135
Non-current financial receivables and long-term securities	(4,951)	(3,576)	(1,375)
Net financial debt	**39,862**	**42,948**	**(3,086)**
Equity pertaining to the shareholders of the Parent Company	35,941	35,775	166
Non-controlling interests	16,898	16,312	586
Shareholders' equity	**52,839**	**52,087**	**752**
Debt/Equity ratio	**0.75**	**0.82**	**(0.07)**

29.2 Non-controlling interests - *€16,898 million*

The following table reports the composition of non-controlling interests by division.

Millions of euro

Millions of euro	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change
Iberia and Latin America	12,017	11,690	327
International	2,361	2,257	104
Renewable Energy	2,306	2,161	145
Generation and Energy Management	214	204	10
Total	**16,898**	**16,312**	**586**

30. Post-employment and other employee benefits - *€3,696 million*

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts (which for companies in Italy only regard certain retired employees) and similar benefits. More specifically:

> for Italy, the item "pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives and the benefits due to personnel under law or contract at the time the employment relationship is terminated. As from December 2012, the item also includes the benefit plan introduced in December 2012. The plan is dependent on future service to be performed and provides for benefits for a maximum of 48 months as from termination of the employment relationship. That plan was terminated by the Group in 2013, as discussed in greater detail below, as no employees opted to participate and as a significant number of those entitled subsequently elected to participate in the plan provided for in the agreements reached under the provisions of Article 4 of Law 92/2012. For the foreign companies, the item reports post-employment benefits;

> the item "electricity discount" comprises, for the Italian companies, a number of benefits regarding residential electricity supply. Until 2011 the discount was granted to current and retired employees, but, following an agreement with the unions, has now been replaced by other forms of remuneration for current employees and therefore remains in effect only for retired employees;

> the item "health insurance" reports benefits for current or retired employees covering medical expenses;

> "other benefits" comprise liabilities in respect of defined-benefit plans and other benefits not included in the previous items.

The table below reports changes in post-employment and other employee benefits at December 31, 2013 and 2012 and the reconciliation of that obligation (€3,696 million at December 31, 2013), net of plan assets (€21 million at December 31, 2013), with the actuarial defined-benefit obligation.

Millions of euro	2013					2012 restated				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
Actuarial defined-benefit obligation at January 1	2,330	1,683	236	246	**4,495**	1,225	1,500	250	190	**3,165**
Assets not recognized in accounts	47	-	-	-	**47**	27	-	-	-	**27**
Accounting defined-benefit obligation at January 1	2,377	1,683	236	246	**4,542**	1,252	1,500	250	190	**3,192**
Changes through profit or loss	(924)	63	14	94	**(753)**	1,065	73	18	74	**1,230**
Changes through other comprehensive income	(4)	205	(16)	77	**262**	169	194	(27)	23	**359**
Contributions/Benefits paid	(158)	(96)	(15)	(49)	**(318)**	(130)	(88)	(16)	(42)	**(276)**
Other changes	(40)	2	(13)	(7)	**(58)**	21	4	11	1	**37**
Accounting defined-benefit obligation at December 31	1,251	1,857	206	361	**3,675**	2,377	1,683	236	246	**4,542**
Assets not recognized in accounts	(58)	-	-	-	**(58)**	(47)	-	-	-	**(47)**
Actuarial defined-benefit obligation at December 31	1,193	1,857	206	361	**3,617**	2,330	1,683	236	246	**4,495**

Millions of euro	2013					2012 restated				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
Changes through profit or loss:										
Service cost	(993)	6	2	96	**(889)**	998	5	1	63	**1,067**
Net interest cost	69	57	12	10	**148**	68	68	17	10	**163**
Other changes	-	-	-	(12)	**(12)**	(1)	-	-	1	**-**
Total	**(924)**	**63**	**14**	**94**	**(753)**	**1,065**	**73**	**18**	**74**	**1,230**
Changes through other comprehensive income:										
(Gains)/Losses from changes in demographic assumptions	3	(1)	1	30	**33**	80	-	6	7	**93**
(Gains)/Losses from changes in demographic assumptions	(104)	177	(13)	(7)	**53**	24	(57)	(12)	-	**(45)**
(Gains)/Losses from changes in demographic assumptions	(6)	29	(4)	54	**73**	217	251	(21)	16	**463**
(Gains)/Losses from changes in financial assumptions	84	-	-	-	**84**	(172)	-	-	-	**(172)**
Change in asset ceiling/ IFRIC 14	19	-	-	-	**19**	20	-	-	-	**20**
Total	**(4)**	**205**	**(16)**	**77**	**262**	**169**	**194**	**(27)**	**23**	**359**

The pension benefit obligation at December 31, 2012 reports the charge (€970 million) in respect of past service cost recognized following the introduction at the end of 2012 of the transition-to-retirement plan, which provided for the payment of post-employment benefits to the employees of the wholly-owned Italian subsidiaries of the Group who, having met specific requirements, opted to terminate their employment four years before the statutory retirement age set out in current labor legislation.

As discussed in note 4, that obligation was recognized in full following the entry into force of the new IAS 19, which eliminated the possibility of deferring recognition of the past service cost of new employee benefit plans. This prompted the restatement of the comparative figures in the 2012 income statement.

During 2013, the Group terminated the transition-to-retirement plan after virtually no employees opted to participate and a significant number of those entitled to participate in that plan instead opted to participate in the mechanism provided for under Article 4, paragraphs 1-7-*ter*, of the Law 92/2012, as the latter offers better financial and organizational conditions, making the earlier plan unattractive. The termination of the 2012 plan led to the reversal of the associated liability at the termination date in the total amount of €1,028 million, of which €970 million in respect of the reversal of the initial provision and €58 million in current service costs and interest costs accrued in the period. In addition, the application of a number of supplementary provisions of the union agreements implementing Article 4 led to the adjustment of the liabilities of other employee benefit plans, with a positive impact of €38 million.

The employees of the foreign companies included in the framework agreement of October 25, 2000 in Spain participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined-benefit plan which is covered by appropriate insurance policies. In addition, the company has certain obligations to retired ex-workers, mainly concerning the supply of electricity. Outside Spain, defined-benefit pension plans are also in force, notably in Brazil.

The obligation recognized at the end of the year is reported net of the fair value of the plan assets (where this is not greater than that of the related liabilities), which are attributable entirely to Endesa, in the amount of €1,185 million at December 31, 2013. The plan assets break down as follows.

Millions of euro	2013			2012		
	Spain	Brazil	**Total**	Spain	Brazil	**Total**
Shares	-	73	**73**	183	84	**267**
Fixed-income securities	-	321	**321**	449	469	**918**
Property	-	34	**34**	-	47	**47**
Assets held by insurance companies	128	-	**128**	-	-	**-**
Other	612	17	**629**	48	27	**75**
Total	**740**	**445**	**1,185**	**680**	**627**	**1,307**

At December 31, 2013, shares and fixed-income securities included shares or bonds issued by Endesa Group companies in the amount of €6 million (€7 million at December 31, 2012).

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	Italy	Iberian peninsula	Latin America	Other	Italy	Iberian peninsula	Latin America	Other
	2013				2012			
Discount rate	0.75%-3.00%	1.72%-3.64%	5.40%-2.43%	3.15%-7.90%	1.60%-3.20%	1.22%-3.74%	5.50%-9.80%	4.20%-7.00%
Rate of wage increases	2.00%-4.00%	2.30%	0.00%-7.61%	2.00%-6.00%	2.00%-4.00%	2.30%	0.00%-7.61%	3.00%-6.00%
Rate of increase in healthcare costs	3.00%	3.50%	4.50% - 1.57%	-	3.00%	3.50%	4.50%-11.57%	-
Expected rate of return on plan assets	-	3.61%	5.40%-2.43%	-	-	3.74%	9.98%	-

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined-benefit obligation as a result of changes reasonably possible at the end of the year in the individual actuarial assumptions used in estimating the obligation.

Millions of euros	Pension benefits	Electricity discount	Health insurance	Other benefits
A decrease of 0.5% in discount rate	145	102	11	13
An increase of 0.5% in discount rate	(115)	(135)	(13)	(7)
An increase of 0.5% in inflation rate	46	39	(5)	7
An increase of 0.5% in remuneration	25	(23)	7	12
An increase of 0.5% in pensions currently being paid	19	(23)	7	5
An increase of 1% in healthcare costs	19	(23)	24	5
An increase of 1 year in life expectancy of active and retired employees	55	64	7	9

The sensitivity analysis used an approach that extrapolates the effect on the net defined-benefit obligation of reasonable changes in an individual assumption, leaving the other assumptions unchanged.

The contributions expected to be paid into defined-benefit plans in the subsequent year amount to €16 million.

The following table reports expected benefit payments in the coming years for employee benefits.

Millions of euro	**2013**
Within 12 months	397
In 2–5 years	1,066
More than 5 years	1,527

31. Provisions for risks and charges - *€8,047 million*

Millions of euro	at Dec. 31, 2012 restated	Taken to income statement	Utilization	at Dec. 31, 2013	of which short term
Provision for litigation, risks and other charges:					
- nuclear decommissioning	3,538	(23)	(821)	2,694	*52*
- non-nuclear plant retirement and site restoration	615	(2)	(20)	593	*3*
- litigation	1,142	115	(174)	1,083	*46*
- environmental certificates charges	363	290	(356)	297	*164*
- taxes and duties	411	14	(37)	388	*7*
- other	1,273	422	(450)	1,245	*633*
Total	**7,342**	**816**	**(1,858)**	**6,300**	***905***
Provision for early-retirement incentives	1,306	958	(517)	1,747	588
TOTAL	**8,648**	**1,774**	**(2,375)**	**8,047**	***1,493***

Nuclear decommissioning provision

The nuclear decommissioning provision includes the following:

> €2,175 million (€2,511 million at December 31, 2012) for the V1 and V2 plants at Jasklovske Bohunice and the EMO 1 and 2 plants at Mochovce, and also includes the provision for nuclear waste disposal in the amount of €114 million (same amount at December 31, 2012), the provision for spent nuclear fuel disposal in the amount of €1,296 million (€1,542 million at December 31, 2012) and the provision for nuclear plant retirement in the amount of €765 million (€855 million at December 31, 2012). The estimated timing of the outlays described above takes account of current knowledge of environmental regulations, the operating time used in estimating the costs, and the difficulties presented by the extremely long time span over which such costs could arise. The charges covered by the provisions are reported at their present value using discount rates of between 4.15% and 4.55%. The net decrease in 2013 amounted to €336 million, reflecting the change in the estimates of prices and quantities of certain types of radioactive waste and a new assessment of the estimated useful lives of certain components of the Jasklovske Bohunice and Mochovce plants. The decline was also affected by the adoption of a new decommissioning strategy, approved by the government on January 15, 2014, which provides for a more conservative approach that pays closer attention to technical, financial and safety issues, with the consequent discounting of the liability over a longer period;

> €519 million (€1,027 million at December 31, 2012) for the costs that will be incurred at the time of decommissioning of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/03 and Law 24/2005. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (post-operational costs). The change for 2013, recognized as a decrease in the assets as provided for under IFRIC 1, reflects regulatory changes in Spain following the introduction of Law 16/2013, which modified the mechanism established the previous year with Law 15/2012, which had increased the burden on generators operating nuclear power plants.

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities in re-

spect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel.

Other provisions

Other provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees. In particular, as regard current and potential disputes concerning local property tax (whether the *Imposta Comunale* sugli Immobili or "ICI" or the new *Imposta Municipale Unica* or "IMU") in Italy, the Group has taken due account of the criteria introduced with circular 6 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Land Agency offices and municipalities.

Provision for early-retirement incentives

The provision for early-retirement incentives includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. In addition to uses essentially associated with the early retirement provision (ERE) in Spain, the change for the year also reflects the liability of €800 million recognized at December 31, 2013 in respect of the union agreements signed on September 6, 2013, implementing, for a number of Italian companies, the mechanism provided for under Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the Fornero Act).

32. Non-current financial liabilities - *€2,257 million*

The item reports the fair value of derivatives only. For more information, please see note 6.3.

33. Other non-current liabilities - *€1,266 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Accrued operating expenses and deferred income	956	910	46	5.1%
Other items	310	241	69	28.6%
Total	**1,266**	**1,151**	**115**	**10.0%**

At December 31, 2013, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets.

34. Trade payables - *€13,004 million*

The item, which amounts to €13,004 million, includes payables in respect of energy supplies, fuel, materials, equipment associated with tenders and other services.
Trade payables break down by maturity at December 31, 2013 as follows.

Millions of euro	
By June 30, 2014	11,320
Between July 1 and December 31, 2014	1,137
Beyond	547
Total at December 31, 2013	**13,004**

In a number of residual cases with no material impact on the financial statements, trade payables have been netted against trade receivables where permitted under contractual and statutory provisions.

35. Current financial liabilities - *€3,640 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Deferred financial liabilities	978	921	57	6.2%
Derivative contracts	2,535	2,028	507	25.0%
Other items	127	189	(62)	-32.8%
Total	**3,640**	**3,138**	**502**	**16.0%**

Fore more on "derivative contracts", please see note 6.4.

36. Other current liabilities - *€9,834 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012 restated	Change	
Payables due to customers	1,563	1,637	(74)	-4.5%
Payables due to Electricity Equalization Fund and similar bodies	3,312	3,371	(59)	-1.8%
Payables due to employees	453	519	(66)	-12.7%
Other tax payables	976	945	31	3.3%
Payables due to social security institutions	216	226	(10)	-4.4%
Payables for put options granted to minority shareholders	801	814	(13)	-1.6%
Payables for acquisition of equity investments	37	81	(44)	-54.3%
Other	2,476	2,338	138	5.9%
Total	**9,834**	**9,931**	**(97)**	**-1.0%**

"Payables due to customers" include €1,090 million (€1,101 million at December 31, 2012) in security deposits related to amounts received from customers as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the Company does not have an unconditional right to defer repayment beyond 12 months.

"Payables due to Electricity Equalization Fund and similar bodies" mainly include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €1,922 million (€1,862 million at December 31, 2012) and on the Spanish market amounting to €1,390 million (€1,491 million at December 31, 2012).

The item "Payables for put options granted to minority

shareholders" at December 31, 2013 includes the liability to Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million (unchanged on December 31, 2012) and that in respect of Renovables de Guatemala and Maicor Wind in the amount of €23 million.
"Payables for acquisition of equity investments" regard the purchase in 2013 of a number of companies in North America in the amount of €37 million.
"Other" payables include €76 million in respect of the liability associated with the application of the union agreements to implement the provisions of Article 4 of the Fornero Act with regard to other forms of incentive awarded under those agreements for persons who at December 31, 2013 were no longer employed with Enel.

37. Related parties

As an operator in the field of generation, distribution, transport and sale of electricity and the sale of natural gas, Enel carries out transactions with a number of companies directly or indirectly controlled by the Italian State, the Group's controlling shareholder.

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market Sale of electricity for own use
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Purchase of electricity on the Power Exchange for pumping and plant planning Sale of electricity for own use
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives Sale of electricity for own use
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market Purchase of transport, dispatching and metering services Sale of electricity for own use
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Purchase of fuels for generation plants, storage services and natural gas distribution Sale of electricity for own use
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods Sale of electricity for own use
Poste Italiane Group	Fully controlled (directly) by the Ministry for the Economy and Finance	Purchase of postal services Sale of electricity for own use

Finally, Enel also maintains relationships with the pension funds FOPEN and Fondenel, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity and Gas.

The following table summarizes transactions with related parties and with associated companies outstanding at December 31, 2013 and carried out during the period, respectively.

	Related parties							
Millions of euro	Single Buyer	EMO	Terna	ENI	ESO	Poste Italiane	Other	**Total**
Balance sheet								
Non-current financial assets	-	-	-	-	-	-	-	**-**
Other non-current assets	-	-	-	-	-	-	-	**-**
Trade receivables	3	453	491	209	19	-	59	**1,234**
Current financial assets	-	-	-	-	-	-	-	**-**
Other current assets	-	-	29	9	88	-	-	**126**
Other non-current liabilities	-	-	-	-	-	-	2	**2**
Trade payables	885	515	538	247	1,269	72	40	**3,566**
Current financial liabilities	-	-	-	-	-	-	-	**-**
Other current liabilities	-	-	21	-	-	-	-	**21**
Income statement								
Revenues from sales	-	6,523	1,316	658	102	-	38	**8,637**
Other revenues and income	-	74	16	-	297	-	4	**391**
Raw materials and consumables	5,135	4,451	198	355	1	-	14	**10,154**
Services	-	75	1,814	89	3	113	29	**2,123**
Other operating expenses	2	7	9	2	-	-	8	**28**
Net income from commodity risk management	(22)	-	100	-	-	-	-	**78**
Financial income	-	-	-	-	-	-	-	**-**
Financial expense	-	-	-	-	-	-	-	**-**

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-GB/group/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2013, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

Associated companies

GNL Chile	Enel Rete Gas	CESI	Other	**Total**	**Overall total**	**Total balance-sheet item**	**% of total**
-	-	-	4	**4**	**4**	**6,401**	**0.1%**
-	-	-	15	**15**	**15**	**837**	**1.8%**
1	-	1	32	**34**	**1,268**	**11,533**	**11.0%**
-	-	-	4	**4**	**4**	**7,877**	**0.1%**
18	-	-	8	**26**	**152**	**2,562**	**5.9%**
-	-	-	-	**-**	**2**	**1,266**	**0.2%**
19	-	12	50	**81**	**3,647**	**13,004**	**28.0%**
-	-	-	4	**4**	**4**	**3,640**	**0.1%**
-	-	-	3	**3**	**24**	**9,834**	**0.2%**
46	33	-	37	**116**	**8,753**	**77,258**	**11.3%**
-	1	-	9	**10**	**401**	**3,277**	**12.2%**
91	-	-	21	**112**	**10,266**	**41,612**	**24.7%**
53	295	17	22	**387**	**2,510**	**15,551**	**16.1%**
-	-	1	1	**2**	**30**	**2,837**	**1.1%**
-	-	-	-	**-**	**78**	**(378)**	**-20.6%**
-	-	-	35	**35**	**35**	**2,453**	**1.4%**
3	-	-	1	**4**	**4**	**5,266**	**0.1%**

38. Contractual commitments and guarantees

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

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	5,685	5,586	99
Commitments to suppliers for:			
- electricity purchases	42,181	50,634	(8,453)
- fuel purchases	55,789	62,576	(6,787)
- various supplies	2,176	2,120	56
- tenders	2,001	1,922	79
- other	2,696	2,315	381
Total	**104,843**	**119,567**	**(14,724)**
TOTAL	**110,528**	**125,153**	**(14,625)**

Guarantees granted to third parties amounted to €5,685 million, an increase of €99 million on 2012. The item includes 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 renewable from July 2004. The value of such guarantees (€438 million at December 31, 2013) is reduced annually by a specified amount.

The expected cash flow of the lease contracts, including forecast inflation, is as follows:

> 2014: €46 million;
> 2015: €47 million;
> 2016: €47 million;
> 2017: €48 million;
> 2018: €49 million.

The expected cash flow of the operating lease contracts of Endesa is as follows:

> 2014: €50 million;
> 2015-2016: €87 million;
> 2017 and beyond: €232 million.

Commitments for electricity amounted to €42,181 million at December 31, 2013, of which €23,296 million refer to the period 2014-2018, €8,401 million to the period 2019-2023, €3,651 million to the period 2024-2028 and the remaining €6,833 million beyond 2028. Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at December 31, 2013 was €55,789 million, of which €33,459 million refer to the period 2014-2018, €14,467 million to the period 2019-2023, €4,621 million to the period 2024-2028 and the remaining €3,242 million beyond 2028.

39. Contingent liabilities and assets

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees

The Court of Adria, in a ruling issued March 31, 2006, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and public authorities. Damages for a number of mainly private parties (individuals and environmental associations), were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (Ministry for the Environment, a number of public entities of Veneto and Emilia Romagna, including the area's park agencies) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and, on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities in Veneto, Enel has already made payment under a settlement agreement reached in 2008. With a suit lodged in 2011, the Ministry for the Environment, the public entities of Emilia Romagna and the private actors who had already participated as injured parties in the criminal case asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses is about €100 million, which Enel has contested.

During 2013, an agreement was reached – with no admission of liability by Enel/Enel Produzione – with the public entities of Emilia Romagna to express social solidarity in line with the general sustainability policies of the Group. The suits with the Ministry and private parties (individuals and environmental associations) remain open. At the hearing of January 8, 2014, the suit was taken for decision, with the establishment of the time limits for filing briefs.

In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of directors, former directors, officers, former officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. Subsequently, the public prosecutor filed charges of willfully causing a disaster. During 2012, the pre-trial hearing judge of Rovigo, granting the request of the Public Prosecutor's Office of Rovigo, ordered the committal for trial of all of the accused for both offences. The Ministry for the Environment, the Ministry of Health and other actors, mainly local authorities in Emilia Romagna and Veneto, as well as the park agencies of the area, joined the case as injured parties, seeking unspecified damages from the above individuals, without citing Enel or Enel Produzione as liable parties. Evidence was submitted during 2013. During the year, as part of the agreement mentioned earlier, most of the public entities withdrew their suits.

At the hearing of March 31, 2014, the Court sitting en banc issued its ruling of first instance, acquitting all of the accused of the charge of willful omission to take precautionary safety measures. The Court also acquitted all of the accused of the charge of willfully causing a disaster, with the exception of the two former Chief Executive Officers of Enel SpA (although the Court did not grant the request for recognition of aggravating circumstances as provided for when the disaster actually occurs). The former Chief Executive Officers were then ordered to pay unspecified damages in a separate civil action, with a total provisional ruling of €410,000 and payment of court costs for the remaining civil parties to the action.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding is under way before the Court of Brindisi concerning the Brindisi Sud thermal plant. A number of employees of Enel Produzione – cited as a liable party in civil litigation – have been accused of causing criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the plant with coal dust between 1999 and 2011. At the end of 2013, the accusations were extended to cover 2012 and 2013. As part of the proceeding, injured parties, including the Province and City of Brindisi, have submitted claims for total damages of about €1.3 billion. The argument phase has begun and hearings of witnesses are under way.

Criminal proceedings are also under way before the Courts of Reggio Calabria and Vibo Valentia against a number of employees of Enel Produzione for the offense of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant. Enel Produzione has not been cited as a liable party for civil damages.

Mass litigation

The following mass litigation is currently pending.

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

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed against Enel Distribuzione for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. Most of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. At December 31, 2013 pending cases numbered about 28,000 as a result of additional appeals filed despite the abandonment of suits by the plaintiffs and/or joinder of proceedings. In addition, in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation, the flow of new claims has come to a halt. Beginning in 2012, a number of actions for recovery were initiated and settlements reached to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.

In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings. The case also involved a number of reinsurance companies in the proceedings, which have challenged Enel's claim. In a ruling of October 21, 2013, the Court of Rome granted Enel's petition, finding the insurance coverage to be valid and ordering Cattolica, and consequently the reinsurance companies, to hold Enel harmless in respect of amounts paid or to be paid to users and their legal counsel as well as, within the limits established by the policies, to pay defense costs.

Litigation concerning free bill payment procedures

In its ruling 2507/2010 of May 3, 2010, the Council of State granted the appeal of the Authority for Electricity and Gas (the Authority) against ruling 321/2008 of February 13, 2008 with which the Lombardy Regional Court had voided Resolution 66/2007. With the latter, the Authority had fined Enel Distribuzione €11.7 million for violation of the provisions of Resolution 55/2000 concerning the transparency of invoices. Enel Distribuzione lodged an appeal with the Council of State asking for it to revoke the ruling but the appeal was denied on February 24, 2011.

The appeal lodged on October 29, 2010 with the European Court of Human Rights in Strasbourg is still pending. The appeal seeks a judgment against the Italian State and damages equal to the amount paid with the fine. In Enel's view, with the ruling the Council of State adopted an interpretation of the legal concept of legality that differs from that usually adopted in the case law of the European court.

Since the end of 2006, Enel has been sued by numerous customers, especially in Campania and Calabria (with the support of a number of consumer associations), alleging violations of

a number of Authority Resolutions (200/1999, 55/2000 and 66/2007) concerning the requirement to provide at least one free method for paying invoices and to publicize that method in invoices themselves. In the civil suits, the customers have requested restitution of amounts paid for postal expenses and, often, further damages.

At December 31, 2013, pending cases numbered about 47,900, but the number of new suits is declining, especially following the judgment of the Court of Cassation in 2011 that the rule set out in Authority Resolution 200/1999 did not have supplementary validity for existing supply contracts, thereby finding the action for non-performance of contract advanced by customers to be unfounded, because it was based on a non-existent clause.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania.

Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient Shpk demanded payment of more than €430 million.

As the Albanian Court of Cassation upheld the ruling of the court of first instance, Enelpower SpA and Enel SpA then filed an appeal with the European Court of Human Rights for violation of the right to a fair trial and the rule of law, asking the Court to order the Republic of Albania to pay damages for financial and non-financial losses incurred by Enel SpA and Enelpower SpA. That suit is pending.

In addition, in February 2012, Albania BEG Ambient Shpk filed suit against Enel and Enelpower with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel and Enelpower have challenged the suit. The proceeding is still under way.

Subsequently, again at the initiative of Albania BEG Ambient Shpk, Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France. JP Morgan Bank Luxembourg SA was also served with an analogous order in respect of any receivables of Enel SpA.

Albania BEG Ambient Shpk subsequently sued Enel SpA and Enelpower SpA in the state of New York seeking recognition of the Albanian sentence in the state of New York. Pending the first hearing, the judge enjoined the two companies from disposing of their assets up to the amount of $597,493,543.

Enel SpA and Enelpower SpA will contest all aspects of the foundation of the plaintiff's case, taking all steps available to them to defend their interests. Furthermore, proceedings continue in the suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower, through the legal action taken by Albania BEG Ambient Shpk in Albania. With this action, Enelpower and Enel are asking the Court to find BEG liable and order it to pay damages in the amount that one or the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the sentence issued by the Albanian courts. The next hearing is scheduled for March 12, 2015.

Violations of Legislative Decree 231/2001

The following four cases for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons are pending. Three involve Enel Produzione and one involves Enel Distribuzione, for omission of accident prevention measures:

- for a fatal accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2008, Enel Produzione has been charged with administrative liability for manslaughter;
- for an accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2009, Enel Produzione has been charged with administrative liability for negligent personal injury;
- for a fatal accident involving an employee of a subcontractor at the Enel plant at Termini Imerese in 2008, Enel Produzione has been charged with administrative liability for manslaughter;

> for a fatal accident involving an employee of a subcontractor in Palermo in 2008, Enel Distribuzione has been charged with administrative liability for manslaughter.

The above proceedings are still in the argument phase.

Josel litigation - Spain

In March 2009, Josel SL sued Endesa Distribución Eléctrica SL to withdraw from the contract for the sale of several buildings due to changes in their zoning status, requesting the restitution of about €85 million plus interest. Endesa Distribución Eléctrica SL opposed the request for withdrawal. On May 9, 2011, the court granted the request to permit withdrawal from the contract and ordered Endesa to repay the amounts paid for the sale plus interest and costs. Endesa has appealed the ruling. On February 13, 2012, the *Audiencia Provincial de Palma de Mallorca* overturned the initial ruling. The latter judgment was appealed by Josel with the *Tribunal Supremo* on March 19, 2012. Endesa Distribución Eléctrica SL opposed the appeal in a brief of December 14, 2012.

Basilus litigation (formerly Meridional) - Brazil

The Brazilian construction company Basilus S/A Serviço, Emprendimiento y Participações (formerly Meridional) held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As part of its privatization, CELF transferred its assets to Ampla Energia e Serviços (Ampla). In 1998, Basilus filed suit against Ampla, arguing that the transfer had infringed its rights and that it had been defrauded.

In March 2009, the Brazilian court granted the complaint, and Ampla and the State of Rio de Janeiro filed appeals against the decision, which were granted in December 2009 by the *Tribunal de Justiça Estadual*. Following that decision, Basilus lodged a further appeal (*Mandado de segurança*) in June 2011. That request was denied. Subsequently Basilus lodged a new appeals with the *Tribunal Superior de Justiça*, some of which are still pending.

The amount involved in the dispute is about R$1,052 million (about €322 million).

CIEN litigation - Brazil

In 1998 the Brazilian company CIEN signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. As part of the dispute, Tractebel has expressed its intention to acquire 30% of the transmission line involved. The case is continuing. The amount involved in the dispute is estimated at about R$118 million (about €36 million), plus unspecified damages.

For analogous reasons in May 2010 the company Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about R$520 million (about €160 million), in addition to unspecified damages.

In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line.

CIEN's defense is similar to the earlier case. The evidentiary stage of the trial has been completed and the ruling at first instance is pending.

Bocamina II arbitration - Chile

Litigation is under way concerning the contract for the construction of the second unit of the Bocamina thermal plant ("Bocamina II"). The contract was agreed in 2007 by Endesa Chile with a consortium made up of Ingeniería y Construcción Tecnimont Chile Compañía Limitada, Tecnimont SpA, Tecnimont do Brasil Construção and Administração de Projetos Ltda (together, "Tecnimont"), Slovenske Energeticke Strojarne AS and Ingeniería y Construcción SES Chile Limitada (together "SES"). On October 16, 2012, following substantial violations of contractual undertakings by the consortium (including the failure to complete the works on time), Endesa Chile sought execution of the guarantees securing its position. In any event, the guarantees of SES have not yet been collected pending resolution of a number of precautionary proceedings initiated by SES in Slovakia. On October 17, 2012 Endesa Chile submitted a request for arbitration before the International Chamber of Commerce in Paris, citing the non-

performance of the consortium and claiming damages (subsequently quantified in the amount of about $373 million, or about €270 million).
During the arbitration proceedings, the consortium filed a counterclaim against Endesa Chile in the amount of about $1,300 million – about €940 million (most of which in the form of damages for the alleged harm to the image of Tecnimont following the execution of the bank guarantees by Endesa Chile). In April 2013, the parties agreed to join the proceedings with another arbitration proceeding brought by SES against Endesa Chile before the International Chamber of Commerce in Paris. The arbitration proceeding is under way and in December 2013 the parties filed their first briefs.

Bocamina power plant - Chile

A number of environmental issues have arisen with regard to the Bocamina power plant. In August 2013, the *Superintendencia de Medio Ambiente* (SMA) notified Endesa Chile that it had initiated proceedings against it for alleged violations of environmental rules. In December 2013, Endesa Chile submitted its defense and is awaiting a decision by the SMA. In addition, various opponents of the plant (e.g. fishermen) have submitted three "*Recursos de Protección*" against the operation of the plant. During the second of those appeals, in December 2013, the Supreme Court, in reversing the earlier decision of the Court of Appeal, granted the precautionary measures requested by the plaintiffs, ordering the shutdown of unit II of the Bocamina plant, which is therefore currently halted pending a decision on the appeal.

Electrica arbitration - Romania

June 11, 2007, Enel SpA entered into a Privatization Agreement with SC Electrica SA for the privatization of Electrica Muntenia Sud (EMS). The accord provided for the sale to Enel of 67.5% of the Romanian company. In accordance with the unbundling rules, in September 2008 the distribution and electricity sales operations were transferred to two new companies, Enel Distributie Muntenia (formerly EMS) and Enel Energie Muntenia (EEM). In December 2009, Enel transferred the entire capital of the two companies to Enel Investment Holding BV (EIH).
On July 5, 2013, Electrica notified Enel SpA, Enel Investment Holding, EMS and EEM (limited to a number of claims) of a request for arbitration before the International Chamber of Commerce in Paris, claiming damages for alleged violations of the Privatization Agreement.
More specifically, the plaintiff claimed payment of penalties of about €800 million, plus interest and additional unspecified damages. The proceeding is under way.

LaGeo arbitration

In October 2008, Enel Produzione (which Enel Green Power succeeded as a result of the spin-off of 2008) undertook arbitration action before the International Chamber of Commerce in Paris, against Comisión Ejecutiva Hidroeléctrica del Río Lempa ("CEL"), wholly owned by the Republic of El Salvador, and Inversiones Energéticas SA de Cv ("INE"), wholly owned by CEL, for breach of a number of provisions of the shareholders' agreement between Enel Produzione and INE of June 4, 2002, regarding the management of LaGeo. More specifically, the shareholders' agreement gave Enel Produzione the right to finance the investments of LaGeo to build geothermal plants in El Salvador, treating those payments as capital increases. The agreement also required LaGeo to distribute all its net income.
After complying with the agreement during the initial phase, LaGeo stopped complying with the shareholders' agreement, no longer allowing Enel Produzione (and then Enel Green Power) to finance the investments approved and, consequently, to subscribe any further capital increases.
Enel Produzione therefore asked the arbitration board to order INE and CEL (i) to perform the specific obligations provided for under the shareholders' agreement and to pay damages of $30 million plus interest, duties and legal costs or, alternatively, (ii) pay total damages of $264.2 million plus interest, duties and legal costs.
INE joined the proceedings, asking that CEL be excluded and requesting damages for alleged losses caused by the poor execution of the works by Enel Green Power.
The arbitration board then ruled on the dispute, issuing its decision in July 2011, granting all of Enel Green Power's claims and denying those submitted by INE, recognizing:

> Enel Green Power's right to participate in a capital increase of the company, subscribing about 9 million shares with a value of about $127 million;

> LaGeo's duty to distribute profits earned in 2008 and 2009.

The Paris Court of Appeal (on January 8, 2013) upheld the arbitration ruling. The ruling on the appeal of INE before the Court of Cassation is still pending.

In July 2013, the Salvadoran parliament passed a law approving the withdrawal of El Salvador from the Washington Convention of 1965, which allowed foreign investors to bring claims against a state before the International Center for Settlement of Investment Disputes (ICSID). Before that law took effect, Enel Green Power had initiated a proceeding before the ICSID to preserve its rights against the interference of the Salvadoran government in Enel Green Power's relations with CEL.

In November 2013, the attorney general of El Salvador filed the findings of an investigation into the events that led to the acquisition of LaGeo by the Enel Group in 2002. Once the enquiry was closed, the attorney general summoned Enel Green Power El Salvador as a liable party to a hearing of charges of corruption against numerous public officials, two former employees of Enel Green Power and the lawyer who handled the formation and the sale of interests in the LaGeo.

The reconstruction of the events advanced by the attorney general's office is essentially the same as that presented by INE during arbitration, where it was ruled unfounded.

The judge in the first phase of the proceedings did not find any certain or grave violations and therefore rejected the attorney general's request for precautionary measures.

Dispute between Energia XXI Energias Renováveis e Consultoria Limitada and Enel Green Power España

In 1999 Energia XXI filed for arbitration against MADE (now Enel Green Power España) for alleged losses incurred due to the early termination of an agency contract for the sale of wind generators and wind farms of Enel Green Power España in Portugal and Brazil. With its ruling of November 21, 2000, the arbitration board found that the termination of the contract by MADE was illegitimate and ordered it to pay: (i) legal costs; (ii) the fixed portion of the monthly fee for the period from July 21, 1999 (date of termination of contract) to October 9, 2000 (expiration date of the contract), equal to about €50,000; (iii) as well as lost profits to be determined in respect of contracts for at least 15 MW of capacity.

Following the arbitration ruling, two civil court cases began:

> the first appeal was lodged by MADE with the *Tribunal Judicial de Primera Instancia* asking for the arbitration ruling to be voided. The case is still pending with the court of first instance following referral by the Court of Appeal (subsequently confirmed by the Supreme Court of Appeal on September 26, 2013), which granted Enel Green Power España's appeal of the admission of briefs;

> the second appeal was lodged by Energia XXI on May 9, 2006, with the Civil Court of Lisbon, with which Energia XXI asked for Enel Green Power España to be ordered to pay the amount determined in the 2000 arbitration ruling (the losses for which Energia XXI now puts at €546 million). Enel Green Power España considers the claim to be unfounded. Acting on a petition by Enel Green Power España, the court has so far suspended the case pending resolution of the first suit.

Tax litigation in Brazil

> In 1998, Ampla Energia e Serviços SA financed the acquisition of Coelce with the issue of bonds in the amount of $350 million ("Fixed Rate Notes" - FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2008, the interest paid by Ampla to its subsidiary was not subject to withholding tax in Brazil. However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax. In December 2005, Ampla Energía e Serviços SA carried out a spin-off in favor of Ampla Investimentos e Serviços SA that involved the transfer of the residual FRN debt and the associated rights and obligations. On November 6, 2012, the *Camara Superior de Recursos Fiscales* (the highest level of administrative courts) issued a ruling against Ampla, for which the company promptly asked that body for clarifications. On October 15, 2013, Ampla was notified of the denial of the request for clarification ("*Embargo de Declaración*"), thereby upholding the previous adverse decision. The company provided security for the debt and intends to continue litigation before the ordinary courts ("*Tribunal Superior de Justiça*").

The amount involved in the dispute at December 31, 2013 was about €260 million.

> In 2002, the State of Rio de Janeiro changed the deadlines for payment of the ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*) by withholding agents (to the 10th, 20th and 30th of each month - *Ley Benedicta*). Owing to liquidity problems, between September 2002 and February 2005, Ampla Energia e Serviços SA continued to pay the lCMS in compliance with the previous system (the 5th day of the subsequent month). Despite an informal agreement, the Brazilian tax authorities issued an assessment for late payment of the ICMS ("*multa de demora*"). Ampla appealed the measure (the highest level of the administrative courts), arguing that the penalties imposed were not due owing to the application of a number of amnesties granted between 2004 and 2006. In the event of an adverse ruling, the company will continue litigation before the ordinary courts. While the outcome of the final administrative proceedings is not yet known, following the registration of the claim in the Public Registry of the state of Rio de Janeiro, Ampla was required to provide security. The amount involved in the dispute at December 31, 2013 was about €71 million.

40. Subsequent events

Issue of hybrid financial instruments

On January 8, 2014, Enel launched a multi-tranche issue of non-convertible bonds for institutional investors on the international market in the form of subordinated hybrid instruments with an average maturity of about 61 years, denominated in euros and pounds sterling, in the total amount of about €1.6 billion. The issue was carried out in execution of the resolution of the Board of Directors of Enel of May 7, 2013.

The issue forms part of the measures to strengthen the financial structure of the Enel Group set out in the business plan presented to the financial community on March 13, 2013.

The transaction is structured in the following two tranches:

> €1,000 million maturing on January 15, 2075, issued at a price of 99.368 with an annual fixed coupon of 5% until the first early redemption date set for January 15, 2020. As from that date and until maturity, the rate will be equal to the 5-year euro swap rate plus a spread of 364.8 basis points and interest step-ups of 25 basis points from January 15, 2025 and a further 75 basis points from January 15, 2040;

> £500 million maturing on September 15, 2076, issued at a price of 99.317 with an annual fixed coupon of 6.625% (swapped into euros at a rate of about 5.60%) until the first early redemption date set for September 15, 2021. As from that date and until maturity, the rate will be equal to the 5-year GBP swap rate plus a spread of 408.9 basis points and interest rate step-ups of 25 basis points from September 15, 2026 and an additional 75 basis points from September 15, 2041.

The offering was led by a syndicate of banks comprising, for the euro tranche: Banca Imi, Banco Bilbao Vizcaya Argentaria SA, BNP Paribas, Crédit Agricole-CIB, Deutsche Bank, ING, JP Morgan, Mediobanca, Natixis, Société Générale Corporate & Investment Banking, and UniCredit Bank, and, for the sterling tranche: Barclays, BNP Paribas, Deutsche Bank, HSBC, JP Morgan, The Royal Bank of Scotland, Santander Global Banking & Markets and UBS Investment Bank.

Agreement for development of geothermal power and smart grids in Mexico

On January 13, 2014, Enel and the *Instituto de Investigaciones Eléctricas*, the Mexican electricity research body, signed an agreement for cooperation in geothermal generation and smart grids. With the agreement, the two parties will cooperate to exchange information and experience in smart grids and geothermal generation by means of pilot projects, training programmes and technology transfers in the respective areas of interest.

The Mexican government is seeking to implement smart

grid projects in the country to improve efficiency and service quality. Another goal is diversification in power generation, a key strengthening the security of supply by increasing the contribution of renewables to the country's energy mix.

Acquisition of an additional 15.13% of Coelce

As part of the reorganization of equity investments in Latin America following the Enersis capital increase in 2013, on January 14, 2014, Enersis, the Chilean subsidiary of the Enel Group, launched a friendly tender offer for about 42% of Companhia Energética do Ceará (Coelce), which operates in the electricity distribution sector in Brazil, of which it already indirectly holds about 58%. After the conclusion of the offering period, on February 17, 2014, Enersis acquired 15.13% of Coelce on Brazil's Bovespa exchange, for about $242 million (€176 million). For ordinary shares, in accordance with Brazilian law, the offer will remain open for a further 90 days in order to give shareholders who did not take up the offer in the previous 33 days the time they need to decide

Price adjustment in disposal of Artic Russia

On January 15, 2014, Eni announced the sale of its 60% stake in Artic Russia, held through Eni International, to the Russian company Yamal Development. Considering the agreements signed by Itera and the Enel Group prior to the completion of the sale of Enel's 40% stake in Artic Russia, the Group asked Itera to adjust the price of Artic Russia by around $112 million.

41. Stock incentive plans

Between 2000 and 2008, Enel implemented stock incentive plans (stock option plans and restricted share units plans) each year in order to give the Enel Group – in line with international business practice and the leading Italian listed companies – a means for fostering management motivation and loyalty, strengthening a sense of corporate team spirit in our key personnel, and ensuring their enduring and constant effort to create value, thus creating a convergence of interests between shareholders and management.

The remainder of this section describes the features of the stock incentive plans adopted by Enel and still in place in 2013.

2008 stock option plan

The 2008 plan provides for the grant of personal, non-transferable *inter vivos* options to subscribe a corresponding number of newly issued ordinary Enel shares to senior managers selected by the Board of Directors. The main features of the 2008 plan are discussed below.

Beneficiaries

The beneficiaries of the plan – who include the CEO of Enel is his capacity as General Manager – comprise the small number of managers who represent the first reporting line of top management. The head of the Infrastructure and Networks Division does not participate but has received other incentives linked to specific objectives regarding the Division's business area. The exclusion was motivated by the obligation for Enel – connected with the full liberalization of the electricity sector as from July 1, 2007 – to implement administrative and accounting unbundling so as to separate the activities included in the Infrastructure and Networks Division from those of the Group's other business areas. The beneficiaries have been divided into two brackets (the first includes only the CEO of Enel in his capacity as General Manager) and the basic number of options granted to each has been determined on the basis of their gross annual compensation and the strategic importance of their positions, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession *mortis causa*) specifically governed by the Regulations.

The vesting of the options is subject to achievement of two operational objectives, both calculated on a consolidated, three-year basis: (i) earnings per share (EPS, equal to Group net income divided by the number of Enel shares in circulation) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years and (ii) the return on average capital employed (ROACE, equal to the ratio between operating income and average net capital employed) for the 2008-2010 period, also determined on the basis of the amounts specified in the budgets for those years. Depending on the degree to which the objectives are achieved, the number of options that can actually be exercised by each beneficiary is determined on the basis of a performance scale established by the Enel Board of Directors and may vary up or down with respect to the basic option grant by a percentage amount of between 0% and 120%.

Exercise procedures

Once achievement of the operational objectives has been verified, the options can be exercised as from the third year after the grant year and up to the sixth year as from the grant year. The options can be exercised at any time, with the exception of two blocking periods lasting about one month before the approval of the draft annual financial statements of Enel SpA and the half-year report by the Board of Directors.

Strike price

The strike price was originally set at €8.075, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2008. The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €7.118 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares.

Subscription of the shares is charged entirely to the beneficiaries, as the plan does not provide for any facilitated terms to be granted in this respect.

Shares serving the plan

In June 2008, the Extraordinary Shareholders' Meeting granted the Board of Directors a five-year authorization to carry out a paid capital increase in the maximum amount of €9,623,735. The Board of Directors has not implemented the capital increase in the light of developments in the Enel stock price.

Developments in the 2008 stock option plan

The Board of Directors has determined that in the 2008-2010 period both EPS and ROACE exceeded the levels set out in the budgets for those years, thereby enabling the options to vest in an amount equal to 120% of those originally granted to the beneficiaries, in application of the performance scale established by the Enel Board of Directors.

The following table reports developments in the 2008 stock option plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options exercised at Dec. 31, 2012	Options lapsed at Dec. 31, 2012	Options lapsed in 2013	Options outstanding at Dec. 31, 2013
8,019,779 (1)	16 Group executives	€8.075 (2)	Rights vested	None	None	None	9,623,735

(1) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) had been achieved, a total of 9,623,735 options have vested.
(2) The strike price was changed to €7.118 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.

Payment of a bonus connected with the portion of the dividends attributable to asset disposals, to be made in conjunction with the exercise of stock options

In March 2004, the Board of Directors voted to grant a special bonus, beginning in 2004, to the beneficiaries of the various stock option plans who exercise the options granted to them, establishing that the amount is to be determined each time by the Board itself when it adopts resolutions concerning the allocation of earnings and is based on the portion of the "disposal dividends" (as defined below) distributed after the granting of the options.

The rationale underlying this initiative is that the portion of dividends attributable to extraordinary transactions regarding the disposal of property and/or financial assets ("disposal dividends") should be considered a form of return to shareholders of part of the value of the Company, and as such capable of affecting the performance of the shares.

The beneficiaries of the bonus are thus the beneficiaries of the stock option plans who – either because they choose to do so or because of the restrictions imposed by the exercise conditions or the vesting periods – exercise their options after the ex-dividend date of the "disposal dividends" and therefore could be penalized. The bonus is not paid, however, for the portion of other kinds of dividends, such as those generated by ordinary business activities or reimbursements associated with regulatory measures.

Essentially, when beneficiaries of the stock option plans have exercised the options granted to them, as from 2004 they have been entitled to receive a sum equal to the "disposal dividends" distributed by Enel after the options have been granted but before they have been exercised. The bonus will be paid by the company of the Group that employs the beneficiary and is subject to ordinary taxation as income from employment.

Under these rules, to date the Board of Directors has approved: (i) a bonus amounting to €0.08 per option exercised, with regard to the dividend (for 2003) of €0.36 per share payable as from June 24, 2004; (ii) a bonus amounting to €0.33

per option exercised, with regard to the interim dividend (for 2004) of the same amount per share payable as from November 25, 2004; (iii) a bonus amounting to €0.02 per option exercised, with regard to the balance of the dividend (for 2004) of €0.36 per share payable as from June 23, 2005; and (iv) a bonus amounting to €0.19 per option exercised, with regard to the interim dividend (for 2005) of the same amount per share payable as from November 24, 2005.

It should be noted that the overall dilution of share capital as at December 31, 2013 attributable to the exercise of the stock options granted under the various plans amounts to 1.31% and that further developments in the plans could, in theory, increase the dilution up to a maximum of 1.41%.

The following table summarizes developments over the course of 2011, 2012 and 2013 in the Enel stock option plans, detailing the main assumptions used in calculating their fair value.

Developments in stock option plans

Number of options	2008 plan
Options granted at December 31, 2011	9,623,735 (1)
Options exercised at December 31, 2011	
Options lapsed at December 31, 2011	
Options outstanding at December 31, 2011	9,623,735 (1)
Options lapsed in 2012	-
Options outstanding at December 31, 2012	9,623,735 (1)
Options lapsed in 2013	-
Options outstanding at December 31, 2013	9,623,735 (1)
Fair value at grant date (euro)	0.17
Volatility	21%
Option expiry	December 2014

(1) Following the review conducted by the Enel SpA Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 9,623,735 options have vested (120% of the 8,019,779 options originally granted).

Restricted share units plan 2008

In June 2008 Enel's Ordinary Shareholders' Meeting approved an additional incentive mechanism, a restricted share units plan. The plan – which is also linked to the performance of Enel shares – differs from the stock option plans in that it does not involve the issue of new shares and therefore has no diluting effect on share capital. It grants the beneficiaries rights to receive the payment of a sum equal to the product of the number of units exercised and the average value of Enel shares in the month preceding the exercise of the units.

Beneficiaries

The plan covers the management of the Enel Group (including the managers already participating in the 2008 stock option plan, which includes the Enel CEO in his capacity as General Manager), with the exception of the managers of the Infrastructure and Networks Division for the reasons discussed with the 2008 stock option plan. The beneficiaries have been divided into brackets and the basic number of units granted to each has been determined on the basis of the average gross annual compensation of the bracket, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

Exercise of the units – and the consequent receipt of the payment – is subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit of the company at which the beneficiary is employed from the Group or succession *mortis causa*) specifically governed by the Regulations. As regards other exercise conditions, the plan first establishes a suspensory operational objective (a "hurdle target"): (i) for the first 50% of the basic number of units granted, Group EBITDA for 2008-2009, calculated on the basis of the amounts specified in the budgets for those years; and (ii) for the remaining 50% of the basic number of units granted, Group EBITDA for 2008-2010, calculated on the basis of the amounts specified in the budgets for those years.

If the hurdle target is achieved, the actual number of units that can be exercised by each beneficiary is determined on the basis of a performance objective represented by:

> for the first 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2009 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and that of a specific benchmark index calculated as the average of the performance of the MIBTEL index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric Index (weight: 50%); and

> for the remaining 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2010 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and the benchmark index calculated as the average of the performance of the MIBTEL index (weight: 50%) – replaced in 2009 with the FTSE Italia All Share index as indicated above – and the Bloomberg World Electric Index (weight: 50%).

The number that can be exercised may vary up or down with respect to the basic unit grant by a percentage amount of between 0% and 120% as determined on the basis of a specific performance scale.

If the hurdle target is not achieved in the first two-year period, the first tranche of 50% of the units granted may be recovered if the same hurdle target is achieved over the longer three-year period indicated above. It is also possible to extend the validity of the performance level registered in the 2008-2010 period to the 2008-2009 period, where performance was higher in the longer period, with the consequent recovery of units that did not actually vest in the first two-year period because of the lower performance level and on the condition that the first 50% of the basic unit grant has not yet been exercised.

Exercise procedures

Once achievement of the hurdle target and the performance objectives has been verified, of the total number of units granted, 50% may be exercised as from the second year subsequent to the grant year and the remaining 50% as from the third year subsequent to the grant year, with the deadline for exercising all the units being the sixth year subsequent to the grant year. In any event, each year the units can only be exercised during four time windows of ten business days each (to be announced by Enel over the course of the plan) in the months of January, April, July and October.

Developments in the 2008 restricted share units plan

The review conducted by the Board of Directors to verify satisfaction of the exercise conditions found the following. For the first 50% of the basic units granted, in 2008-2009 the hurdle target for Group EBITDA had been achieved and Enel shares had slightly outperformed the benchmark index, meaning that according to the performance scale 100% of the units originally granted had vested. For the remaining 50% of the basic grant awarded, in 2008-2010

the hurdle target for Group EBITDA had been achieved and Enel shares significantly outperformed the benchmark index, meaning that according to the performance scale an amount equal to 120% of the units originally granted had vested. In view of the fact that the level of achievement of the performance targets over the 2008-2010 period was higher than that achieved in 2008-2009, it is therefore possible to recover the units that did not vest in 2008-2009 as a result of the lower level of achievement of the performance targets for beneficiaries who had not yet exercised the first 50% of the basic units granted before achievement of the targets for 2008-2010 had been ascertained.
The following table reports developments in the 2008 restricted share units plan.

Number of RSU	2008 plan
RSU outstanding at December 31, 2011	357,746
of which vested at December 31, 2011	*357,746*
RSU lapsed in 2012	-
RSU exercised in 2012	103,432
RSU outstanding at December 31, 2012	254,314
of which vested at December 31, 2012	*254,314*
RSU lapsed in 2013	-
RSU exercised in 2013	24,540
RSU outstanding at December 31, 2013	229,774
of which vested at December 31, 2013	*229,774*
Fair value at the grant date (euro)	3.16
Fair value at December 31, 2013 (euro)	3.72
Expiry of the restricted share units	December 2014

Corporate governance

Report on corporate governance and ownership structure

The corporate governance structure of Enel SpA and of its corporate group complies with the principles set forth in the edition of the Corporate Governance Code for listed companies[1], adopted by the Company. Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

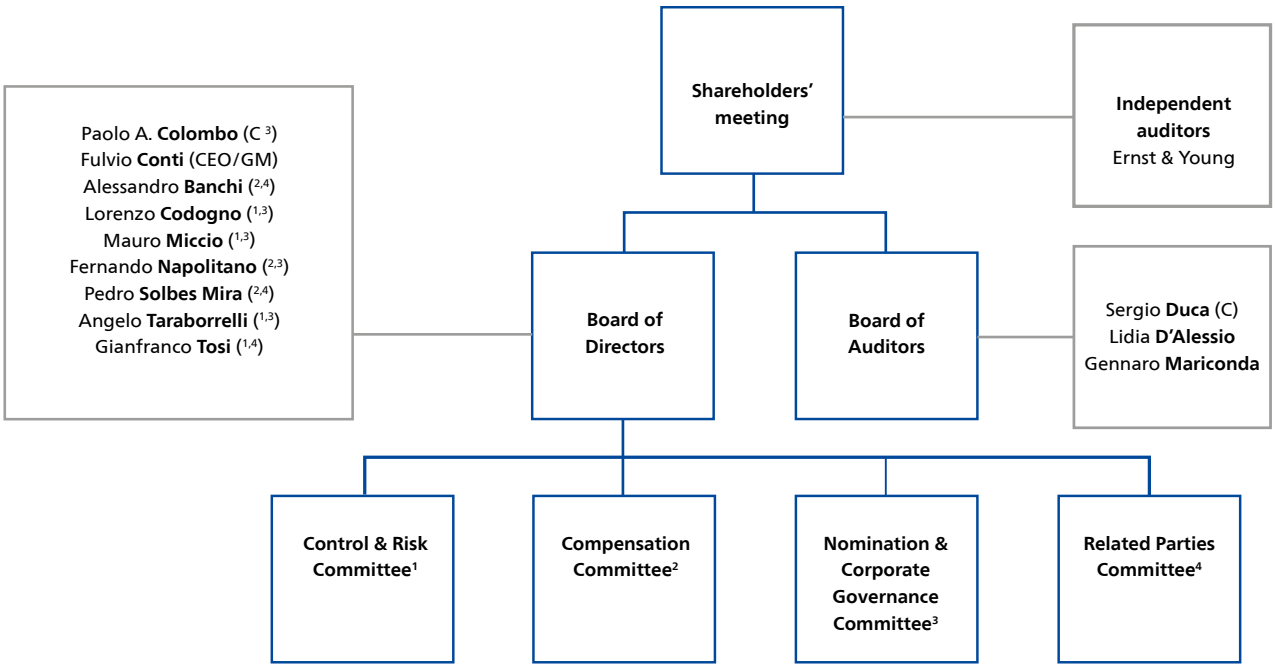
The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider all the interests involved.

In compliance with the provision of Italian law governing companies with listed shares, the Company's organization is characterized by:

- a Board of Directors charged with managing the Company;
- a Board of Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of Company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the statutory audit firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;
- a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Auditors.

(1) The various editions of the Code are available on the website of Borsa Italiana (http://www.borsaitaliana.it).



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (www.enel.com, in the "Governance" section).

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

of the Enel Group at December 31, 2012, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Fulvio Conti and Luigi Ferraris, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2013 and December 31, 2013.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

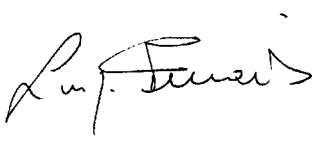
3. In addition, we certify that consolidated financial statements of the Enel Group at December 31, 2013:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation 1606/2002/EC of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the report on operations accompanying the financial statements of the Enel Group at December 31, 2013 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 11, 2014

Fulvio Conti
Chief Executive Officer of Enel SpA

Luigi Ferraris
Officer responsible for the preparation of the financial reports of Enel SpA



Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2013

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2012, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, registered office, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parent Company									
Enel SpA	Rome	Italy	9,403,357,795.00	EUR	Holding company				100.00%
Subsidiaries									
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Black River Inc. Hydro Development Group Inc.	50.00% 50.00%	68.29%
3SUN SRL	Catania	Italy	180,030,000.00	EUR	Development, design, construction and operation of solar panel manufacturing plants	Proportionate	Enel Green Power SpA	33.33%	22.76%
Adams Solar PV Project Two (Pty) Limited	Cape Town	South Africa	-	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Proportionate	Enel Produzione SpA	33.33%	33.33%
Aes Distribuidores Salvadorenos Ltda de Cv	Colonia Escalon	El Salvador	200,000.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power El Salvador SA de CV	20.00%	13.66%
Aes Distribuidores Salvadorenos Y Compania S En C de Cv	Colonia Escalon	El Salvador	200,000.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power El Salvador SA de CV	20.00%	13.66%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	80.00%	27.32%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	15.35%
Aguas Santiago Poniente SA	Santiago	Chile	6,601,120,747.00	CLP	Water services	Line-by-line	Construcciones Y Proyectos los Maitenes SA Inmobiliaria Manso de Velasco Ltda	53.06% 25.82%	30.70%
Aguilon 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	39.68%
Almeyda Solar SpA	Santiago	Chile	1,736,965,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Alpe Adria Energia SpA	Udine	Italy	450,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	40.50%	40.50%
Altomonte Fv Srl	Cosenza	Italy	100,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Ampla Energía e Serviços SA	Rio de Janeiro	Brazil	129,823.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Chilectra Inversud SA Chilectra SA Endesa Brasil SA Enersis SA	21.02% 10.34% 46.89% 21.38%	51.14%
Andorra Desarrollo SA	Teruel	Spain	901,520.00	EUR	Regional development	Line-by-line	Endesa Generación SA	100.00%	92.06%
Apamea 2000 SL	Madrid	Spain	3,010.00	EUR	Services	Line-by-line	Endesa SA	100.00%	92.06%
Apiacàs Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500.00	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc.	100.00%	68.29%
Aquilae Solar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Management and maintenance of power plants	Proportionate	Endesa Generación SA	85.41%	78.63%
Atacama Finance Co	Cayman Islands	Cayman Islands	6,300,000.00	USD	Holding company	Proportionate	Inversiones Gasatacama Holding Ltda	99.90%	17.16%
							Gas Atacama SA	0.10%	
Atelgen - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Held for sale	Tp - Sociedade Térmica Portuguesa SA	51.00%	39.68%
Athonet Smartgrid Srl	Bolzano	Italy	10,001.00	EUR	Research, development and design	Proportionate	Enel Servizi Srl	0.01%	0.01%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Ayesa Advanced Technologies SA	Seville	Spain	663,520.00	EUR	IT services	Equity	Endesa Servicios SL	22.00%	20.25%
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity	Proportionate	Empresa Nacional de Electricidad SA	0.51%	17.07%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Aysén Transmisión SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Proportionate	Empresa Nacional de Electricidad SA	0.51%	17.07%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	10.00%	68.29%
							Sweetwater Hydroelectric Inc.	90.00%	
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings Ltd	67.50%	46.09%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	100.00%	68.29%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc	100.00%	68.29%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000.00	EUR	Marketing of projects for electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Black River Hydro Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	(Cataldo) Hydro Power Associates	75.00%	51.22%
Blue Line Valea Nucarilor Srl	Bucharest	Romania	400,000,600.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Boiro Energia SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
Bolonia Real Estate SL	Madrid	Spain	3,008.00	EUR	Real estate	Line-by-line	Endesa SA	100.00%	92.06%
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Hydropower Inc.	100.00%	68.29%
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Finance Holding Company Inc.	100.00%	68.29%
Bosmat SA	Oficina 1508	Uruguay	400,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	100.00%	68.23%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	32.00%	68.29%
							Chi Idaho Inc.	68.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bp Hydro Associates	75.92%	68.29%
							Fulcrum Inc.	24.08%	
Braila Power SA	Sat Chiscani, Comuna Chiscani	Romania	1,900,000.00	RON	Electricity generation	Proportionate	Enel Investment Holding BV	29.93%	29.93%
Buffalo Dunes Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Equity	EGPNA Development Holdings LLC	49.00%	33.46%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Business Venture Investments 1468 (PTY) LTD	Lombardy east	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Bypass Ltd	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc.	69.35%	68.29%
							Chi West Inc.	29.65%	
							El Dorado Hydro	1.00%	
Bypass Power Company	Los Angeles (California)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
CalBatt Srl	Rende (Cosenza)	Italy	10,001.00	EUR	Research, development and design	Proportionate	Enel Servizi Srl	0.01%	0.01%
Calizas Elycar SL	Huesca	Spain	1,803,000.00	EUR	Combined-cycle generation plants	Equity	Enel Green Power España SL	25.00%	19.45%
Camposgen - Energia Lda	Oeiras	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Pp - Co-Geração SA	20.00%	77.80%
							TP - Sociedade Térmica Portuguesa SA	80.00%	
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Carboex SA	Madrid	Spain	24,040,480.00	EUR	Fuel supply	Line-by-line	Endesa Generación SA	100.00%	92.06%
Carbopego - Abastecimientos e Combustiveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Proportionate	Endesa Generación Portugal SA	0.01%	46.03%
							Endesa Generación SA	49.99%	
Carvemagere - Manutençao e Energias Renováveis Lda	Barcelos	Portugal	84,700.00	EUR	Cogeneration of electricity and heat	Held for sale	Finerge-Gestão de Projectos Energéticos SA	65.00%	50.57%
Castle Rock Ridge Ltd Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc.	0.10%	68.29%
							Chi Hydroelectric Company Inc.	99.90%	
Cefeidas Desarrollo Solar SL	Puerto del Rosario	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	289,340,000.00	BRL	Electricity generation and sale	Line-by-line	Endesa Brasil SA	99.75%	46.50%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Inversora Dock Sud SA (formerly Sociedad Inversora Dock Sud SA)	69.99%	22.32%
Central Eólica Canela SA	Santiago	Chile	12,284,740,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Compañía Eléctrica Tarapacá SA	75.00%	25.74%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Endesa Brasil SA	100.00%	46.62%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Operation of hydro-electric plants	Equity	Enel Green Power España SL	33.30%	25.91%
Central Térmica de Anllares AIE	Madrid	Spain	595,000.00	EUR	Management of thermal plants	Equity	Endesa Generación SA	33.33%	30.68%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Proportionate	Hidroeléctrica El Chocón SA	33.20%	9.02%
							Central Dock Sud SA	6.40%	
							Endesa Costanera SA	1.30%	
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	158,975,665,182.00	CLP	Design	Proportionate	Empresa Nacional de Electricidad SA	51.00%	17.07%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Management of nuclear plants	Equity	Nuclenor SA	0.69%	22.02%
							Endesa Generación SA	23.57%	
Centrum Pre Vedu a Vyskum Sro	Kalná nad Hronom Mochovce 6	Slovakia	6,639.00	EUR	Research and development on natural sciences and engineering	Line-by-line	Slovenskè Elektrárne AS	100.00%	66.00%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Research and testing services	Equity	Enel SpA	42.70%	42.70%
Chepei Desarollo Solar L	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Chi Black River Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	223,727,429.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Chi Idaho Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi S F LP	Montreal (Quebec)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Alberta Wind Inc. Enel Green Power Canada Inc.	1.00% 99.00%	68.29%
Chi West Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chilectra Inversud SA	Santiago	Chile	569,020,000.00	USD	Holding company	Line-by-line	Chilectra SA	100.00%	55.30%
Chilectra SA	Santiago	Chile	36,792,868,194.00	CLP	Holding company. Electricity distribution	Line-by-line	Enersis SA Inmobiliaria Manso de Velasco Ltda	99.08% 0.01%	55.30%
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Edegel SA	80.00%	16.73%
Chisholm View Wind Project LLC	Oklahoma City - Oklahoma	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	75.00%	51.22%
Chladiace Veze Bohunice Spol Sro	Bohunice	Slovakia	16,598.00	EUR	Engineering and construction	Equity	Slovenskè elektrárne AS	35.00%	23.10%
Codensa SA ESP	Bogotá DC	Colombia	13,209,330,000.00	COP	Electricity distribution and sale	Line-by-line	Enersis SA Chilectra SA	39.13% 9.35%	27.01%
Cogeneración El Salto SL (in liquidation)	Zaragoza	Spain	36,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	20.00%	15.56%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	20.00%	15.56%
Compagnia Porto Di Civitavecchia SpA	Rome	Italy	19,622,000.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Companhia Energética do Ceará SA	Fortaleza	Brazil	442,950,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	58.87%	27.44%
Companhia Térmica do Serrado ACE	Paços De Brandão	Portugal	-	EUR	Electricity generation	Equity	Tp - Sociedade Térmica Portuguesa SA	30.00%	23.34%
Companhia Térmica Hectare ACE	Alcochete	Portugal	-	EUR	Electricity generation	Held for sale	Tp - Sociedade Térmica Portuguesa SA	60.00%	46.68%
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	Electricity generation	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Companhia Térmica Oliveira Ferreira ACE (in liquidation)	Riba De Ave	Portugal	-	EUR	Electricity generation	-	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Companhia Térmica Ribeira Velha ACE	São Paio de Oleiros	Portugal	-	EUR	Electricity generation	Line-by-line	Pp - Co-Geração SA TP - Sociedade Térmica Portuguesa SA	49.00% 51.00%	77.80%
Companhia Térmica Tagol Lda	Algés	Portugal	5,000.00	EUR	Electricity generation	Held for sale	Tp - Sociedade Térmica Portuguesa SA	95.00%	73.91%
Compañía de Interconexión Energética SA	Rio se Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	100.00%	46.62%
Compañía de Transmisión del Mercosur SA	Buenos Aires	Argentina	14,175,999.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	46.62%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Compañía Eléctrica Tarapacá SA	Santiago	Chile	331,815,034,140.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	3.78%	34.32%
							Empresa Nacional de Electricidad SA	96.21%	
Compañía Energética Veracruz SAC	Lima	Peru	2,886,000.00	PEN	Hydroelectric project	Line-by-line	Generalima SA	100.00%	55.81%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	35.63%	27.72%
Compañía Transportista de Gas de Canarias SA	Las Palmas de Gran Canaria	Spain	800,003.00	EUR	Natural gas transport	Equity	Unión Eléctrica de Canarias Generación SAU	47.18%	43.43%
Compostilla Re SA	Luxembourg	Luxembourg	12,000,000.00	EUR	Reinsurance	Line-by-line	Enel Insurance NV	100.00%	96.03%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Produzione SpA	51.00%	100.00%
							Enel Ingegneria e Ricerca SpA	49.00%	
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Aquenergy Systems Inc.	100.00%	68.29%
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	95.00%	68.29%
							Gauley River Power Partners LP	5.00%	
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	55.87%
Consorcio Ara-Ingendesa Ltda	Santiago	Chile	1,000,000.00	CLP	Design and consulting services	Proportionate	Compañía Eléctrica Tarapacá SA	50.00%	17.16%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cadiz	Spain	200,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	50.00%	38.90%
Construcciones Y Proyectos Los Maitenes SA	Santiago	Chile	41,742,265,201.00	CLP	Engineering and construction	Line-by-line	Inmobiliaria Manso De Velasco Ltda	55.00%	30.69%
Copenhagen Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	50.00%	68.29%
							Hydro Development Group Inc.	50.00%	
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	1,021,600.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	19.45%
Courtenay Wind Farm LLC	Bismarck (North Dakota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Cte - Central Termica do Estuário Lda	Porto	Portugal	563,910.00	EUR	Cogeneration of electricity and heat	Held for sale	Finerge-Gestao de Projectos Energéticos SA	100.00%	77.80%
De Rock'l Srl	Bucharest	Romania	5,629,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania	100.00%	68.29%
Depuracion Destilacion Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	40.00%	31.12%
Desarollo Photosolar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Desarrollo de Fuerzas Renovables Srl de Cv	Mexico DF	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.29%
							Energia Nueva Energia Limpia Mexico Srl e Cv	0.01%	
Dioflash (Pty) Ltd	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Diseño de Sistemas en silicio SA (in liquidation *Amministrazione in Concordato*)	Valencia	Spain	578,000.00	EUR	Photovoltaic plants	-	Endesa Servicios SL	14.39%	13.25%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA	55.00%	92.06%
							Hidroeléctrica de Catalunya SL	45.00%	
Distribuidora Eléctrica de Cundinamarca SA ESP	Bogotá DC	Colombia	1,000,000.00	COP	Electricity distribution and sale	Proportionate	Codensa SA ESP	49.00%	13.23%
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchase, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Enersis SA	27.19%	28.42%
							Chilectra SA	23.42%	
							Empresa Nacional de Electricidad SA	0.89%	
Dominica Energía Limpia, Srl de CV	Colonia Guadalupe Inn	Mexico	13,252,205.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.29%
							Enel Green Power Guatemala SA	0.01%	
Edegel SA	Lima	Peru	2,064,301,735.00	PEN	Electricity generation, distribution and sale	Line-by-line	Generandes Perú SA	54.20%	20.91%
							Empresa Nacional de Electricidad SA	29.40%	
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestao de Projectos Energéticos SA	100.00%	77.80%
Eevm - Empreendimentos Eólicos do Vale do Minho SA	Porto	Portugal	200,000.00	EUR	Electricity generation from renewable resources	Equity	Eol Verde Energia Eólica SA	50.00%	29.17%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGPNA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Development LLC	100.00%	68.29%
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc.	17.50%	68.29%
							Chi West Inc.	82.50%	
Elcogas SA	Puertollano	Spain	20,242.26	EUR	Electricity generation	Equity	Enel SpA	4.32%	42.06%
							Endesa Generación SA	40.99%	
Elcomex Eol Srl	Cernavoda	Romania	1,000,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.10%	68.29%
							Enel Green Power Romania Srl	99.90%	
Elcomex Solar Energy Srl	Constanta	Romania	4,590,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle generation	Proportionate	Endesa Generación Portugal SA	50.00%	45.99%
Electra Capital (Pty) Ltd	Cape Town	South Africa	755,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Electrica Cabo Blanco SA (formerly Empresa Electrica Cabo Blanco SA)	Lima	Peru	46,508,170.00	PEN	Holding company	Line-by-line	Enersis SA	80.00%	55.81%
							Generalima SA	20.00%	
Eléctrica de Jafre SA	Girona	Spain	165,880.00	EUR	Electricity distribution and sale	Equity	Hidroeléctrica de Catalunya SL	47.46%	43.69%
Eléctrica de Lijar SL	Cadiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Proportionate	Endesa Red SA	50.00%	46.03%
Electricidad de Puerto Real SA	Cadiz	Spain	6,611,130.00	EUR	Electricity distribution and supply	Equity	Endesa Distribución Eléctrica SL	50.00%	46.03%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Electrogas SA	Santiago	Chile	61,832,327.00	USD	Holding company	Equity	Empresa Nacional de Electricidad SA	42.50%	14.23%
Emgesa Panama SA	Paciudad de Panana	Panama	10,000.00	USD	Electricity trading	Line-by-line	Emgesa SA ESP	100.00%	21.05%
Emgesa SA ESP	Bogotá DC	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Enersis SA	21.61%	21.05%
							Empresa Nacional de Electricidad SA	26.87%	
Emittente Titoli SpA	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
Empreendimento Eólico de Rego Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Empreendimentos Eólicos da Serra do Sicó SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	52.38%	40.75%
Empreendimentos Eólicos de Viade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	80.00%	62.24%
Empresa Carbonífera del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	92.06%
Empresa de Distribución Eléctrica de Lima Norte SAA	Lima	Peru	638,560,000.00	PEN	Electricity distribution and sale	Line-by-line	Enersis SA	24.00%	42.16%
							Inversiones Distrilima SA	51.68%	
Empresa de Energía Cundinamarca SA ESP	Bogotá DC	Colombia	39,699,630,000.00	COP	Electricity distribution and sale	Proportionate	Distribuidora Eléctrica de Cundinamarca SA ESP	82.34%	10.90%
Empresa Distribuidora Sur SA	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Enersis SA	22.24%	39.96%
							Chilectra SA	20.85%	
							Distrilec Inversora SA	56.36%	
Empresa Eléctrica de Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Chilectra SA	100.00%	55.30%
Empresa Eléctrica de Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Electrica Cabo Blanco SA (formerly Empresa Electrica Cabo Blanco SA)	60.00%	53.85%
							Generalima SA	36.50%	
Empresa Eléctrica Panguipulli SA	Santiago	Chile	21,919,629,030.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	200,319,020.73	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA	92.65%	31.01%
Empresa Eléctrica Puyehue SA	Santiago	Chile	14,395,879,488.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.90%	68.17%
							Enel Green Power Latin America Ltda	0.01%	
Empresa Nacional de Electricidad SA	Santiago	Chile	1,331,714,090,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	59.98%	33.47%
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	34.80%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Endesa Latinoamerica SA	11.11%	10.23%
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity	Line-by-line	Central Geradora Termelétrica Fortaleza SA	0.01%	46.62%
							Endesa Brasil SA	99.99%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Compañía Eléctrica Tarapacá SA	0.34%	33.48%
							Empresa Nacional de Electricidad SA	99.66%	
Endesa Brasil SA	Rio de Janeiro	Brazil	1,028,760,000.00	BRL	Holding company	Line-by-line	Chilectra Inversud SA	5.94%	46.62%
							Chilectra SA	5.33%	
							Edegel SA	4.00%	
							Empresa Nacional de Electricidad SA	34.64%	
							Enersis SA	50.09%	
Endesa Capital Finance LLC	Wilmington (Delaware)	USA	100.00	USD	Finance company	Line-by-line	International Endesa BV	100.00%	92.06%
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Cemsa SA	Buenos Aires	Argentina	14,010,014.00	ARS	Energy trading	Line-by-line	Enersis SA	55.00%	45.76%
							Endesa Argentina SA	45.00%	
Endesa Comercializaçao de Energia SA	Porto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Costanera SA	Buenos Aires	Argentina	701,988,378.00	ARS	Electricity generation and sale	Line-by-line	Southern Cone Power Argentina SA	1.15%	25.33%
							Empresa Nacional de Electricidad SA	24.85%	
							Endesa Argentina SA	49.68%	
Endesa Distribución Eléctrica SL	Barcelona	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Marketing of energy products	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Marketing and energy-related services	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Financiación Filiales SA	Madrid	Spain	462,100,301,000.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Gas SAU	Zaragoza	Spain	45,261,350.00	EUR	Gas production, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Generacion Nuclear	Seville	Spain	60,000.00	EUR	Subholding company in the nuclear sector	Line-by-line	Endesa Generación SA	100.00%	92.06%
Endesa Generación Portugal SA	Paço De Arcos	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	0.20%	91.97%
							Endesa Energía SA	0.20%	
							Endesa Generación SA	99.20%	
							Enel Green Power España SL	0.20%	
							Energías de Aragón II SL	0.20%	
Endesa Generación SA	Seville	Spain	1,945,329,830.00	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Consulting and engineering services	Line-by-line	Endesa Red SA	100.00%	92.06%
Endesa Latinoamerica SA	Madrid	Spain	796,683,058.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Operaciones y Servicios Comerciales SL	Barcelona	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	92.06%
Endesa Power Trading Ltd	London	United Kingdom	2.00	GBP	Trading	Line-by-line	Endesa SA	100.00%	92.06%
Endesa Red SA	Barcelona	Spain	714,985,850.00	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	92.06%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Energy Europe SL	92.06%	92.06%
Endesa Servicios SL	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	92.06%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Albania Shpk (in liquidation)	Tirana	Albania	73,230,000.00	ALL	Plant construction, operation and maintenance. Electricity generation and trading	-	Enel Investment Holding BV	100.00%	100.00%
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Enel Atlantic Canada LP	St. John (Newfoundland)	Canada	-	CAD	Wind	Line-by-line	Newind Group Inc. Chi Hydroelectric Company Inc. Enel Green Power Canada Inc.	0.10% 82.05% 17.85%	68.29%
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	1,008,224,172.92	BRL	Holding company	Line-by-line	Enel Green Power International BV Enel Green Power Latin America Ltda	99.99% 0.01%	68.29%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	100.00%	68.29%
Enel Distributie Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA (formerly Electrica Muntenia Sud SA)	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Electricity and gas sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA (formerly Electrica Furnizare Muntenia Sud SA)	Bucharest	Romania	37,004,350.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sales	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Energy Europe SL	Madrid	Spain	500,000,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Esn Energo LLC	St. Petersburg	Russian Federation	2,700,000.00	RUB	Operation and maintenance of electricity generation plants	Line-by-line	Enel Esn Management BV	100.00%	75.00%
Enel Esn Management BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Produzione SpA	75.00%	75.00%
Enel Finance International NV	Amsterdam	The Netherlands	1,478,810,370.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	50.06%	34.18%
Enel France Sas	Parigi	France	34,937,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Gas Rus LLC	Mosca	Russian Federation	350,000.00	RUB	Energy services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Enel Green Power & Sharp Solar Energy Srl	Rome	Italy	10,000.00	EUR	Design, construction and maintenance of photovoltaic plants (holding company)	Proportionate	Enel Green Power SpA	50.00%	34.14%
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	19,017,956.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Green Power Canaro Srl	Rome	Italy	10,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Chile Ltda	Santiago	Chile	15,649,360,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Hydromac Energy BV	0.01%	68.23%
							Enel Green Power Latin America Ltda	99.99%	
Enel Green Power Colombia	Bogotá DC	Colombia	10,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Costa Rica	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cristal Eolica SA	Rio de Janeiro	Brazil	100,000,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações	99.00%	
Enel Green Power Cutro srl	Cutro	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Serra Azul Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	100.00%	68.29%
Enel Green Power El Salvador SA de C.V.	San Salvador	El Salvador	3,448,800.00	SVC	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	13,509,360.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Curva dos Ventos Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	60.00%	77.80%
							Endesa Generación SA	40.00%	
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	12,834,623.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Finale Emilia Srl	Rome	Italy	10,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	70.00%	47.80%
Enel Green Power France Sas	Lyon	France	98,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Granadilla S.L.	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	50.57%
Enel Green Power Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	98.00%	68.29%
							Enel Green Power Latin America Ltda	2.00%	
Enel Green Power Hellas SA	Maroussi	Greece	7,687,850.00	EUR	Holding company, Energy services	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power International BV	Amsterdam	The Netherlands	244,532,298.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Jeotermal Enerji Yatirimlari A?	Istanbul	Turkey	50,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	98.99%	67.60%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	13,067,280.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Curva dos Ventos Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Latin America Ltda	Santiago	Chile	1,000,000.00	CLP	Holding company	Line-by-line	Enel Green Power International BV	0.01%	68.23%
							Hydromac Energy BV	99.90%	
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Serra Azul Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power México Srl de Cv	Mexico City	Mexico	308,628,665.00	MXN	Holding company	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Modelo I Eólica SA	Rio de Janeiro	Brazil	5,125,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Endesa Brasil SA	1.00%	68.07%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Modelo II Eólica SA	Rio de Janeiro	Brazil	5,125,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Endesa Brasil SA	1.00%	68.07%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power North America Development, LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Panama SA	Panama	Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Pau Ferro Eólica SA	Rio De Janeiro	Brazil	14,520,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Fontes dos Ventos Ltda	1.00%	68.28%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	13,998,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Fontes dos Ventos Ltda	1.00%	68.28%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Perù SA	Lima	Peru	1,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.90%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Primavera Eolica SA	Rio de Janeiro	Brazil	100,000,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Romania Srl	Sat Rusu de Sus Nuseni	Romania	890,000,500.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Enel Green Power Salto Apiacás SA	São Domingos - Niterói - RJ	Brazil	14,412,120.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Serra Azul Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power San Gillio Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	80.00%	54.63%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power SAO Judas Eolica SA	Rio de Janeiro	Brazil	100,000,000.00	BRL	Electricity generation and sales from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power South Africa	Amsterdam	The Netherlands	18,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	68.29%	68.29%
Enel Green Power Strambino Solar Srl	Torino	Italy	250,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Enel Green Power Tacaicó Eólica SA	Rio De Janeiro	Brazil	8,972,400.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Fontes dos Ventos Ltda	1.00%	68.28%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power TSS Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	68.29%
Enel Green Power Villoresi Srl	Rome	Italy	200,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power SpA	51.00%	34.83%
Enel Ingegneria e Ricerca SpA	Rome	Italy	30,000,000.00	EUR	Analysis, design, construction and maintenance of engineering works	Line-by-line	Enel SpA	100.00%	100.00%
Enel Insurance NV	Amsterdam	The Netherlands	60,000.00	EUR	Holding company	Line-by-line	Endesa SA	50.00%	96.03%
							Enel Investment Holding BV	50.00%	
Enel Investment Holding BV	Amsterdam	The Netherlands	1,593,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Lease Eurl (formerly Société du Parc Eolien Grandes Terres Est Eurl)	Lyon	France	500,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%
Enel Longanesi Developments Srl	Rome	Italy	10,000,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel M@P Srl	Rome	Italy	100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel Distribuzione SpA	100.00%	100.00%
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel OGK-5 OJSC (formerly OGK-5 OJSC)	Ekaterinburg	Russian Federation	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel Investment Holding BV	56.43%	56.43%
Enel Productie Srl (formerly Global Power Investment Srl)	Bucharest	Romania	20,210,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Romania Srl (formerly Enel Servicii Srl)	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	Enel Distributie Banat SA	50.00%	51.00%
							Enel Distributie Dobrogea SA	50.00%	
Enel Servizi Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Servizio Elettrico SpA	Rome	Italy	10,000,000.00	EUR	Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems	Line-by-line	Enel SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Soluções Energéticas Ltda	São Domingos - Niterói - RJ	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	0.01%	68.29%
							Enel Brasil Participações Ltda	99.99%	
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Stoccaggi Srl	Rome	Italy	3,030,000.00	EUR	Construction and operation of storage fields. Storage of natural gas	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	68.29%
Enel Trade d.o.o.	Zagabria	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Belgrado	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics - Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	12,500,000.00	EUR	Factoring	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Newhydro Srl	Rome	Italy	1,000,000.00	EUR	Engineering and water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel.si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Energia SpA	100.00%	100.00%
Enelco SA	Athens	Greece	60,108.80	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower SpA	51.00%	51.00%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000.00	BRL	Electrical engineering	Line-by-line	Enel Brasil Participações Ltda	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enelpower Spa	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%
ENEOP-Eólicas de Portugal SA	Paço de Arcos	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Equity	Finerge - Gestão de Projectos Energéticos SA	17.98%	27.98%
							TP - Sociedade Térmica Portuguesa SA	17.98%	
Enercampo - Produçao de Energia Lda	Porto	Portugal	249,400.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	Electricity generation	Line-by-line	Pp - Co-Geração SA	30.00%	77.80%
							TP - Sociedade Térmica Portuguesa SA	70.00%	
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	21.01%
Energex Co	Cayman Islands	Cayman Islands	10,000.00	USD	Holding company	Proportionate	Gas Atacama Chile SA	100.00%	17.16%
Energía de La Loma SA	Jean	Spain	4,450,000.00	EUR	Bio-mass	Equity	Enel Green Power España SL	40.00%	31.12%
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Energia Global de Mexico (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	67.61%
Energia Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	100.00%	68.29%
Energia Nueva de Iggu Srl de Cv	Mexico City	Mexico	10,003,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.90%	68.23%
							Energía Nueva Energía Limpia México Srl de Cv	0.01%	

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Energia Nueva Energia Limpia Mexico Srl de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.96%	68.29%
							Enel Green Power Guatemala SA	0.04%	
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	601,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Energías de Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Generación SA	100.00%	92.06%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	51.87%
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500.00	EUR	Bio-mass	Line-by-line	Enel Green Power España SL	68.42%	53.23%
Energias Especiales de Careon SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	59.90%
Energias Especiales de Pena Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
Energias Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Energias Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Energias Renovables La Mata SAPI de Cv	Mexico DF	Mexico	656,615,400.00	MXN	Electricity generation from renewable resources	Line-by-line	Energía Nueva de Iggu Srl de Cv	0.01%	68.29%
							Enel Green Power México Srl de Cv	99.99%	
Energie Electrique de Tahaddart SA	Tangeri	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Proportionate	Endesa Generación SA	32.00%	29.46%
Energosluzby AS (in liquidation)	Trnava	Slovakia	33,194.00	EUR	Business services	-	Slovenskè elektrárne AS	100.00%	66.00%
Energotel AS	Bratislava	Slovakia	2,191,200.00	EUR	Operation of optical fiber network	Equity	Slovenskè elektrárne AS	20.00%	13.20%
ENergy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Electricity purchases and sales	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Enerlasa SA (in liquidation)	Madrid	Spain	1,021,700.58	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	45.00%	35.01%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	40.97%
Enerlousado Lda	Porto	Portugal	5,000.00	EUR	Combined-cycle generation plants	Held for sale	Finerge-Gestão de Projectos Energéticos SA	50.00%	77.80%
							Tp - Sociedade Térmica Portuguesa SA	50.00%	
Enersis SA	Santiago	Chile	5,669,280.72	CLP	Electricity generation and distribution	Line-by-line	Endesa SA	20.30%	55.81%
							Endesa Latinoamerica SA	40.32%	
Enexon Hellas SA	Maroussi	Greece	18,771,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	88.80%	60.64%
Eol Verde Energia Eólica SA	Porto	Portugal	50,000.00	EUR	Water treatment and distribution	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	58.35%
Eolcinf - Produçao de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Eolflor - Produçao de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL	51.00%	39.68%
Eólica del Principado SAU	Oviedo	Spain	90,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	31.12%
Eólica Fazenda Nova - Generaçao e Comercializaçao de Energia SA	Rio Grande do Norte	Brazil	1,839,000.00	BRL	Wind plants	Line-by-line	Endesa Brasil SA	99.95%	46.59%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.50%	39.29%
Eólica Zopiloapan SAPI de CV	Mexico DF	Mexico	1,877,201,538.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	39.50%	65.88%
							Enel Green Power México Srl de Cv	56.98%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	55.00%	42.79%
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	31.12%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL	40.00%	31.12%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	46.68%
Erecosalz SL (in liquidation)	Zaragoza	Spain	18,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	33.00%	25.67%
Erfei AIE (n liquidation)	Tarragona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	42.00%	32.67%
Essex Company	Boston (Massachusetts)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	70.00%	54.46%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	73.60%	57.26%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	50.57%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	70.02%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	70.02%
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	500,000.00	EUR	Electricity generation	Proportionate	Finerge-Gestão De Projectos Energéticos SA	50.00%	38.90%
Feneralt - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Equity	Tp - Sociedade Térmica Portuguesa SA	25.00%	19.45%
Finerge-Gestão de Projectos Energéticos SA	Porto	Portugal	750,000.00	EUR	Cogeneration of electricity and heat and generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Fotovoltaica Insular SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Fulcrum Inc.	Boise (Idaho)	USA	1,002.50	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Futuresolar Srl	Bucharest	Romania	30,100,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Gas Atacama Chile SA	Santiago	Chile	185,025,186.00	USD	Electricity generation	Proportionate	Gas Atacama SA	99.90%	17.16%
							Compañía Eléctrica Tarapacá SA	0.05%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Gas Atacama SA	Santiago	Chile	291,484,088.00	USD	Holding company	Proportionate	Inversiones Gasatacama Holding Ltda	100.00%	17.16%
Gas y Electricidad Generación SAU	Palma De Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%
Gasificadora Regional Canaria SA	Las Palmas de Gran Canaria	Spain	240,000.00	EUR	Gas distribution	Line-by-line	Endesa Generación Portugal SA	28.00%	92.04%
							Endesa Gas SAU	72.00%	
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Proportionate	Energex Co	42.71%	17.16%
							Compañía Eléctrica Tarapacá SA	0.03%	
							Gas Atacama SA	57.23%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Proportionate	Gasoducto Atacama Argentina SA	100.00%	17.16%
Gasoducto Taltal SA	Santiago	Chile	18,638.52	CLP	Natural gas transport	Proportionate	Gasoducto Atacama Argentina SA	0.12%	17.16%
							Gas Atacama Chile SA	99.88%	
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Gauley River Management Corporation	Willison (Vermont)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Gauley River Management Corporation	100.00%	68.29%
Generadora de Occidente Ltda	Guatemala	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	68.29%
							Enel Green Power Guatemala SA	1.00%	
Generadora Montecristo SA	Guatemala	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Green Power Guatemala SA	0.01%	
Generalima SA	Lima	Peru	146,534,335.00	PEN	Holding company	Line-by-line	Enersis SA	100.00%	55.81%
Generandes Perú SA	Lima	Peru	853,429,020.00	PEN	Holding company	Line-by-line	Empresa Nacional De Electricidad SA	61.00%	20.42%
Geotermica del Norte SA	Santiago	Chile	64,779,811,451.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	34.80%
Geotermica Nicaraguense SA	Managua	Nicaragua	63,161,750.00	NIO	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Geronimo Huron Wind Farm LLC	Michigan	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Equity	Egp Geronimo Holding Company Inc.	49.20%	33.60%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	33.33%	11.16%
Gnl Norte SA	Santiago	Chile	1,000,000.00	CLP	Electricity generation	Proportionate	Gasoducto Taltal SA	50.00%	17.16%
							Gas Atacama Chile SA	50.00%	
Gnl Quintero SA	Santiago	Chile	114,057,353.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	20.00%	6.69%
Goodwell Wind Project, LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	23,936,710.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica de Canarias Generación SAU	30.00%	27.62%
Green Fuel Corporacion, SA (in liquidation)	Madrid	Spain	1,717,049.55	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	24.24%	18.86%
GreenLab Engineering Srl	Mentana (Rome)	Italy	14,001.00	EUR	Design and research	Proportionate	Enel Servizi Srl	0.01%	0.01%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	92.06%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	675,400.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA	100.00%	92.06%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	23.34%
Hidroeléctrica El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Empresa Nacional de Electricidad SA	2.48%	21.88%
							Endesa Argentina SA	6.19%	
							Hidroinvest SA	59.00%	
Hidroelectricidad del Pacifico Srl de Cv	Mexico DF	Mexico	30,891,536.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.28%
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica De Catalunya SL	75.00%	69.05%
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	41.94%	32.17%
							Endesa Argentina SA	54.15%	
Hidromondego - Hidroelectrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación Portugal SA	10.00%	92.05%
							Endesa Generación SA	90.00%	
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hipotecaria de Santa Ana Ltda de Cv	Colonia Escalon	El Salvador	404,930.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power El Salvador SA de CV	20.00%	13.66%
Hispano Generación de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	39.68%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hydro Development Group Inc.	Albany (New York)	USA	12.25	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydro Dolomiti Enel Srl	Trento	Italy	3,000,000.00	EUR	Electricity generation, purchases and sales	Proportionate	Enel Produzione SpA	49.00%	49.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydrogen Park-Marghera per l'idrogeno Scrl	Venice	Italy	245,000.00	EUR	Development of studies and projects for the use of hydrogen	Line-by-line	Enel Produzione SpA	60.00%	60.00%
Hydromac Energy BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Ict Servicios Informáticos Ltda	Santiago	Chile	500,000,000.00	CLP	ICT services	Line-by-line	Enersis SA	99.00%	55.80%
							Chilectra SA	1.00%	
I-EM Srl	Turin	Italy	10,001.00	EUR	Design and development	Proportionate	Enel Servizi Srl	0.01%	0.01%
IMA Engineering Solutions. Srl	Prahova	Romania	90,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	1.10%	68.29%
							Enel Green Power Romania Srl	98.90%	
Ingendesa do Brasil Ltda	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Compañía Eléctrica Tarapacá SA	99.00%	34.31%
							Empresa Nacional De Electricidad SA	1.00%	
Inkolan Informacion y Coordinacion de Obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	14.29%	13.16%
Inmobiliaria Manso de Velasco Ltda	Santiago	Chile	25,916,800,510.00	CLP	Engineering and construction	Line-by-line	Enersis SA	100.00%	55.81%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
International Endesa BV	Amsterdam	The Netherlands	15,428,520.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	92.06%
International Eolian of Grammatiko SA	Maroussi	Greece	436,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Korinthia SA	Maroussi	Greece	6,471,798.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	514,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	423,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	465,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	509,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	447,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Skopelos SA	Maroussi	Greece	224,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Multimedia University Srl	Rome	Italy	24,000.00	EUR	Long-distance learning	-	Enel Servizi Srl	13.04%	13.04%
International Wind Parks of Achaia SA	Maroussi	Greece	10,346,310.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Inversiones Distrilima SA	Lima	Peru	287,837,245.00	PEN	Holding company	Line-by-line	Enersis SA Chilectra SA	69.85% 30.15%	55.65%
Inversiones Gasatacama Holding Ltda	Santiago	Chile	333,520,000.00	USD	Natural gas transport	Proportionate	Compañía Eléctrica Tarapacá SA	50.00%	17.16%
Inversora Codensa Sas	Bogotá DC	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	27.01%
Inversora Dock Sud SA (formerly Sociedad Inversora Dock Sud SA)	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Enersis SA	57.14%	31.89%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Italgest Energy (Pty) Ltd	Lombardy east	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Kalenta Ltd	Maroussi	Greece	2,367,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kromschroeder SA	Barcelona	Spain	657,000.00	EUR	Services	Equity	Endesa Gas SAU	27.93%	25.71%
La Pereda Co_2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	30.68%
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%

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LaGeo SA de Cv	Ahuachapan	El Salvador	2,562,826,700.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power SpA	36.20%	24.72%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	7.50%	68.29%
							Essex Company	92.50%	
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	7,500.00	RUB	Electricity sales	Proportionate	RusEnergosbyt C LLC	75.00%	18.93%
Little Elk Wind Project LLC	Oklahoma City - Oklahoma	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Littleville Power Company Inc	Boston (Massachusetts)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Lower Saranac Corporation	New York (New York)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Lower Saranac Hydro Partners LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	99.00%	68.29%
							Lower Saranac Corporation	1.00%	
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity and fuel transport, distribution and sale	Line-by-line	Enersis SA	0.10%	55.30%
							Chilectra SA	99.90%	
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Management Buildings Company Srl	Podari	Romania	14,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.71%	68.29%
							Enel Green Power Romania Srl	99.29%	
Marcinelle Energie SA	Charleroi	Belgium	110,061,500.00	EUR	Electricity generation, transport, sale and trading	Held for sale	Enel Investment Holding BV	100.00%	100.00%
Marko PV Energy SA	Maroussi	Greece	420,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Matrigenix (Pty) Ltd	Houghton	South Africa	120.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Proportionate	Nuclenor SA	50.00%	23.02%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Mexicana de Hidroelectricidad Mexhidro Srl De Cv	Mexico City	Mexico	181,728,601.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Midway Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Trade Wind Energy LLC	100.00%	68.29%
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Minas de Estercuel SA	Madrid	Spain	93,160.00	EUR	Mineral deposits	Line-by-line	Minas Gargallo SL	99.65%	91.66%
Minas Gargallo SL	Madrid	Spain	150,000.00	EUR	Mineral deposits	Line-by-line	Endesa Generación SA	99.91%	91.98%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	11.67%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	28.40%
Missisquoi Associates GP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Springs Hydro Associates LP	99.00%	68.29%
							Sheldon Vermont Hydro Company Inc.	1.00%	
Molinos de Viento del Arenal SA	San Josè	Costa Rica	9,709,200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	49.00%	33.46%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Mustang Run Wind Project LLC	Oklahoma City - Oklahoma	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Myrini Energiaki SA	Maroussi	Greece	420,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	68.29%
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	99.00%	68.29%
							Sweetwater Hydroelectric Inc.	1.00%	
Newind Group Inc.	St. John (Newfoundland)	Canada	578,192.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plant	Proportionate	Endesa Generación SA	50.00%	46.03%
Nueva Compañía de Distribución Eléctrica 4 SL	Madrid	Spain	3,010.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	92.06%
Nueva Marina Real Estate SL (*Amministrazione in Concordato*)	Madrid	Spain	3,200.00	EUR	Real estate	Line-by-line	Endesa SA	60.00%	55.24%
Nuove Energie Srl	Porto Empedocle	Italy	54,410,000.00	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Trade SpA	100.00%	100.00%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Security services	Line-by-line	Slovenskè Elektrárne AS	100.00%	66.00%
Odell Wind Farm LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Oficina de Cambios de Suministrador SA	Madrid	Spain	70,000.00	EUR	Services associated with the marketing of energy products	-	Endesa Distribución Eléctrica SL	5.19%	18.41%
							Endesa Energía SA	11.50%	
							Endesa Energía XXI SL	2.96%	
							Endesa Gas SAU	0.35%	
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance	Line-by-line	Enel OGK-5 OJSC (Formerly OGK-5 OJSC)	100.00%	56.43%
Operacion y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	85.00%	58.05%
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	25.93%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	70.02%
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	23.34%
Parc Eolic La Tossa-La Mola D'en Pascual SL	Barcelona	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	23.34%
Parc Eolien de Bouville Sasu	Lyon	France	88,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parc Eolien de Coulours SARL	Lyon	France	1,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parc Eolien de La Grande Epine Sasu	Lyon	France	37,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parc Eolien des Ramiers Sasu	Lyon	France	88,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power France Sas	100.00%	68.29%
Parque Eólico a Capelada AIE	Santiago de Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
Parque Eólico Curva dos Ventos Ltda	Bahia	Brazil	420,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	62.24%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	75.00%	58.35%
Parque eolico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	39.02%
Parque Eólico de Gevancas SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	82.00%	63.79%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.67%	51.09%
Parque Eólico do Alto da Vaca Lda	Porto	Portugal	125,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	58.35%
Parque Eólico do Vale do Abade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	39.68%
Parque Eólico Engenho Geradora de Energia Ltda	Fortaleza	Brazil	685,423.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
								99.00%	
							Enel Brasil Participações Ltda		
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	90.00%	70.02%
Parque Eólico Fontes dos Ventos Ltda	Recife	Brazil	5,091,945.30	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	0.04%	67.63%
							Enel Brasil Participações Ltda	99.00%	
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	75.50%	58.74%
Parque Eólico Ouroventos Ltda	Bahia	Brazil	566,347.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	52.00%	40.45%
Parque Eólico Serra Azul Ltda	Bahia	Brazil	940,567.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge - Gestão de Projectos Energéticos SA	50.00%	77.80%
							TP - Sociedade Térmica Portuguesa SA	50.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	58.00%	45.12%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	34.57%	65.17%
							Enel Green Power Chile Ltda	60.92%	
Pegop - Energia Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Proportionate	Endesa Generación Portugal SA	0.02%	46.03%
							Endesa Generación SA	49.98%	
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc.	100.00%	68.29%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	64.44%
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	40.31%	42.67%
							Enel Green Power SpA	22.17%	
PH Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	33.44%	22.84%
PH Guacimo SA	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
PH Rio Volcan SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	34.32%	23.44%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	43.66%
Powercer - Sociedade de Cogeraçao de Vialonga SA	Loures	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Equity	Finerge-Gestão de Projectos Energéticos SA	30.00%	23.34%
Powercrop Srl	Bologna	Italy	4,000,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power SpA	50.00%	34.14%
Pp - Co-Geração SA	São Paio de Oleiros	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Tp - Sociedade Térmica Portuguesa SA	100.00%	77.80%
Pragma Energy SA (in liquidation)	Lugano	Switzerland	4,000,000.00	CHF	Coal trading	-	Enel Investment Holding BV	100.00%	100.00%
Prairie Rose Transmission, LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind Project LLC	100.00%	51.22%
Prairie Rose Wind Project LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	75.00%	51.22%
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL	82.89%	64.49%
Productor Regional de Energia Renovable SA	Valladolid	Spain	710,500.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL	85.00%	66.13%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	23.34%
Prof-Energo LLC	Sredneuralsk	Russian Federation	10,000.00	RUB	Energy services	Line-by-line	Sanatorium-Preventorium Energetik LLC	100.00%	56.43%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Progas SA	Santiago	Chile	1,526,000.00	CLP	Gas distribution	Proportionate	Gas Atacama SA	0.10%	17.16%
							Gas Atacama Chile SA	99.90%	
Promociones Energeticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Promociones y Desarrollo Sector Levante SL	Madrid	Spain	6,000.00	EUR	Real estate	Equity	Bolonia Real Estate SL	45.00%	41.43%
Proveedora de Electricidad de Occidente Srl de Cv	Mexico City	Mexico	89,708,335.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.28%
Proyecto Almería Mediterraneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	41.43%
Proyectos Universitarios de Energias Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	33.33%	25.93%
PT Bayan Resources Tbk	Jakarta	Indonesia	333,333,350,000.00	IDR	Energy	-	Enel Investment Holding BV	10.00%	10.00%
Puignerel AIE (in liquidation)	Barcelona	Spain	11,299,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	25.00%	19.45%
Pulida Energy (Pty) Ltd	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Pyrites Associates GP	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	50.00%	68.29%
							Hydro Development Group Inc.	50.00%	
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,510.61	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Reaktortest Sro	Trnava	Slovakia	66,389.00	EUR	Nuclear power research	Equity	Slovenskè Elektrárne AS	49.00%	32.34%
Red Centroamericana de Telecomunicaciones SA	Panama	Panama	9.00	USD	Telecommunications	-	Endesa Latinoamerica SA	11.11%	10.23%
Rattlesnake Creek Wind Project LLC	Lincoln (Nebraska)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Renovables de Guatemala SA	Guatemala	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	42.83%	64.08%
							Enel Green Power Guatemala SA	0.01%	
							Enel Green Power SpA	51.00%	
Res Holdings BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Proportionate	Enel Investment Holding BV	49.50%	49.50%
Rock Creek Limited Partnership	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc.	17.50%	68.29%
							Chi West Inc.	82.50%	
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Rocky Ridge Wind Project LLC	Oklahoma City - Oklahoma	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Ronfegen- Recursos Energeticos, Lda	Oeiras	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Held for sale	Pp - Co-Geração SA	10.00%	77.80%
							TP - Sociedade Térmica Portuguesa SA	90.00%	
RusEnergosbyt C LLC	Khanty-Mansiyskiy	Russian Federation	5,100.00	RUB	Electricity sales	Proportionate	RusEnergosbyt LLC	51.00%	25.25%
RusEnergosbyt LLC	Moskow	Russian Federation	2,760,000.00	RUB	Electricity trading	Proportionate	Res Holdings BV	100.00%	49.50%
RusEnergosbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	4,600,000.00	RUB	Electricity sales	Proportionate	RusEnergosbyt LLC	50.00%	24.75%
RusEnergosbyt Yaroslavl	Yaroslavl	Russian Federation	100,000.00	RUB	Electricity sales	Proportionate	RusEnergosbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	Proportionate	Empresa Distribuidora Sur SA	50.00%	19.98%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Proportionate	Enel Green Power España SL	50.00%	38.90%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources.	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Sanatorium-Preventorium Energetik LLC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Energy services	Line-by-line	OGK-5 Finance LLC	0.01%	56.43%
							Enel OGK-5 OJSC (formerly OGK-5 OJSC)	99.99%	
Santo Rostro Cogeneración SA (in liquidation)	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	35.01%
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Bypass Power Company	1.00%	68.29%
							Chi West Inc.	99.00%	
Se Hydropower Srl	Bolzano	Italy	30,000,000.00	EUR	Generation, purchase and sale of hydroelectric power	Line-by-line	Enel Produzione SpA	40.00%	40.00%
Se Predaj Sro	Bratislava	Slovakia	4,505,000.00	EUR	Electricity supply	Line-by-line	Slovenskè elektrárne AS	100.00%	66.00%
Sealve - Sociedade Eléctrica De Alvaiázere SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	77.80%
Servicio de Operación y Mantenimiento para Energías Renovables, Srl de Cv	Mexico DF	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.29%
							Energía Nueva Energía Limpia México Srl de Cv	0.01%	
SF Energy Srl	Rovereto	Italy	7,500,000.00	EUR	Electricity generation	Proportionate	Enel Produzione SpA	33.33%	33.33%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Vermont Hydro Company Inc.	100.00%	68.29%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Analysis, design and research in thermal technology	Equity	Enel.Newhydro Srl	41.55%	41.55%
Sisconer - Exploraçao de Sistemas de Conversao de Energia Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	55.00%	42.79%
Sistema de Gestión Energética en la Nube SL	Madrid	Spain	3,461.00	EUR	Research, design and development	Proportionate	Enel Servizi Srl	0.03%	0.03%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	12.99%
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	21.88%
Sistemas Energeticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	74.69%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Slate Creek Hydro Company Inc.	100.00%	68.29%
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Slovenskè Elektrárne AS	Bratislava	Slovakia	1,269,295,724.66	EUR	Electricity generation	Line-by-line	Enel Produzione SpA	66.00%	66.00%
Slovenské Elektrárne Finance BV	Rotterdam	The Netherlands	18,200.00	EUR	Finance	Line-by-line	Slovenskè elektrárne AS	100.00%	66.00%
Smart P@Per SPA	Potenza	Italy	2,184,000.00	EUR	Services	-	Enel Servizio Elettrico SpA	10.00%	10.00%
SMART-I Srl	Rome	Italy	10,201.00	EUR	Research, design and development	Proportionate	Enel Servizi Srl	0.01%	0.01%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Inmobiliaria Manso de Velasco Ltda	57.50%	32.09%
Sociedad Concesionaria Túnel El Melón SA	Santiago	Chile	19,028,480,104.00	CLP	Engineering	Line-by-line	Compañía Eléctrica Tarapacá SA	0.01%	33.47%
							Empresa Nacional de Electricidad SA	99.99%	
Sociedad Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	50.37%
Sociedad Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power España SL	50.00%	38.90%
Sociedad Eólica Los Lances SA	Cadiz	Spain	2,404,040.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	46.68%
Sociedad Portuaria Central Cartagena SA	Bogotá DC	Colombia	5,800,000.00	COP	Construction and management of port infrastructure	Line-by-line	Inversora Codensa Sas	4.90%	21.31%
							Emgesa SA ESP	94.95%	
Società Agricola Trino	Milan	Italy	50,000.00	EUR	Electricity generation from renewable resources	Proportionate	Agatos Green Power Trino	100.00%	27.32%
Società di sviluppo, realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA" in breve Galsi SpA"	Milan	Italy	37,419,179.00	EUR	Engineering in energy and infrastructure sector	-	Enel Produzione SpA	15.62%	15.62%
Société du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	21,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%
Sol de Media Noche Fotovoltaica SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Proportionate	Endesa Ingeniería SLU	50.00%	46.03%
Solar Morea Energiaki SA	Maroussi	Greece	4,000,890.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	28.01%
Soternix - Produção de Energia ACE	Barcelos	Portugal	-	EUR	Electricity generation	Held for sale	Tp - Sociedade Térmica Portuguesa SA	51.00%	39.68%
Southern Cone Power Argentina SA	Buenos Aires	Argentina	19,874,798.00	ARS	Holding company	Line-by-line	Compañía Eléctrica Tarapacá SA	1.97%	33.49%
							Empresa Nacional de Electricidad SA	98.03%	
South Fork Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Stipa Nayaá SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	40.16%	65.13%
							Enel Green Power México Srl de Cv	55.21%	
Sublunary Trading (RF) Proprietary Ltd	Johannesburg	South Africa	10,000.00	ZAR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	57.00%	19.46%
Suministradora Eléctrica de Cádiz SA	Cadiz	Spain	12,020,240.00	EUR	Electricity distribution and sale	Equity	Endesa Distribución Eléctrica SL	33.50%	30.84%
Suministro de Luz Y Fuerza SL	Torroella de Montgri (Girona)	Spain	2,800,000.00	EUR	Electricity distribution	Line-by-line	Hidroeléctrica de Catalunya SL	60.00%	55.24%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	51.22%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sviluppo Nucleare Italia Srl	Rome	Italy	200,000.00	EUR	Development, construction and operation of EPRs	Line-by-line	Enel Ingegneria e Ricerca SpA	100.00%	100.00%
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	250.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Targusor Wind Farm Srl	Cernavoda	Romania	90,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.10%	68.29%
							Enel Green Power Romania Srl	99.90%	
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation e Services	Equity	Endesa Generación SA	45.00%	41.43%
Tecnoguat SA	Guatemala	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	75.00%	51.22%
Tejo Energía Produçao e Distribuçao de Energia Electrica SA	Paço de Arcos	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Proportionate	Endesa Generación SA	38.89%	35.80%
Teploprogress OJSC	Sredneuralsk	Russian Federation	128,000,000.00	RUB	Electricity sales	Line-by-line	OGK-5 Finance LLC	60.00%	33.86%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Hidroeléctrica El Chocón SA	18.85%	6.71%
							Central Dock Sud SA	5.32%	
							Endesa Costanera SA	5.51%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Hidroeléctrica El Chocón SA	18.85%	6.71%
							Central Dock Sud SA	5.32%	
							Endesa Costanera SA	5.51%	
Termotec Energía AIE (in liquidation)	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	35.01%
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Agro-industrial activities	Equity	Enel Green Power SpA	20.00%	13.66%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	68.29%
Tirme SA	Palma de Mallorca	Spain	7,662,750.00	EUR	Waste treatment and disposal	Equity	Enel Green Power España SL	40.00%	31.12%
Tko Power Inc.	Los Angeles (California)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
Tobivox (Pty) Ltd	Houghton	South Africa	120.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	25.93%
Total Electric SA	Buzau	Romania	3,190,600.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Tp - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	77.80%
Trade Wind Energy LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	99.00%	68.29%
							Chi Power Inc.	1.00%	
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000.00	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	19.90%	13.59%
Transmisora de Energia Renovable SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Green Power Guatemala SA	0.01%	
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Proportionate	Compañía Eléctrica Tarapacá SA	50.00%	17.16%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Transportadora de Energía SA	Buenos Aires	Argentina	55,512,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	46.62%
Transportes y Distribuciones Eléctricas SA	Girona	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	67.51%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	2.00%	68.29%
							Highfalls Hydro Company Inc.	98.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Falls Hydro Company Inc.	51.00%	34.83%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10.00	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Ufefys SL (in liquidation)	Aranjuez	Spain	304,150.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	40.00%	31.12%
Ukuqala Solar (Pty) Ltd	Gauteng	South Africa	-	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	92.06%
Upington Solar (Pty) Ltd	Lombardy east	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Nuclear power research and development	Equity	Slovenskè elektrárne AS	27.77%	18.33%
Varokub Green Energy Srl	Prahova	Romania	90,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	0.10%	68.29%
							Enel Green Power Romania Srl	99.90%	
Vektör Enerji Üretim Anonim Şirketi	Istanbul	Turkey	500,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Wind Park Kouloukonas SA	Maroussi	Greece	2,700,018.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Park of Koryfao SA	Maroussi	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Park of West Ktenias SA	Maroussi	Greece	70,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	1,110,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Bolibas SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Distomos SA	Maroussi	Greece	556,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Drimonakia SA	Maroussi	Greece	736,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Folia SA	Maroussi	Greece	424,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gagari SA	Maroussi	Greece	389,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks of Goraki SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gourles SA	Maroussi	Greece	555,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kafoutsi SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kathara SA	Maroussi	Greece	296,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Kerasia SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Korinthia SA	Maroussi	Greece	3,504,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Makrilakoma SA	Maroussi	Greece	614,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Milia SA	Maroussi	Greece	399,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Mirovigli SA	Maroussi	Greece	225,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Mitika SA	Maroussi	Greece	255,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Pelagia SA	Maroussi	Greece	653,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Petalo SA	Maroussi	Greece	575,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Platanos SA	Maroussi	Greece	179,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Sagias SA	Maroussi	Greece	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Skoubi SA	Maroussi	Greece	472,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Spilia SA	Maroussi	Greece	496,100.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Strouboulas SA	Maroussi	Greece	576,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Trikorfo SA	Maroussi	Greece	260,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	29.25%	19.97%
Wind Parks of Vitalio SA	Maroussi	Greece	361,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Vourlas SA	Maroussi	Greece	554,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP France 3 SAS	Lyon	France	1,000.00	EUR	Electricity generation from renewable resources	Held for sale	Enel Green Power France Sas	100.00%	68.29%
Yacylec SA	Buenos Aires	Argentina	20,000,000.00	ARS	Electricity transmission	Equity	Enersis SA	22.22%	12.40%
Yedesa-Cogeneración SA (in liquidation)	Almería	Spain	234,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	40.00%	31.12%
Zitsa Solar SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources	Proportionate	Enel Green Power & Sharp Solar Energy Srl	100.00%	34.14%

Glossary

The following glossary defines selected technical terms used in the consolidated financial statements. Unless otherwise specified, the terms have the following meanings.

Authority for Electricity and Gas	The Authority for Electricity and Gas (the Authority) is a formally independent authority charged with fostering the development of competitive markets in the electricity and natural gas industries, primarily through the regulation of tariffs, access to networks and market operations, as well as safeguarding end users. Under the law establishing the Authority in 1995, its function is essentially that of "guaranteeing the promotion of competition and efficiency in the public utilities sector, ensuring the uniform availability and distribution of services throughout the country, establishing a transparent and reliable tariff system based on pre-defined criteria and promoting the interests of users and consumers". In pursuing the objective of ensuring competitive markets, the Authority develops comments and recommendations for the Government and Parliament. It has regulatory powers, sets tariffs (and in particular the general system costs component), ensures the publicity and transparency of service terms and conditions, ensures equal access to energy networks, exercises quality control and monitoring powers over service providers and assesses complaints and reports submitted by users and consumers. In addition, the Authority was recently assigned functions concerning the quality, rates and costs of integrated water services, which had originally been assigned to the national water regulator and supervisor.
Biomass	Organic non-fossil material of biological origin, part of which can be used to produce energy. The various forms of energy produced from biomass are always renewable, but in different ways. They depend on daily or seasonal cycles, the amount of solar radiation, changes in climate, agricultural techniques, plant growth cycles and intensive exploitation.
CIP	Interministerial Price Committee.
Combined cycle	Technology used in power generation plants, comprising one or more gas turbine sets whose exhaust heats a boiler, which may also be heated with an additional fuel. The steam produced by the boiler is used to drive a steam turbine coupled with a generator (CCGT).
Decommissioning	The phase of deactivation, decontamination and dismantling of plant installations and site restoration, The ultimate goal is to achieve: (i) the complete demolition of a nuclear power plant; (ii) the removal of any restriction imposed by the presence of radioactive materials; (iii) the return of the site for other uses.
Distribution	The transport and transformation of electricity on medium and low-voltage grids for delivery to end users.
Electricity consumption	Electricity consumption for a given period is equal to the sum of electricity invoiced by utilities (Enel, municipal electric companies, other companies) and the amount consumed by self-generators. It is equal to electricity demand net of grid losses.

Electricity demand	The quantity of electricity to make available on the grid. It is equal to the sum of user consumption and grid losses.
EMO	Energy Markets Operator, the company established by the ESO to operate the financial side of the electricity market on a transparent and objective basis, with a view to fostering competition among generators and ensuring the availability of adequate reserve capacity.
Enhanced protection service	The supply of electricity on the basis of prices and contractual terms set by the Authority for Electricity and Gas. The enhanced protection service serves residential customers and small companies (those with fewer than 50 employees and an annual turnover of less than €10 million with low-voltage supply) that have never changed supplier or who have requested to return to the service after having contracted for service on the free market with other suppliers (the enhanced protection service conditions also apply to residential customers and small companies that find themselves without an electricity supplier).
ESO	Energy Services Operator (formerly GRTN), established pursuant to Article 3 of the Bersani Decree, the company, wholly owned by the Ministry for the Economy and Finance, distributes incentives for the generation of electricity from renewable and equivalent resources. It also certifies plants and their output as renewable.
European Pressurized Reactor (EPR)	The European pressurized water reactor, more commonly referred to as an EPR (European Pressurized Reactor or Evolutionary Power Reactor), is a generation III+ nuclear fission reactor in which the core is cooled and the neutrons are moderated with ordinary water (sometimes called light water to distinguish it from heavy water).
Generation	The production of electricity, however generated.
Gigawatt or GW	Unit of measure equal to 1 billion watts (1,000 MW).
Gigawatt-hour or GWh	Unit of measure equal to 1 million Kilowatt-hours.
Green certificates	These are the certificates provided for under Article 5 of the Ministerial Decree of November 11, 1999, that certify the generation of electricity from renewable resources. Green certificates are issued by the ESO for the first fifteen years of operation of a plant and can be traded directly or on the market organized by the ESO. Demand is supported by the requirement for generation companies and importers to deliver a portion of their annual output in the form of power generated from renewable resources.
Gross generation	The total amount of electricity (including that generated subject to pumping) produced by all the generator units concerned (primary heat engine and one or more mechanically coupled electricity generators), as measured at the output terminals of the main generators.
Kilowatt or kW	A unit of measure equal to 1,000 watts.
Kilowatt-hour or kWh	A unit of measure that represents 1,000 watts of electricity supplied or demanded in an hour.
Mass-market customers	Residential and micro-business customers.
Megawatt or MW	Unit of measure equal to 1 million watts.

Megawatt-hour or MWh	Unit of measure that represents 1,000,000 watts of electricity supplied or demanded in an hour.
Micro-business customers	Customers with a VAT registration number with annual electricity consumption of less than 50,000 kWh.
Natural gas	Gas mainly composed of methane (from 88% to 98%), with the remainder accounted for by other hydrocarbons such as ethane, propane, butane, etc.
Net efficient power (in MW)	The maximum amount of electric power that can be continuously produced over a sufficiently long given period of operation, assuming that all the parts of the plant are functioning, as measured at the point of delivery to the grid; that is, net of the power used by the plant itself and the power lost in the transformers required to raise the voltage to the grid level.
Net generation	Gross electricity production net of the electricity used by auxiliary generation services and losses in main transformers.
NTN	The Italian national electricity transmission network, composed of the transformer stations and high and very-high voltage power lines in Italy.
Power Exchange	The electricity market organized and operated by the ESO through an electronic platform. Participants include generation companies, wholesalers, the Single Buyer and certain end users. The market equilibrium prices is obtained through the matching of the electricity demand of and electricity supply from the participants.
Rating	Assessment of the quality of a company or its issues of debt securities on the basis of the financial soundness of the company and its outlook. The assessment is performed by specialized agencies.
Remote meter operation	A system of interconnected electronic meters (also called smart meters) used to implement an integrated system for meter reading, communication and management of electricity supply contracts remotely, using the low-voltage power grid as the data transmission infrastructure.
Renewable resources	The sun, wind, water, geothermal resources, tides, waves, biomass and organic waste.
Residential customers	Customers who consume electricity for home use, as defined by Article 2.2, letter A, of the Integrated Transport Regulations published by the Authority for Electricity and Gas.
Single Buyer	Acquirente Unico SpA (the Single Buyer) is a company established by the ESO pursuant to Article 4, paragraph 1 of the Bersani Decree. It is charged with ensuring the availability of sufficient electricity to meet the demand of all customers in the "enhanced protection" market, by purchasing the necessary power and selling it to distributors on non-discriminatory terms that enable the application of a single national rate for customers. For this purpose, the Single Buyer can purchase electricity on the Power Exchange or through bilateral contracts.
Station	An electricity transformation or switching facility.

Stranded costs	Costs generated by contractual commitments and investment decisions that electric companies undertook in response to government economic policy decisions in a non-competitive market that could have been recovered under a monopoly.
Tax equity partnership	An agreement governed by US tax law, which permits the assignment of the tax benefits granted in the United States to companies that generate electricity from renewable resources to a third-party entity (the so-called "tax equity investor") under certain conditions and specific circumstances.
Terawatt or TW	Unit of measure equal to 1 billion kW.
Terawatt-hour or TWh	1 billion kWh.
Transmission	The transport and transformation of electricity from generation plants or imported power over the interconnected high- and very-high-voltage grid to end users connected to that grid and to distributors.
Watt	Unit of measure of electric power.

Reports

Report of the independent auditors on the 2013 consolidated financial statements of the Enel Group

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Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

1. We have audited the consolidated financial statements of Enel S.p.A. and its subsidiaries, ("Enel Group") as of December 31, 2013 and for the year then ended, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005 is the responsibility of Enel S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year and the balance sheet as of January 1, 2012 are presented for comparative purposes. As illustrated in the notes to the financial statements, the directors have restated certain comparative figures related to the prior year and the balance sheet as of January 1, 2012, which is derived from the consolidated financial statements as of December 31, 2011, with respect to the figures previously presented, upon which we issued our auditors' reports on April 4, 2013 and on April 6, 2012, respectively. We have examined the method used to restate the comparative figures and the related information presented in the notes to the financial statements, for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2013 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Enel Group as of December 31, 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Group for the year then ended.

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4. The directors of Enel S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure, published in the section *Governance* of Enel S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Group as of December 31, 2013.

Rome, April 10, 2014

Reconta Ernst & Young S.p.A.
Signed by: Massimo delli Paoli, Partner

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