Report and Financial Statements of Enel SpA at December 31, 2013

ENERGY TO LIFE

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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.

Corporate boards

Board of Directors

Chairman

Paolo Andrea Colombo

Chief Executive Officer

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, EBITDA 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 the resolutions of the Ordinary and Extraordinary Shareholders' Meeting

The Ordinary and Extraordinary Shareholders' Meeting of Enel SpA held in Rome in single call on May 22, 2014, at the Enel Conference Center at 125, Viale Regina Margherita, has adopted the following resolutions during the ordinary session:

1. approved the financial statements of Enel SpA for the year ended December 31, 2013, having acknowledged the results of the consolidated financial statements of the Enel Group for the year ended December 31, 2013, which closed with net income attributable to the shareholders of the Parent Company of €3,235 million;
2. resolved, with regard to Enel SpA's net income for the year 2013, amounting to €1,372,360,952.13, to:
   a) earmark for distribution to shareholders, as dividend, €0.13 for each of the 9,403,357,795 ordinary shares in circulation on June 23, 2014, the scheduled ex-dividend date, for an overall amount of €1,222,436,513.35;
   b) earmark for "retained earnings" the remainder of the aforesaid net income, amounting to a total of €149,924,438.78

   paying – before withholding tax, if any – the aforesaid dividend for 2013 of €0.13 per ordinary share as from June 26, 2014, with the ex-dividend date of coupon no. 22 falling on June 23, 2014 and record date (i.e. the date of the legitimate payment of dividends) of June 25, 2014;
3. appointed the new Board of Directors, which will remain in office until the approval of the financial statements for 2016, in the persons of:
   - Maria Patrizia Grieco - Chairman
   - Alessandro Banchi - Director
   - Alberto Bianchi - Director
   - Paola Girdinio - Director
   - Salvatore Mancuso - Director
   - Alberto Pera - Director
   - Francesco Starace - Director
   - Anna Chiara Svelto - Director
   - Angelo Taraborrelli - Director

   setting their compensation at €90,000 gross a year for the Chairman and €80,000 gross a year for each of the other directors, in addition to the reimbursement of the expenses incurred in the performance of their duties;
4. resolved, pursuant to Article 84-*ter* of Law Decree 69 of June 21, 2013, as converted with amendments into Law 98 of August 9, 2013, that:
   - the compensation of Enel SpA's directors with delegated powers provided for under Article 2389, paragraph 3, of the Italian Civil Code, cannot be determined and assigned by the Board of Directors elected by the same Shareholders' Meeting in excess of 75% of the total compensation set in the

previous term of office, inclusive of emoluments of any nature and also of any possible compensation due under work relationships with the Company; specifying that total compensation shall mean the maximum total compensation payable on the basis of the resolutions and/or applicable contractual provisions. This measure shall apply only to the renewal of Enel SpA's Board of Directors approved by the same Shareholders' Meeting;

- Enel SpA's Board of Directors shall procure that the competent bodies apply the aforementioned restrictions to the compensation, determined pursuant to Article 2389, paragraph 3, of the Italian Civil Code, of the directors with delegated powers of Enel SpA's Italian subsidiaries, except for those issuing shares listed on regulated markets (which will autonomously comply with the law provisions) and their subsidiaries; specifying that this measure shall apply only to the first renewal of the board of directors of such companies occurring from the date of the same Shareholders' Meeting or, where such renewal has already been resolved upon, to the compensation that as of the same date is still to be determined or to be finally determined;

5. resolved in favor of the first section of the remuneration report drawn up pursuant to Article 123-*ter* of Legislative Decree 58 dated February 24, 1998, and Article 84-*quater* of the Issuers' Regulation adopted by CONSOB with resolution 11971/1999, containing the description of the policy for the remuneration of directors, the General Manager and executives with strategic responsibilities adopted by the Company for the financial year 2014, as well as the procedures used for the adoption and implementation of such policy.

In the extraordinary session, the Shareholders' Meeting also:

1. approved the proposal of the shareholder Ministry for the Economy and Finance, filed pursuant to Article 2367 of the Italian Civil Code, to introduce in the corporate bylaws a provision concerning integrity requirements and related causes of ineligibility and disqualification of directors and the consequent insertion of Article 14-*bis* and amendment of Article 14.3 of the corporate bylaws;
2. resolved to amend Article 13.2 of the corporate bylaws in order to insert the faculty to convene the shareholders' meetings on several calls, as an alternative to the single call currently provided.

Enel and the financial markets

	2013	2012
Dividend per share (euro)	0.13	0.15
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 [1] (millions of euro)	29,150	28,774
No. of shares outstanding at December 31 (millions)	9,403	9,403

(1) 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		Current [1]	**at Dec. 31, 2013**	at Dec. 31, 2012	at Dec. 31, 2011
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.

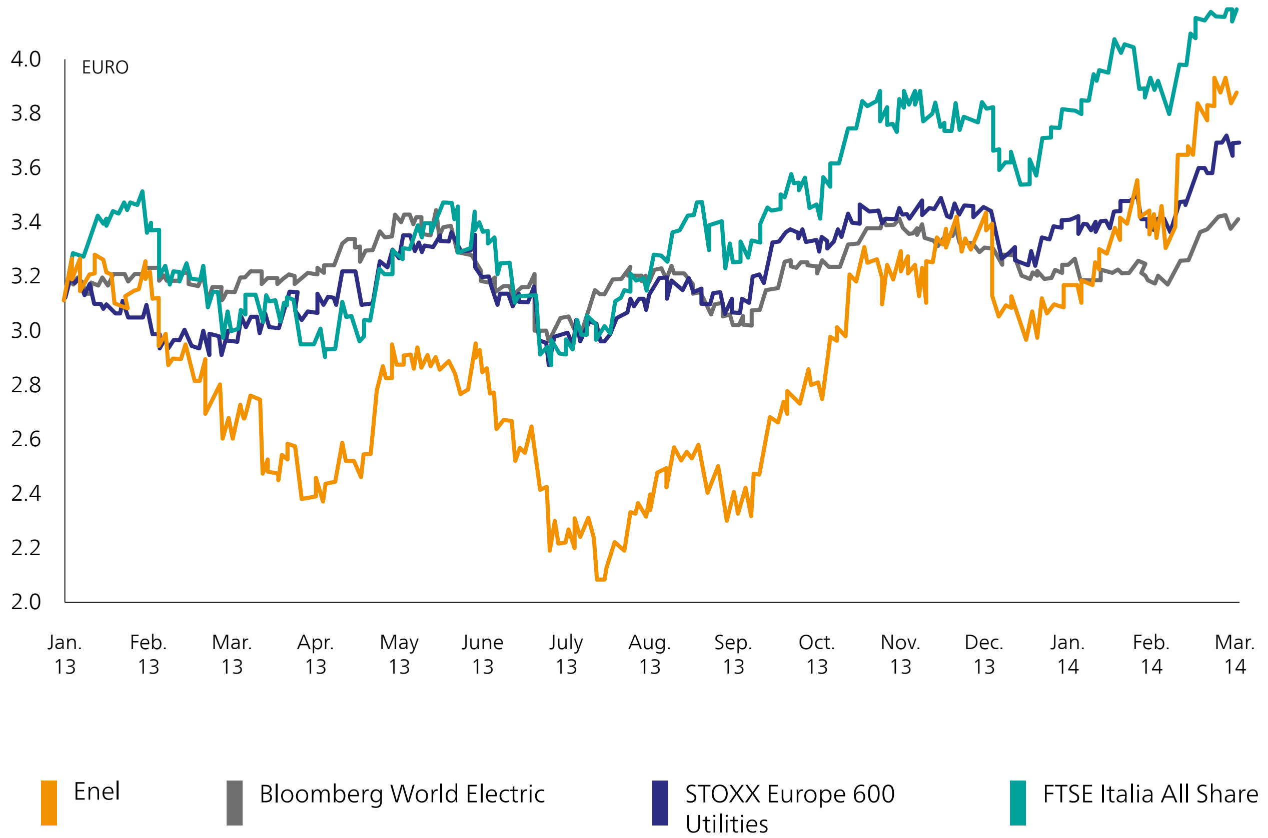
At December 31, 2013 the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors 41.9% and individual investors the remaining 26.9%.

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

Source: Bloomberg.



Activity of Enel SpA

In its capacity as an industrial holding company, Enel SpA defines strategic targets for the Group and coordinates activities of subsidiaries. As part of its function of direction and coordination, the activities that Enel SpA conducts with the other Group companies can be summarized as follows:

- corporate governance;
- corporate finance and financial planning;
- tax planning and strategy;
- risk assessment management;
- legal policies;
- setting guidelines for management training and remuneration policy;
- institutional relations;
- setting guidelines for accounting;
- strategic marketing.

Within the Group, Enel SpA also performs, either directly or indirectly through the subsidiary Enel Finance International NV, centralized treasury functions (with the exception of the Endesa Group), thereby providing access to the money and capital markets. The Company also obtains insurance coverage for the Group, either directly or through the subsidiary Enel Insurance NV.

Significant events in 2013

11 February Forward starting revolving credit facility

On February 11, 2013, Enel SpA agreed a 5-year revolving credit facility in Amsterdam 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. 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.

9 May Framework agreement implementing the provisions of Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the "Fornero Act") 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, subject to successful completion of additional checks with the competent entities to ascertain eligibility for the benefit scheme.

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 taken previously 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 agency remarked that the stable outlook reflects 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.

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 (GBP) 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 (equal to €474.0 million at the issue date) maturing on September 10, 2075, issued at a price of 98.698 with an annual fixed coupon of 7.75% 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 €927.8 million on the issue date. The transaction involves the issue of a bond maturing on September 24, 2073, at a price of 99.183 with a semi-annual fixed coupon of 8.75% 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 from September 24, 2028 and interest rate step-up of 25 basis points 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, comprising that on the European market and that in the United States, were carried out in execution of the resolution of the Board of Directors of Enel SpA 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 have been listed on the Irish Stock Exchange.

Performance and financial position of Enel SpA

Definition of performance indicators

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

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

> *Net non-current assets*: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
- "Deferred tax assets";
- "Financial receivables due from other entities" and "Receivables due from subsidiaries" reported under "Non-current financial assets";
- "Long-term loans";
- "Post-employment and other employee benefits";
- "Provisions for risks and charges";
- "Deferred tax liabilities".

> *Net current assets*: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
- "Financial receivables" and "Loans to subsidiaries" reported under "Current financial assets";
- "Cash and cash equivalents";
- "Short-term loans" and the "Current portion of long-term loans".

> *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".

> *Net financial debt*: a financial structure indicator, calculated as the algebraic sum of "Long-term loans", "Current portion of long-term loans" and "Short-term loans" less "Cash and cash equivalents", financial receivables included under "Non-current financial assets" and "Current financial assets". More generally, net financial debt 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 for the definition of the net financial position, less financial receivables and long-term securities.

Performance

The new version of "IAS 19 - Employee benefits" took effect retrospectively as from January 1, 2013, with a consequent income on performance and financial position for 2012", which have been restated. Please see note 4 for a full discussion.

The following table summarizes the performance of Enel SpA in 2013 and 2012.

Millions of euro

	2013	2012 restated	Change
Revenues			
Revenues from services	268.8	327.6	(58.8)
Other revenues and income	6.7	7.0	(0.3)
Total	**275.5**	**334.6**	**(59.1)**
Costs			
Electricity purchases and consumables	6.4	2.1	4.3
Services, leases and rentals	230.2	235.7	(5.5)
Personnel	90.0	126.4	(36.4)
Other operating expenses	14.1	60.1	(46.0)
Total	**340.7**	**424.3**	**(83.6)**
Gross operating margin	**(65.2)**	**(89.7)**	**24.5**
Depreciation, amortization and impairment losses	8.8	13.2	(4.4)
Operating income	**(74.0)**	**(102.9)**	**28.9**
Net financial income/(expense) and income from equity investments			
Income from equity investments	2,028.0	4,174.7	(2,146.7)
Financial income	1,812.2	1,618.1	194.1
Financial expense	2,602.3	2,446.5	155.8
Total	**1,237.9**	**3,346.3**	**(2,108.4)**
Income before taxes	**1,163.9**	**3,243.4**	**(2,079.5)**
Income taxes	(208.5)	(185.0)	(23.5)
NET INCOME FOR THE YEAR	**1,372.4**	**3,428.4**	**(2,056.0)**

Revenues from services totaled €268.8 million (€327.6 million in 2012) and essentially regard services provided to subsidiaries as part of Enel SpA's direction and coordination functions and the rebilling of costs incurred by Enel SpA but pertaining to the subsidiaries. The decrease of €58.8 million from 2012 is mainly attributable to the decline in revenues in respect of management fees and lower revenues from services rendered as a result of the organizational rationalization carried out under the "One Company" project.

Other revenues and income came to €6.7 million, largely unchanged on the previous year. The item is essentially composed of the rebilling of costs for the personnel of Enel SpA seconded to other Group companies.

Costs for **electricity purchases and consumables** came to €6.4 million, up €4.3 million on 2012. The change essentially reflects the second revision of prices in the long-term import contract with Alpiq, even after its expiry on December 31, 2011 (€4.1 million).

Costs for **services, leases and rentals** amounted to €230.2 million, of which charges from third parties in the amount of €151.5 million and from Group companies in the amount of €78.7 million. The costs attributable to third parties mainly regarded communication expenses, technical and professional services as well as strategic, management and corporate organization consulting. Those in respect of services provided by Group companies regard IT and administrative services and purchasing, as well as rental income and personnel training received from Enel Servizi, and costs for the personnel of a number of Group companies seconded to Enel SpA. The total decrease of €5.5 million on the previous year is largely due to lower costs in respect of services rendered by Group companies (€7.9 million), partially offset by an increase in costs for services from non-Group counterparties (€2.5 million).

Personnel costs totaled €90.0 million, a decrease of €36.4 million on the previous year. The decline was essentially attributable to:

> developments in the average workforce (a decline of 59 in the average number of employees compared with 2012), reducing costs for wages and salaries, and the associated social security contributions, by €11.7 million;
> a decrease in other costs and other incentive plans amounting to €19.4 million, due largely to the reversal of the provision for the transition-to-retirement plan (€6.3 million), established in December 2012 and terminated in the 3rd Quarter of 2013 as no employees opted to participate, and to the decrease in charges (€3.3 million) for the 2008 Long Term Incentive plan following the end of the vesting period (March 31, 2012). These effects were partially offset by the charge recognized for the early retirement measures envisaged in the union agreements implementing the provisions of Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (€1.0 million).

Other operating expenses amounted to €14.1 million, a decrease of €46.0 million compared with the previous year, mainly due to the revision of estimates for litigation provisions for positions pertaining to previous years, which had a net positive impact of €9.0 million, as well as a decline of €35.5 million in other operating expenses connected with an increase in operating efficiency and the recognition in 2012 of €23.2 million in non-recurring items.

The **gross operating margin** came to a negative €65.2 million, an improvement of €24.5 million compared with the previous year (a negative €89.7 million). More specifically, the overall decline in operating expenses more than offset the decrease in revenues.

Depreciation, amortization and impairment losses came to €8.8 million. The item includes depreciation of property, plant and equipment of €1.3 million and amortization of intangibles of €7.5 million. The decrease of €4.4 million is associated with the normal depreciation and amortization of assets.

Operating income amounted to a negative €74.0 million, an improvement of €28.9 million compared with the previous year (a negative €102.9 million).

Income from equity investments amounted to €2,028.0 million (€4,174.7 million in 2012). The item regards dividends approved in 2013 by subsidiaries, associates and other companies and shows a decrease of €2,146.7 million compared with the previous year. The reduction reflects the recognition in 2012 of a special dividend of €1,142.0 million distributed by Enel Distribuzione, as well as the gain, gross of transaction costs, of the disposal of the interest in Terna (€234.3 million).

Net financial expense totaled €790.1 million and essentially reflects interest expense on financial debt (€966.7 million) and net costs on interest rate derivatives (€78.2 million), partly offset by interest and other income on financial assets (totaling €252.3 million). The decrease of €38.3 million compared with 2012 is mainly attributable to lower charges on financial debt.

Income taxes showed a tax receivable of €208.5 million, mainly due to the reduction in taxable income for IRES purposes as a result of the exclusion of 95% of dividends received from subsidiaries. The estimate of income taxes also takes account of the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Tax Code, as replaced by Law 244 of December 24, 2007, the 2008 Finance Act).
The effective tax rate on pre-tax income was a negative 17.9% in 2013, compared with a negative 5.8% in 2012. This essentially reflected both the difference between the two years in the amount of dividends received from subsidiaries and the gain (which was largely tax exempt) on the sale of the interest in Terna SpA.

Net income for the year came to €1,372.4 million, compared with €3,428.4 million the previous year.

Analysis of the 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	19.9	16.2	3.7
- equity investments	39,289.1	39,189.1	100.0
- net other non-current assets/(liabilities)	(499.6)	(645.6)	146.0
Total	**38,809.4**	**38,559.7**	**249.7**
Net current assets:			
- trade receivables	216.1	477.8	(261.7)
- net other current assets/(liabilities)	(432.8)	(381.2)	(51.6)
- trade payables	(212.1)	(193.4)	(18.7)
Total	**(428.8)**	**(96.8)**	**(332.0)**
Gross capital employed	**38,380.6**	**38,462.9**	**(82.3)**
Provisions:			
- post-employment and other employee benefits	(335.8)	(357.5)	21.7
- provisions for risks and charges and net deferred taxes	125.4	149.5	(24.1)
Total	**(210.4)**	**(208.0)**	**(2.4)**
Net capital employed	**38,170.2**	**38,254.9**	**(84.7)**
Shareholders' equity	**25,866.9**	**25,817.1**	**49.8**
NET FINANCIAL DEBT	**12,303.3**	**12,437.8**	**(134.5)**

Net non-current assets totaled €38,809.4 million, an increase of €249.7 million, mainly reflecting:

> a net increase of €100.0 million in the carrying amount of equity investments, attributable to the recapitalization of the subsidiary Enel Servizio Elettrico SpA;

> an increase of €146.0 million in net other non-current liabilities, essentially attributable to the reduction in the value of derivatives classified under non-current financial liabilities (€295.0 million), partially offset by the decrease in the value of derivatives classified under non-current financial assets (€161.7 million).

Net current assets came to a negative €428.8 million, a decrease of €332.0 million compared with December 31, 2012. The change is attributable to:

> a decrease of €261.7 million in trade receivables due from Group companies, largely attributable to the improvement in the invoicing and collection process and to the decline in revenues from management fees and for service activities;

> a decrease of €51.6 million in other net current assets and liabilities, mainly associated with the decline in the value of derivatives classified as current financial assets (€31.4 million), and the reduction of accrued income and credits for interest on intercompany current accounts (€13.1 million), as well as the decrease in income tax receivables (€6.3 million);

> an increase of €18.7 million in trade payables, mainly in respect of Group companies.

Net capital employed at December 31, 2013 came to €38,170.2 million funded by shareholders' equity of €25,866.9 million and net financial debt of €12,303.3 million.

Shareholders' equity totaled €25,866.9 million at December 31, 2013, an increase of €49.8 million compared with the previous year. The change is attributable to the recognition of net income for the year of €1,460.3 million (including €87.9 million recognized directly in equity), net of the distribution of the balance of the dividend for 2012 of €1,410.5 million (€0.15 per share).

Net financial debt came to €12,303.3 million at the end of the year, with a debt/equity ratio of 0.48 (unchanged compared with the end of 2012).

Analysis of the financial structure

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	Change
Long-term debt:			
- bank loans	-	492.4	(492.4)
- bonds	17,764.4	16,322.4	1,442.0
- debt assumed and loans from subsidiaries	-	2,500.0	(2,500.0)
Long-term debt	*17,764.4*	*19,314.8*	*(1,550.4)*
- financial receivables from others	(4.9)	(167.9)	163.0
- debt assumed and loans to subsidiaries	(117.0)	(138.2)	21.2
Net long-term debt	**17,642.5**	**19,008.7**	**(1,366.2)**
Short-term debt/(liquidity):			
- short-term portion of long-term debt	1,060.9	808.9	252.0
- short-term bank debt	4.4	137.6	(133.2)
- short-term debt due to Group companies	-	1,200.0	(1,200.0)
- cash collateral received	118.0	687.9	(569.9)
Short-term debt	*1,183.3*	*2,834.4*	*(1,651.1)*
- short-term portion of long-term financial receivables	(0.4)	(0.4)	-
- short-term portion of loans assumed/granted	(21.2)	(27.3)	6.1
- short-term loans to Group companies	(500.0)	-	(500.0)
- other financial receivables	(0.4)	(12.8)	12.4
- cash collateral paid	(1,018.2)	(622.7)	(395.5)
- net short-term financial position with Group companies	(1,859.4)	(2,281.5)	422.1
- cash and cash equivalents and short-term securities	(3,122.9)	(6,460.6)	3,337.7
Net short-term debt/(liquidity)	**(5,339.2)**	**(6,570.9)**	**1,231.7**
NET FINANCIAL DEBT	**12,303.3**	**12,437.8**	**(134.5)**

At December 31, 2013 net financial debt amounted to €12,303.3 million, a decrease of €134.5 million, as the result of a decrease in net long-term debt in the amount of €1,366.2 million, partially offset by a decrease in the net short-term creditor position in the amount of €1,231.7 million.

The main transactions in 2013 impacting debt can be summarized as follows:

> the repayment of a loan from Enel Finance International NV in the amount of €2,500.0 million;
> the repayment of bank loans and credit facilities in the amount of €492.4 million;
> the redemption of the maturing tranches of bonds in the amount of €809.2 million;
> the repurchase of own bonds in the amount of €101.0 million;
> the reduction of short-term exposures to banks in the amount of €133.2 million;
> repayment of €1,200.0 million on the short-term credit facility granted by the subsidiary Enel Finance International NV;
> the issue of three hybrid bonds in the total amount of €2,651.8 million;
> drawings on a newly opened short-term credit facility with Enel Finance International NV in the amount of €500.0 million;
> the collection from F2i Reti Italia of the financial receivable of €176.5 million connected with the disposal of the interest in Enel Rete Gas SpA held by the subsidiary Enel Distribuzione SpA.

Cash and cash equivalents came to €3,122.9 million, a decrease of €3,337.7 million compared with December 31, 2012, mainly due to the payment of 2012 dividends in the amount of €1,410.5 million, the payment of the first and second estimated payments of IRES (€887.4 million) and the overall decrease in cash collateral (€965.4 million).

Cash flows

Millions of euro

	2013	2012	Change
Cash and cash equivalents at the start of the year	6,460.6	1,832.0	4,628.6
Cash flows from operating activities	1,668.8	3,208.0	(1,539.2)
Cash flows from investing/disinvesting activities	(112.8)	(466.7)	353.9
Cash flows from financing activities	(4,893.7)	1,887.3	(6,781.0)
Cash and cash equivalents at the end of the year	**3,122.9**	**6,460.6**	**(3,337.7)**

Cash flows from operating activities came to a positive €1,668.8 million, compared with €3,208 million the previous year, a decrease of €1,539.2 million, essentially attributable to the decrease in dividends received from subsidiaries.

Cash flows from investing activities were a negative €112.8 million (a negative €466.7 million the previous year). They essentially regard the outlay associated with the recapitalization of Enel Servizio Elettrico (€100.0 million).

Cash flows in respect of financing activities were a negative €4,893.7 million (compared with a positive €1,887.3 million the previous year). They mainly regarded the repayment of loans from subsidiaries (€2,500.0 million), the repayment of bank loans and credit facilities (€492.4 million), the repayment of the maturing tranches of bonds (€809.2 million), the repayment of €1,200.0 million on a short-term credit facility with Enel Finance International NV, the drawing of a short-term credit facility by Enel Finance International NV (€500.0 million) and the payment of the balance of the 2012 dividend (€1,410.5 million). These negative components were only partially offset by the issue of three hybrid bonds in the total amount of €2,651.8 million.

In 2013, the cash requirements generated by financing activities (€4,893.7 million) were covered by the liquidity generated by operating activities (€1,668.8 million) and the use of liquidity generated the previous year. Consequently, cash and cash equivalents at December 31, 2013 amounted to €3,122.9 million, compared with €6,460.6 million at the start of the year.

Results of the main subsidiaries

The revised version of "IAS 19 - Employee benefits" took retrospective effect as from January 1, 2013, with a consequent impact on performance and financial position for 2012, which was therefore restated by the Italian companies of the Enel Group. The 2012 comparative figures for the items affected by the restatement reflect the application of the new standard.

Enel Produzione SpA

In 2013, Enel Produzione delivered 55.4 TWh of electricity to the grid (59.3 TWh in 2012), 41.4 TWh of which from thermal generation and 14.0 TWh from hydroelectric generation.
Compared with the previous year, power delivered thus fell by 3.9 TWh.
This change was due to the decline in thermal power generation (7.0 TWh), which was partially contained by the increase in the operation of coal plants, partially offset by an increase in renewable generation (3.1 TWh), partly as a result of greater water availability in 2013 compared with 2012.
Electricity sales, including quantities purchased from SE Hydropower and SF Energy (totaling 2.9 TWh), were conducted under bilateral contracts, mainly with Enel Trade (53.0 TWh, equal to 91.9%) and on the Power Exchange (4.3 TWh, or 7.5%), while the remaining 0.4 TWh (0.6%) related to subsidized energy.
In 2013, CO_2 emissions totaled 30.3 million metric tons, while allowances assigned as at December 31, 2013 totaled 4.4 million metric tons.

During 2013, the most important corporate events and extraordinary operations for the company were as follows:
> the sale, on December 19, 2013, to La Petrolifera Italo Rumena SpA of the business unit related to the marine depot and terminal of Impianto Integrato Combustibili Oleodotti (IICO) in Ravenna. The transferred assets were written down in the amount of €10.6 million;
> the sale of the industrial site of the "Volpi" plant (Porto Marghera, Venice) through a competitive tender published in the Italian press, begun in June 2013. On October 31, 2013, the company received an irrevocable bid from Simic, submitted also on behalf of Transped and CITI, for a total of €5.8 million, of which €0.5 million was paid as a deposit. The assets involved in the sale, which had been written down in the amount of €19.9 million, were classified as non-current assets held for sale;
> the subscription, on February 11, 2013, of the company's share (€0.3 million) in the capital increase of the subsidiary Galsi SpA. The value of equity investment in Galsi SpA was increased by an amount equal to the payment made, and the stake has risen from 15.607% to 15.617%;
> the granting, on October 1, 2013, of an additional long-term loan by the Enel Group company Enel Finance International NV in the amount of €1.0 billion.

Revenues for 2013 totaled €8,108.7 million (compared with €7,186.7 million in 2012) and relate essentially to:
> revenues from the sale of electricity to non-Group customers in the amount of €4,237.3 million (€3,168.9 million in 2012), an increase of €1,068.4 million due mainly to the greater quantities sold on the Power Exchange;
> revenues from the sale of electricity to Group companies in the amount of €3,724.7 million (€3,871.0 million in 2012), a decrease of €146.3 million due essentially to adverse pricing effects despite the greater quantities sold to Enel Trade;
> revenues from contract work in progress in the amount of €4.0 million (€33.8 million in 2012) relating to construction contracts currently being executed, a decline of €29.8 million as a result of contracts with subsidiaries that concluded during 2013;
> other revenues and income in the amount of €139.1 million (€97.8 million in 2012), an increase of €41.3 million compared with the previous year, primarily attributable both to revenues from the recognition of grants for green certificates accrued during the year (€78.5 million) and to revenues from the reimbursement of damages to plant (€10.3 million), partly offset by lower revenues arising from the recognition of CO_2 allowances assigned to new entrants (€43.7 million).

Operating expenses for 2013 came to €7,374.3 million (€6,809.1 million in 2012), a total increase of €565.2 million, mainly attributable to the following factors:

> an increase of €549.3 million in costs for the purchase of raw materials and consumables, related essentially to the increase in costs for electricity purchases (€1,403.8 million), partially offset by lower costs for the purchase of fuels (€912.2 million);
> an increase in other operating expenses in the amount of €350.6 million mainly due to higher charges for CO_2 allowances, of which €143.8 million related to purchases of CERs and EUAs used to meet compliance requirements for 2013 and €70.4 million related to green certificates, as well as higher costs for gas purchases (€60.1 million);
> an increase of €16.5 million in depreciation, amortization and impairment losses, essentially the combined effect of greater impairment losses (€95.6 million), fewer write-backs (€41.2 million) and depreciation and amortization (€108.1 million), the latter of which due to the change in useful life of certain types of plant;
> a decrease of €243.2 million in personnel expenses related mainly to both the retrospective application of "IAS 19 - Employee benefits", which increased personnel costs for the previous year by €173.2 million, and a decrease of 339 employees in the workforce;
> a decrease of €107.5 million in costs for services, mainly due to lower costs for congestion fees paid to the Energy Markets Operator (€90 million).

Net charges from commodity risk management totaled €152.2 million (compared with net income in the amount of €15.2 million in 2012), an increase of €167.4 million due essentially to the adverse change in the outcome of price and exchange rate hedging of commodities and hedges of the volatility risk of transport capacity use fees (€275.2 million), partly offset by the positive net change on contracts for differences (€136.2 million).

Operating income amounted to €582.1 million, an increase of €189.4 million compared with 2012.

Net financial expense and charges in respect of equity investments totaled €148.5 million (€111.2 million in 2012), increasing by €32.5 million.
This change was mainly the result of higher interest expense on loans with Enel Finance International NV (€110.6 million), partly offset by a decrease in interest expense on the inter-company current account held with the Parent Company, Enel SpA (€53.3 million).

Net income for the year, after income taxes of €210 million, came to €223.6 million (€107.7 million in 2012).

Capital expenditure on property, plant and equipment and intangible assets amounted to €300.3 million (€344.9 million in 2012).

Net capital employed totaled €10,181.1 million at December 31, 2013 (€10,476.9 million at December 31, 2012), and is composed of net non-current assets of €11,128.0 million, negative net current assets of €360.1 million, provisions and net deferred taxes of €592.6 million, and other net non-current assets held for sale of €5.8 million.
This capital employed is funded by **shareholders' equity** in the amount of €6,001.3 million (€6,033.5 million at December 31, 2012) and **net financial debt** in the amount of €4,179.8 million (€4,443.4 million at December 31, 2012).
The debt-to-equity ratio went from 71.2% at December 31, 2012 to 69.6% at December 31, 2013.

The **workforce** at December 31, 2013 numbered 5,225 employees, compared with 5,564 at December 31, 2012.

Enel Green Power SpA

Enel Green Power, established on December 1, 2008, is the Enel Group company responsible for developing and managing power generation from renewable sources in line with the Group's strategies.

In 2013, Enel Green Power SpA delivered 12.9 TWh (11.3 TWh in 2012) of electricity to the grid, 6.6 TWh of which hydroelectric (5.3 TWh in 2012), 5.3 TWh geothermal (5.2 TWh in 2012), and 1.0 TWh (0.8 TWh in 2012) from other sources (wind and photovoltaic). Compared with 2012, the energy delivered increased by 1.6 TWh due mainly to the increase in hydroelectric generation (1.3 TWh) as a result of greater water availability.

Electricity sales were conducted on the Power Exchange in the amount of 6.2 TWh (48.5%) and under bilateral contracts, particularly with Enel Trade, in the amount of 6.3 TWh (49.2%), with the remaining 0.3 TWh (2.3%) being related to subsidized energy.

During 2013, the most important corporate events and extraordinary operations for the company were as follows:

> the acquisition, on March 22, 2013, of 35% of the share capital of Parque Eólico Talinay Oriente SA Inc., to develop a wind farm in Talinay, Chile, Coquimbo region, for a total amount of approximately €44.4 million;
> the acquisition, on March 26, 2013, of 50% of the share capital of PowerCrop, a joint venture with SECI Energia, for the development of projects related to the production of electricity from biomass, totaling approximately €24.0 million;
> the sale, effective as of July 1, 2013, of the entire stake held in Enel.si Srl to Enel Energia SpA for a total amount of €92.4 million, which generated a gain of €71.9 million;
> the acquisition, on August 2, 2013, of 70% of the share capital of Enel Green Power Finale Emilia Srl for the development of projects related to the production of electricity from biomass, totaling approximately €8.4 million;
> the merger, effective as of December 1, 2013, with accounting and tax effects from January 1, 2013, of Enel Green Power Portoscuso Srl, a wholly owned subsidiary and owner of a wind farm in the city of Portoscuso (Carbonia-Iglesias), Italy;
> the recapitalization of Enel Green Power International BV in the total amount of €502.2 million, recognized under the company's share premium reserve;
> the recapitalization in December, for a total amount of €102.8 million, of the subsidiaries Enel Green Power Cutro Srl (€60.5 million) and Enel Green Power Calabria Srl (€42.3 million), carried out by waiving outstanding receivables;
> the recapitalization of 3SUN in the amount of €18.9 million and the subsequent adjustment of the recoverable value of the investment, taking account of the uncertainty surrounding its earnings potential, as well as the granting of a shareholder loan under the loan agreement with the other shareholders in an amount to be borne by Enel Green Power SpA totaling €20.7 million.

Revenues for 2013 totaled €1,274.5 million (€1,284.1 million in 2012) and included revenues from sales and services in the amount of €958.6 million (€1,033.6 million in 2012) and other revenues in the amount of €315.9 million (€250.5 million in 2012).

Revenues from sales and services relate mainly to revenues from the sale and transport of energy in the amount of €864.7 million (€871.3 million in 2012) and other sales and services in the amount of €93.9 million (€162.3 million in 2012).
Other revenues are primarily revenues from the sale of green certificates, totaling €295.3 million (€220.7 million in 2012).

Operating expenses came to €794.7 million (€845.9 million in 2012), including €343.5 million in depreciation and amortization (€333.5 million in 2012), €225.5 million in costs for services (€211.4 million in 2012), €140.7 million in personnel expenses (€180.0 million in 2012), and €72.2 million in costs for raw materials and consumables (€104.5 million in 2012). The reduction in operating expenses compared with the previous year, which amounted to €51.2 million, mainly reflected the decline in personnel expenses (€39.3 million), mainly associated with the recognition of charges relating to the transition-to-retirement plan established for certain employees at the end of 2012, as well as costs for raw materials and consumables (€32.3 million), partially offset by an increase in depreciation and amortization (€10.0 million) and in costs for services (€14.1 million).

Net income from commodity risk management came to €22.4 million (compared with net charges of €5.2 million in 2012) and concerned net realized income on derivative positions on the price of energy sold on the Power Exchange that were closed at December 31, 2013.

Operating income came to €502.2 million (€433.0 million in 2012).

Net financial expense and charges in respect of equity investments amounted to €78.6 million (€60.6 million in 2012), an increase of €18.0 million, due essentially to an increase of €34.2 million in financial expense, partly offset by an increase of €13.2 million in income from equity investments.

Net income for the year, including the results of discontinued operations (€70.5 million), came to €289.8 million, an increase of €80.1 million compared with the previous year. The increase essentially reflects the recognition of the gain on the sale of all of Enel.si to Enel Energia SpA (€71.9 million).

Capital expenditure on property, plant and equipment

and intangible assets amounted to €318.0 million (€295.6 million in 2012).

Net capital employed totaled €9,955.8 million at December 31, 2013 (€9,253.4 million at December 31, 2012), and is composed of net non-current assets of €9,834.8 million (€9,043.6 million at December 31, 2012), net current assets of €111.3 million (€199.2 million at December 31, 2012), and provisions and net deferred taxes of €9.7 million (€10.6 million at December 31, 2012). This capital employed is funded by shareholder's equity of €6,647.8 million (66.8%) and by net financial debt of €3,308.0 million (33.2%).

At December 31, 2013, **shareholders' equity** amounted to €6,647.8 million, an increase of €168.1 million compared with December 31, 2012, primarily the net result of net income for the year of €289.8 million and the payment of dividends for 2012 in the amount of €129.5 million.

The debt-to-equity ratio went from 42.8% at December 31, 2012 to 49.8% at December 31, 2013.

The **workforce** at December 31, 2013 numbered 1,927 employees, compared with 1,873 at December 31, 2012.

Enel Distribuzione SpA

Following the partial demerger, effective as of January 1, 2008, of Enel Distribuzione SpA's sales unit in accordance with Decree Law 73 of June 18, 2007 (ratified with Law 125 of August 3, 2007), containing urgent measures for implementation of EU regulations concerning the liberalization of energy markets, Enel Distribuzione has engaged solely in the business of the transport and metering of electricity in Italy.

In 2013, the company distributed a total of 230.0 TWh of electricity (238.5 TWh in 2012) to around 31.7 million end users (in the free, safeguard and enhanced protection markets). The 3.6% reduction in power distributed reflects the decline in electricity demand in Italy, which came to 317.1 TWh in 2013, compared with 328.2 TWh for the previous year.

During 2013, the most important corporate events and extraordinary operations for the company were as follows:

- the granting on November 14, 2013, and subsequent disbursement during that month by the European Investment Bank, of an extension to the "*Efficienza Rete III*" financing agreement, denominated "*Efficienza Rete III C*", in the amount of €270.0 million. The financing agreement has a maturity of 20 years, bears a floating rate equal to six-month Euribor plus 1.00%, and is secured by a Parent Company guarantee issued by Enel SpA;
- the sale, finalized on December 20, 2013, of the remaining stake in Enel Rete Gas SpA (14.8% of the share capital) to F2i Reti Italia Srl for a total of €122.4 million;
- the acquisition, on December 31, 2013, from AEM Torino Distribuzione SpA of a business unit dedicated to the distribution of electricity in 24 municipalities in the province of Turin, for €6.0 million.

Revenues for 2013 totaled €7,538.3 million (€7,969.6 million in 2012) and included:

- revenues from the transport of electricity, including the effect of equalization mechanisms, which amounted to €6,369.4 million (€5,951.6 million in 2012). The increase of €417.8 million on the previous year was due mainly to the positive effect of the revision of rates (Authority for Electricity and Gas Resolution 122/2013), in the amount of €139.5 million, the verification of equalization related to connection fees in the amount of €112.7 million and to the earthquake in Emilia (Authority Resolution 6/2013) in the amount of €94.9 million (including the amount recognized for 2012, equal to €38.8 million), as well as to the increase in equalization of transmission costs in the amount of €60.4 million;
- other revenues in the amount of €1,168.9 million (€2,018.0 million in 2012), a decrease of €849.1 million compared with the previous year, due essentially to the reduction in connection fees (€265.4 million), and the recognition on September 30, 2012 of the reimbursement, in a single payment to Enel Distribuzione SpA, of charges for the elimination of the Electrical Worker Pension Fund pursuant to Authority Resolution 157/2012 (€615.5 million). These effects were partially offset by the €58.5 million increase in grants for and sales of white certificates.

Operating expenses amounted to €4,555.9 million (€5,358.6 million in 2012), a decrease of €802.7 million, mainly the net result of the following factors:

> a reduction in personnel expenses (€633.3 million) arising essentially from the impact of the recognition in 2012 of the transition-to-retirement plan (€518.6 million), which was terminated during 2013, resulting in the reversal of the associated provision;
> a reduction in other operating expenses (€304.3 million), related to lower provisions for risks and charges and the new method for recognizing provisions, which calls for recognition based on the nature of the risk starting in 2013 (€274.3 million), and to a decrease in costs related to white certificates (€31.6 million);
> an increase in costs for services (€101.0 million), mainly due to an increase in the CTR rate component for transmission services.

Operating income for 2013 totaled €2,982.4 million (€2,611.1 million in 2012), up €371.3 million over the previous year.

Net financial expense and charges in respect of equity investments amounted to €461.2 million (€342.7 million in 2012), up €118.5 million, essentially as a result of greater interest expense on financing received from Cassa Depositi e Prestiti (CDP), the European Investment Bank (EIB) and Enel Finance International NV (for a total of €150.6 million), partly offset by higher dividends received from Enel Rete Gas SpA and Enel M@p Srl (a total of €9.6 million).

Net income for the year came to €1,422.0 million (€1,283.3 million in 2012).

Capital expenditure on property, plant and equipment and intangible assets amounted to €1,029.4 million (€1,470.2 million in 2012).

Net capital employed totaled €11,249.7 million at December 31, 2013 (€10,741.4 million at December 31, 2012), and is composed of net non-current assets of €14,683.5 million, negative net current assets of €1,960.8 million, provisions and net deferred taxes of €1,473.1 million, and net non-current assets held for sale of €0.1 million.
Net capital employed is funded by shareholder's equity of €4,496.5 million (40.0%) and net financial debt of €6,753.2 million (60.0%).

The **workforce** at December 31, 2013 numbered 17,366 employees, compared with 18,309 at December 31, 2012.

Enel Servizio Elettrico SpA

Established on September 13, 2007, in accordance with Decree Law 73 of June 18, 2007, regarding urgent measures for compliance with EU regulations concerning the liberalization of the energy markets (ratified with Law 125 of August 3, 2007), the company's corporate purpose is the exercise of activities relating to the sale of electricity to enhanced protection customers, namely residential customers and small businesses (with fewer than 50 employees and an annual turnover of €10 million or less) on low-voltage connections. Until April 30, 2008, the company had also been selling electricity to safeguard market end users, namely customers other than residential users and small companies that have not selected a supplier in the free market, or are without a supplier. In accordance with Resolution 337/2007 of the Authority for Electricity and Gas (the Authority), these customers were assigned on the basis of a tender to free market electricity vendors as from May 1, 2008.

In 2013, the demand for electricity in Italy totaled 317.1 TWh, a decrease of 2.5% from 2012.
Electricity sold by Enel Servizio Elettrico SpA during the year totaled 54.8 TWh and was sold entirely on the enhanced protection market.

During 2013, the most important corporate events for the company are summarized below.

During the year, Enel Servizio Elettrico SpA continued the revolving non-recourse factoring, begun in 2011, of part of its trade receivables in respect of its mass-market customers. In 2013, assignments involved receivables for invoices issued in the amount of €12,894.7 million and receivables for invoices to be issued in the amount of €1,419.0 million.
Of these receivables, net of total transaction costs of €173.8 million, €14,139.9 million were collected in 2013.

Revenues for 2013 totaled €12,055.5 million and were mainly related to revenues from the sale and transport of electricity in the amount of €11,526.9 million, as well as grid-connection fees in the amount of €325.4 million. The increase of €1,957.8 million over 2012 was essentially due to the increase of €2,120.9 million in revenues from the sale and transport of electricity, mainly in connection with greater rate revenues, which reflect the expensing of system charges, a decrease of €61.9 million in other revenues from Enel Distribuzione SpA relating to reimbursements to customers for service interruptions on behalf of the distributor in accordance with Authority Resolution 333/2007 and a decrease of €81.6 million in revenues for grid-connection fees, including reimbursements of expenses for the reactivation of previously non-paying customers.

Operating expenses, in the amount of €11,917.7 million, were related essentially to the purchase of electricity (€5,136.9 million), mainly from the Single Buyer (€5,136.1 million), and to costs for services (€6,403.8 million), €6,259.4 million of which paid to Group companies and related essentially to electricity transport (€5,835.9 million) and grid-connection services (€225.0 million). The increase in operating expenses from the previous year of €1,765.6 million was essentially due to the following:

> an increase in costs for services (€2,891.8 million) and, in particular, in transport costs paid to Enel Distribuzione (€2,990.3 million) due largely to the expensing of system charges, with contra-account under revenues from sales and services;
> a reduction in electricity purchases from the Single Buyer (€855.0 million) and a decrease in costs for connection and plant fees paid to Enel Distribuzione SpA (€70.1 million).

Operating income, which totaled €137.8 million, improved by €192.2 million compared with 2012.

Net financial expense and charges in respect of equity investments, in the amount of €18.3 million, include financial expense in the amount of €57.2 million, financial income in the amount of €38.7 million, and income from equity investments in the amount of €0.2 million. Compared with 2012, net financial expense increased by €4.6 million, primarily due to a decline in financial income on deposit agreements with Enel Finance International NV (€9.1 million), partly offset by the decrease in financial expense on the non-recourse factoring of receivables (€3.2 million).

Net income for the year came to €90.8 million, net of taxes for the period in the amount of €28.7 million.

Capital expenditure on property, plant and equipment and intangible assets totaled €32.2 million, €22.3 million of which related to intangible assets, essentially composed of invoicing and credit management systems, and €9.9 million related to property, plant and equipment for leasehold improvements and other assets.

Net capital employed totaled a negative €1,770.8 million at December 31, 2013, and was composed of net non-current assets of €91.2 million, net current assets of a negative €1,820.1 million, provisions of €171.6 million, and net deferred tax assets in the amount of €129.7 million.

At December 31, 2013, **shareholders' equity** amounted to €178.3 million, an increase of €188.6 million compared with December 31, 2012, as a result of net income for the year (a net loss of €99.4 million in 2012).

The **net cash position** of €1,949.1 million showed a decrease of €418.2 million.

The **workforce** at December 31, 2013 numbered 2,518 employees, compared with 2,685 at December 31, 2012.

Enel Energia SpA

Enel Energia is the company responsible for the sale of electricity on the free and safeguard markets and the sale of natural gas to end users. In particular, Enel Energia is a leader on the free market in Italy for the sale of electricity and provides integrated products and services for electricity and gas supplies for both businesses and households.

As regards the safeguard market, the procedures for assigning the electricity supply service are set out in the decree of the Minister for Economic Development issued on November 23, 2007, and a subsequent ministerial decree issued on February 8, 2008.
For 2011-2013, the company was awarded the safeguard service for the following five areas: Umbria and Marche; Sardinia; Campania; Basilicata and Calabria; Sicily.

In 2013, Enel Energia strengthened its leadership on the Italian free market by focusing on the combined sale of electricity and gas. The company closed 2013 with some 5.1 million free-market electricity customers and about 3.3 million gas customers.

During the year, Enel Energia continued the non-recourse factoring of its receivables, a number of which transactions had already begun in the latter part of 2012.
More specifically, the company:
> continued the non-recourse factoring of its receivables to UniCredit Factoring, mainly regarding receivables from public bodies;
> continued the transaction with SACE FCT for the non-recourse factoring of receivables from central and regional government bodies;
> continued the transaction with CREDEM Factoring for the non-recourse factoring of receivables from central and regional government bodies;
> continued the transaction with Crédit Agricole for the revolving, non-recourse factoring of receivables from private-sector customers, while also beginning a transaction with this bank for the assignment of receivables related to invoices to be issued;
> continued the transaction with Mediofactoring for the non-recourse factoring of receivables from private-sector customers;
> continued the transaction with Banca Sistema for the non-recourse factoring of receivables from central and regional government bodies;
> continued the transaction with BNP Paribas SA for the revolving, non-recourse factoring of receivables from private-sector customers.

Of the total receivables involved in these transactions (€2,717.0 million), €2,581.8 million, net of interest and commissions, was collected in 2013.

Of particular note among the significant events occurring during the year was the acquisition, on July 1, 2013, of the entire share capital of Enel.si Srl, a company previously owned by Enel Green Power, for €92.4 million.

Revenues from sales and services amounted to €9,809.5 million (€9,817.3 million in 2012) and mainly include revenues from the sale of electricity in the amount of €3,857.2 million and gas sales in the amount of €1,890.1 million, as well as transport revenues in the amount of €3,981.3 million. Compared with 2012, revenues declined by €7.8 million due essentially to a decline in revenues from the sale of gas and electricity as a result of the lower quantities sold mainly to the business-customer segment.

Operating expenses, in the amount of €9,601.5 million (€9,779.9 million in 2012), relate mainly to electricity purchases of €2,961.9 million, gas purchases of €1,464.1 million, and costs for services of €4,737.3 million. The decrease compared with the previous year, in the amount of €178.4 million, is mainly attributable to the reduction of costs for the purchase and transport of gas and electricity, which is in line with the reduction in quantities sold.

Net charges from commodity risk management totaled €73.5 million (compared with net income of €34.7 million in 2012) and include €82.8 million in charges realized on positions closed during the year and €9.3 million in revenues realized on commodity derivative contracts in effect as at December 31, 2013.

Operating income, which totaled €194.3 million (€137.4 million in 2012), rose by €56.9 million from the previous year.

Net financial expense amounted to €94.0 million (€22.9 million in 2012), an increase of €71.1 million due essentially to the increase in interest expense on the intercompany current account with Enel SpA and to the increase in interest expense on factoring transactions completed by the company in 2013.

Net income for the year, after income taxes of €84.6 million, came to €15.7 million (net income of €36.7 million in 2012).

Capital expenditure on property, plant and equipment and intangible assets totaled €66.6 million and included €62.7 million in industrial patents and intellectual property rights and €3.9 million mainly for the capitalization of leasehold improvements.

Net capital employed at December 31, 2013 came to €1,537.5 million (€1,829.7 million at December 31, 2012), funded by shareholders' equity of €1,089.3 million (70.8%) and net financial debt of €448.2 million (29.2%).

Shareholders' equity at December 31, 2013 was €1,089.3 million. Compared with December 31, 2012, this is a decrease of €30.8 million due essentially to the change in net income compared with 2012.

The debt-to-equity ratio went from 63.4% at December 31, 2012 to 41.2% at December 31, 2013.

The **workforce** at December 31, 2013, numbered 1,085 employees, compared with 989 at December 31, 2012.

Enel Trade SpA

In 2013, Enel Trade managed the provisioning of fuel for the plants of the Enel Group and of natural gas for Enel Energia SpA, as well as the direct sale of gas to distributors outside the Group.
The company also traded in energy products on domestic and international markets, provided shipping services and sold electricity to Enel Energia and to wholesalers outside the Group. Furthermore, the company conducted proprietary trading in energy commodities on the leading international markets. Enel Trade also carried out hedging operations on behalf of Enel Group companies to protect against fluctuations in the price of energy commodities and continued to acquire CO_2 emission allowances needed for the Group's generation companies to comply with the applicable regulations.

In 2013, the company sold 240.9 TWh of electricity (250.3 TWh in 2012), of which 32.8 TWh to Enel Group companies, 111.8 TWh to domestic third parties, and 96.3 TWh to foreign third parties. A total of 22.1 Mtoe (23.4 Mtoe in 2012) of fuels were also traded, 12.6 Mtoe of which within the Group and 9.5 Mtoe outside the Group.

During 2013, the most important corporate events and extraordinary operations for the company were as follows:

> a capital increase of €50.3 million at the subsidiary Nuove Energie Srl and the minority buyout on September 23, 2013. As a result of the transaction, at December 31, 2013 the company held the entire share capital of Nuove Energie Srl;
> the agreement, on October 1, 2013, with Enel Finance International NV, of a two-year loan with a total nominal value not exceeding €700.0 million, as approved by the Board of Directors of the company on July 23, 2013;
> the voluntary winding-up and liquidation of the subsidiary Enel Stoccaggi Srl, as approved by the Board of Directors of Enel Trade on December 18, 2013, and effective as of February 1, 2014.

Revenues from sales and services for 2013 totaled €20,431.9 million (€24,411.3 million in 2012), decreasing by €3,979.4 million compared with the previous year, due to the decrease both in revenues from the sale of electricity (€2,238.7 million) as a result of the decrease in volumes handled and in revenues from the sale of fuels (€588.3 million) related to lower volumes of coal and gas traded, as well as to the decrease in other sales and services (€1,152.4 million), which can be attributed to the decline in sales of CO_2 emissions allowances and green certificates.

Operating expenses amounted to €20,778.8 million (€24,570.9 million in 2012), an overall decrease of €3,792.1 million, related mainly to a decline in purchases of raw materials and consumables and, in particular, of electricity (€2,302.9 million), fuels (€797.9 million) and materials (€603.0 million), the latter consisting essentially of CO_2 certificates.

Net charges from commodity risk management amounted to €17.2 million (compared with net income of €116.3 million the previous year). They regard charges for other contracts on energy and oil commodities in the amount of €29.7 million and income on contracts for differences in the amount of €12.5 million.

The **operating loss** for 2013 came to €196.1 million, a deterioration of €183.5 million from 2012.

Net financial expense and charges in respect of equity investments totaled €92.6 million (€47.0 million in 2012), an increase of €45.6 million due mainly to financial expense both on the intercompany current account held with the Parent Company, Enel SpA, and on the financing received from Enel Finance International NV (totaling €18.3 million), the liability to the company Marcinelle Energie SA related to the finance lease on the power plant in Belgium (€9.4 million), and to the effects of the less favorable exchange rate differences (€11.9 million).

The **net loss for the year**, including tax effects for the period which had a positive impact of €53.9 million, came to €234.8 million (compared with a net loss of €36.2 million for 2012).

Net capital employed at December 31, 2013 came to €2,005.3 million, up €6.3 million from the end of 2012, and was composed of net non-current assets in the amount of €704.4 million, net current assets of €1,369.1 million, and provisions of €68.2 million.
This capital employed was funded by **shareholders' equity** in the amount of €611.6 million (€849.9 million at December 31, 2012) and **net financial debt** in the amount of €1,393.7 million (€1,149.1 million at December 31, 2012).

The **workforce** at December 31, 2013, numbered 346 employees, compared with 358 at December 31, 2012.

Enel Energy Europe SL

This Spanish company, established by Enel SpA on March 22, 2006, is engaged in the acquisition, holding and management of equity interests in other companies, both in Spain and other countries. As of July 1, 2011, it also provides IT support services to Endesa and its subsidiaries.

Revenues for 2013 totaled €242.9 million (€270.0 million in 2012) and include €235.8 million in IT support services provided to the companies of the Endesa Group (€259.2 million in 2012) and €7.1 million in other services provided to those companies (€10.8 million in 2012). Compared with the previous year, this represents a decrease of €27.1 million, attributable to lower revenues from IT support services.

Operating expenses totaled €247.8 million (€265.5 million in 2012) and include €98.0 million in costs for services, €43.0 million in personnel expenses, €32.0 million in depreciation, amortization and impairment losses, and €74.8 million in the provision of materials. Compared with 2012, operating expenses decreased by €17.7 million due primarily to a decrease in the purchase of materials.

As a result of the above, the **operating loss** came to €4.9 million, a deterioration of €9.4 million compared with 2012.

Income from equity investments amounted to €1,462.1 million. It included the interim dividend for 2013, as approved by the Board of Directors of Endesa on December 17, 2013, which calls for payment to be made as of January 2, 2014, in the amount of €1.50 per share. In 2012, this aggregate included the dividend for 2011 (€590.7 million) as approved by the shareholders of Endesa on June 26, 2012.

Net financial expense, totaling €699.6 million (€813.8 million in 2012), essentially refer to interest expense on the long-term loan from Enel Finance International NV.

Net income for the year, which benefits from a positive tax effect of €689.3 million, came to €1,446.9 million, as compared with a net loss of €453.5 million in 2012.

Net capital employed as at December 31, 2013 came to €39,668.5 million and is composed of net non-current assets of €37,984.1 million, which essentially reflects the value of the investment in Endesa (a 92.06% interest), as well as net working capital of €1,863.0 million and provisions of €178.6 million.
At December 31, 2013, **shareholders' equity** amounted to €23,525.3 million, an increase of €1,447.4 million compared with December 31, 2012, as a result of net income for the year (€1,446.9 million).

Net financial debt at December 31, 2013 totaled €16,143.2 million (€15,669.5 million in 2012).

The **workforce** at December 31, 2013 numbered 394 employees (compared with 408 at December 31, 2012).

Enel Investment Holding BV

The company, which is registered in the Netherlands, operates as a holding company for equity investments in the electricity and energy sectors and in utility companies in general.
In 2013, the main corporate event that concerned the com-

pany was the sale, in November 2013, to Itera, a company wholly owned by Rosneft, a Russian operator active in the oil and gas sector, of 40% of the investment in Artic Russia BV for €1,340.1 million.

Revenues for 2013 amounted to €1,063.4 million (€1.5 million in 2012), and essentially concerned the sale of Artic Russia BV, in addition to the provision of services to the Dutch subsidiaries.

Operating expenses in 2013 amounted to €1,149.6 million (€125.5 million in 2012), and mainly include impairment in the amount of €1,067.1 million on the investment in Enel OGK-5 and the provision of €80.0 million recognized in 2013 in relation to the legal dispute with the state-controlled Romanian company Electrica SA, which submitted claims for alleged violations of contractual obligations established in the agreements between the parties in conjunction with the sale to Enel of the controlling interest in Electrica Muntenia Sud (which was subsequently divided into Enel Distributie Muntenia and Enel Energie Muntenia). Compared with the previous year, costs increased by €1,024.1 million, mainly the combined effect of the greater impairment losses recorded in 2013 (€1,066.3 million) compared with 2012 (€123.4 million) and of the provision noted above.

As a result of the foregoing, the **operating loss** came to €86.2 million (compared with an operating loss of €124.0 million in 2012).

Net financial income and income from equity investments amounted to €98.7 million and include:

> income from equity investments in the amount of €108.3 million related to the dividends distributed by Res Holding BV;

> net financial expense in the amount of €9.6 million, primarily including €5.8 million in accrued interest expense on the revolving facility agreement, which was repaid and closed in November 2013, with the company Enel Finance International NV and €3.4 million in charges relating to the investment in Energo Nuclear SA, which was sold in January 2014.

Net income for the year came to €12.5 million (compared with a net loss of €40.1 million in 2012).

Net capital employed at December 31, 2013 came to €3,082.6 million (€4,516.7 million at December 31, 2012) and is composed of net non-current assets in the amount of €3,928.8 million, related essentially to equity investments held, negative net working capital of €760.0 million, and provisions in the amount of €86.2 million.

Shareholders' equity came to €4,120.5 million (€4,161.6 million at December 31, 2012), a decrease of €41.1 million from December 31, 2012, essentially reflecting the net impact of earnings for the year and the decrease in the fair value of available-for-sale investments in Echelon Corporation and PT Bayan Resources (€53.8 million).

Net financial position showed net liquidity of €1,037.9 million (compared with net debt of €355.1 million at December 31, 2012), and is basically composed of short-term deposits with Enel Finance International NV (€1,026.0 million) and the creditor position with the Parent Company, Enel SpA (€5.4 million).

The **workforce** at December 31, 2013, numbered 8 employees, an increase of 5 from the previous year.

Enel Finance International NV

The company, based in the Netherlands, in its role as the main finance company of the Group, provides financial services, in particular raising funds, operating both on the capital market and with banks. The funding is then used by the company to provide Group companies with loans and intercompany lines of credit, to help them meet their financing needs.

During 2013, the company:

> received, in October 2013, early repayment in the amount of €2,500.0 million related to the long-term financing in the amount of €7,865.0 million granted on January 1, 2008 to the Parent Company Enel SpA expiring on December 31, 2013. This was renegotiated in 2010 at a residual value of €2,500.0 million, with a 15-year maturity;

> received early repayment of the revolving line of credit in the amount of €323.0 million granted in 2012 to Enel Investment Holding BV;

> agreed with Enel SpA, in December 2013, an intercompany

revolving facility agreement of €2,500.0 million, aimed at strengthening its financial capacity, €500 million of which was drawn at December 31, 2013;
> agreed, in November 2013, a short-term deposit agreement with Enel Investment Holding BV. At December 31, the counterparty had made deposits in the amount of €510.0 million, €500.0 million, and €16.0 million with maturities of eleven months, six months and three months, respectively;
> granted, in October 2013, long-term financing to Enel Produzione in the amount of €1,000.0 million, to Enel Energia in the amount of €300.0 million, and to Enel Trade in the amount of €700.0 million;
> extended until 2023, by way of a refinancing agreement, the medium and long-term multicurrency (euros, dollars and any other currency requested) loan in the amount of €2,500.0 million granted in 2010 to Enel Green Power International BV. In particular, on September 20, 2013, executing the instructions of the Board of Directors issued on July 30, 2013, the company granted a multicurrency loan facility for a total of €3,000.0 million. This amount was divided into two tranches, both maturing on July 31, 2023:
  - tranche A: €2,500.0 million to be used for the refinancing of the loan outstanding in respect of the previous financing;
  - tranche B: €500.0 million for general use.

The 5-year €10 billion revolving line of credit agreed with Enel SpA on April 19, 2010 was renegotiated with Enel SpA using a forward start facility agreement signed in February 2013 with a pool of banks for a total of €9.4 billion, maturing in April 2018. At December 31, 2013, the facility had not been drawn.

In 2007, the company, together with Enel SpA, Mediobanca (Banca di Credito Finanziario SpA) and other banks, had signed a multi-tranche syndicated line of credit (the 2007 Credit Facility Agreement) with a total original limit of €35 billion, €7,513.1 million provided by Enel Finance International as at December 31, 2008. In 2009, in order to finance the acquisition of a further 25.01% stake in Endesa from Acciona, this line of credit was increased to €3,021.5 million for Enel Finance International's use (the 2009 Credit Facility Agreement, "facility C increase"). Following early and voluntary repayments, at December 31, 2013, the Credit Facility Agreement had been extinguished, with payment of the final installment of €218.7 million in 2013.
As regards the three term loan facility agreements received in 2012 in the amounts of €3,200.0 million, €250.0 million and €100 million, all with a term of five years and all fully drawn at December 31, 2012, in 2013 the company made a prepayment for the entire amount of the three facilities.

Regarding the Euro Commercial Paper (ECP) Programme that the company initiated in 2005 for a limit of €4.0 billion – subsequently increased to €6.0 billion in May 2010 – with the company as the issuer and Enel SpA as the guarantor, the total commercial paper issued and not yet repaid came to €1,387.7 million at December 31, 2013.

At December 31, 2013, the €35 billion Global Medium-Term Notes program issued by the company and Enel SpA had been used as follows: a total of $3.5 billion and ¥20.0 billion (equivalent to about €2.6 billion) for a multi-tranche bond issue in 2007; just under €10.0 billion for a multi-tranche bond issue in 2009 in euros, pounds and dollars; about €4.4 billion for a multi-tranche bond issue in 2011 in euros, Swiss francs and yen; a total of about €4.1 billion for a multi-tranche issue of bonds in euros and Swiss francs in 2012; and €485.0 million for a bond issue in euros in 2013 by way of a private placement. On January 15, 2013, the company redeemed a maturing bond with a nominal value of $1,000.0 million (equal to €757.9 million).
At December 31, 2013, the total balance of the notes issued was €20.8 billion.

Other charges amounted to €4.0 million (€4.4 million in 2012), including €2.3 million in costs related to operations and €1.7 million in personnel expenses.

Net financial income and income from equity investments amounted to €115.5 million, mainly in respect of the company's lending activities and realized and unrealized foreign exchange gains in connection with lending activities in foreign currencies, net of the related hedges.

Net income for the year, after income taxes of €13.3 million, came to €98.2 million (€72.8 million in 2012).

At December 31, 2013, total **financing requirements** came to €879.6 million, an increase of €658.5 million from December 31, 2012, due essentially to the net negative change in the fair value of derivative financial instruments. The net financial position showed a net creditor position of €1,702.7 million (€1,268.7 million at December 31, 2012).

The **workforce** at December 31, 2013, numbered 7 employees and is unchanged from December 31, 2012.

Enel Servizi Srl

In 2013, the new organizational model was implemented as envisaged in 2012 under the One Company project, which called for the creation of three global service functions (Global ICT, Global Procurement, and Global Business Services) at the Group level, which would work for all Group companies in Italy and abroad.
More specifically, the Global ICT unit will provide information and communication technology services; the Global Procurement unit will provide procurement services, and the Global Business Services unit will provide accounting and personnel administration services, general services, facility management and real estate services and security services.
Within this context, the main corporate events that affected the company during the year featured the inclusion of communication agency and Enel Lab operations in the corporate purpose. Enel Lab in particular involves the acquisition and management of equity investments, both in Italy and abroad, in start-ups operating in the field of clean technologies while financially supporting their growth.

Revenues for the year totaled €1,094.9 million (€1,148.1 million in 2012), a decrease of €53.2 million due primarily to lower revenues from services related to information technology, accounting, procurement, training and recruiting. These changes were partly offset by an increase in revenues from security services and the communication agency business.

Operating expenses amounted to €1,052.1 million (€1,170.7 million in 2012), a decrease of €118.6 million, due essentially to a reduction in personnel expenses (€101.9 million), costs for the purchase of raw materials and consumables (€15.8 million) and depreciation, amortization and impairment losses (€12.8 million), partially offset by increased costs for services, leases and rentals (€7.3 million).

Operating income totaled €42.8 million (compared with the loss of €22.6 million in 2012). The operating loss for 2012 reflected the adjustment (€93.4 million), made for comparative purposes only, recognized in accordance with the provisions of the revised version of "IAS 19 - Employee benefits" on first-time application. The adjustment mainly regarded the recognition of charges relating to the transition-to-retirement plan established for certain employees in Italy at the end of 2012.
Operating income for 2013 was affected by the reversal of the liability, equal to €102.6 million, recognized for the above plan, which was terminated in the absence of employee participation and by the recognition of the provision of €78.0 million for a new plan established in implementation of Article 4 of Law 92/2012 (the Fornero Act).

Net financial expense amounted to €10.2 million (€15.2 million in 2012) and refers mainly to financial expense for accretion (€4.9 million) and interest expense and other charges on medium/long-term loans (€4.8 million).

Net income for the year, after income taxes of €25.6 million, came to €7.0 million. The net loss of €28.5 million in 2012 reflected the effects of the adjustment, solely for comparative purposes, recognized in application of the revised version of IAS 19, net of tax effects.

Capital expenditure on property, plant and equipment and intangible assets amounted to €45.7 million.

Net capital employed totaled €395.5 million and is composed of net non-current assets of €506.6 million, positive net current assets of €65.4 million, and provisions and net deferred tax liabilities of €176.5 million. **Shareholders' equity** totaled €416.9 million, and the **net financial position** showed a net creditor position of €21.4 million.

The **workforce** numbered 3,446 employees at December 31, 2013 (3,764 at December 31, 2012).

Human resources and organization

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 to 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 (if planned at the local level);
> 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, second line management and Pool 1) and the Behavior Performance Review.

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

> the Objectives Performance Review - OPR (assignment and assessment of objectives);
> Task Management (assignment and assessment of tasks).

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 pre-assignment 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. The closed-ended objectives are to be reviewed by the Planning & Control unit, while 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: his or her direct boss, the P&BP and a mentor, selected from among the members of Pool 2 and Pool 1. 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 for the opportunities available within the Group 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 implemented 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 of managers 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 the 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.

H&S 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.

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.

Research and development

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 and tangible results.
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.

Enel SpA does not directly conduct research and development activities, as such projects are carried out by other Group subsidiaries and associated companies. In 2013 work continued on initiatives for the development and demonstration of innovative technologies in traditional generation (with a focus on emissions reduction, and increasing the efficiency and control and monitoring capabilities of power plants), renewable energy (with a focus on innovative photovoltaic and thermal solar, geothermal, wind, sea power and biomass), energy storage, energy efficiency combined with distributed power generation and smart grids.
Research and innovation activities are key tools for responding effectively to the challenges of the energy market, helping to anticipate technology trends.
For Enel, innovation is the transformation of knowledge into value for the Company and its stakeholders, generating innovative and sustainable solutions to improve its business today and to create new opportunities for the future.
Innovation is also a key element of the business culture of the Enel Group: for this reason, the promotion of a culture of innovation is a priority effort at all levels of the organization.
The participation of employees in the innovation process is actively encouraged, with structured initiatives that foster the contribution of new ideas, ranging from competitions to innovation task forces and programs based on crowd-sourcing methods for collaboration.

The multinational dimension and the cultural diversity within the Group are a major resource for innovation, which is also leveraged through the exchange of experience and knowledge developed in the various countries in which the Group operates. This not only exploits successful innovative activities but also helps implement an effective virtuous mechanism that, drawing on the experience accrued in the diverse areas in which Enel operates, simulates continuous improvement, creativity and innovation.

The production of innovation is also encouraged by reaching outside the organization, through initiatives designed to create, develop and maintain cooperative links with leading national and international research centers with specific initiatives to support entrepreneurship. These include the Enel Lab competition for Italian and Spanish start-ups pursuing innovative projects in the energy field. The project, launched in 2012 and completed in 2013, found seven start-up companies (six Italian and 1 Spanish) with high technology potential to participate in an incubator program, receiving a capital injection and a series of services to accelerate their growth. The winners will be able to grow their company with full support from Enel, enabling them to transform innovation into real success.

Main risks and uncertainties

Enel SpA, in its role as an industrial holding company, is essentially exposed to the same business risks and uncertainties as the rest of the Group, as well as the specific financial risks associated with the central treasury functions performed on behalf of the entire Group.
In order to limit its exposure to these risks, Enel SpA analyzes, measures, monitors, manages them as described below.
From an organizational standpoint, the Company has specific risk management policies 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 for the individual divisions/companies.

Business risks

The energy markets in which the Enel 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, Enel 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, and changes in the rules governing operations in such markets, 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.

Financial risks

The Company is exposed to the following main financial risks.

Exchange rate and interest rate risk

The Enel Group is exposed to exchange rate risk associated with cash flows in respect of the purchase or sale of fuel or electricity on international markets, cash flows in respect of investments or other items in foreign currency and debt denominated in currencies other than the functional currency of the respective countries, for which the main exchange rate exposure is in respect of the US dollar.
With specific regard to Enel SpA, the total value of financing denominated in currencies other than the euro amounted to €2,710.0 million, largely denominated on pounds sterling and US dollars.
During the year, management of exchange rate risk was pursued through compliance with internal risk management policies, which call for systematic hedging of exposu-

res, encountering no difficulties in accessing the derivatives market.

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 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 is also accomplished through the use of hedging derivatives that permit the transformation of cash flows indexed to floating market rates into fixed-rate flows, and vice versa. Under these policies, derivatives transactions for the management of interest rate risk and exchange rate risk are conducted, among other things, paying due attention to the ratings of selected financial counterparties and close monitoring of the related exposures and ratings after the contracts are entered into.

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.).
Enel's risk management policies provide for maintaining 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 maintaining 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.
Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), ensuring access to the money and capital markets. Enel SpA meets liquidity requirements primarily through cash flows generated by normal operations. In addition, it manages any excess liquidity as appropriate.
Underscoring the Enel Group's continued capacity to access the credit market, 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.

Rating risk

Credit ratings, which are assigned by rating agencies, impact the possibility of the Group 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.
In 2013, Standard & Poor's announced that it had revised its long-term rating for Enel SpA. The downgrade followed the similar action taken previously by the agency for Italy's sovereign debt rating, which reflected the deterioration in macroeconomic conditions in the country. However, the stable outlook reflects 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 had a rating of: (i) "BBB" with a stable outlook from Standard & Poor's; (ii) "BBB+" with a negative credit watch from Fitch; and (iii) "Baa2" with a negative outlook from Moody's.

More detailed information on the financial risks of Enel SpA is provided in note 5 to the financial statements.

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 SpA, in its capacity as the Parent Company, 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.
The investment policy will be targeted at consolidating our position and simplifying the corporate structure in emerging markets, underscoring the increasingly important role of those markets in the Group. 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.

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2013 – March 11, 2014 – the Enel Group meets the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 36 of the Market Rules (approved with Resolution 16191 of October 29, 2007, as amended).
Specifically, we report that:

> in application of the materiality criteria for the purposes of consolidation provided for in Article 36, paragraph 2, of the CONSOB Market Rules, fourteen non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2012.
They are: 1) Ampla Energia e Serviços SA (a Brazilian company belonging to the Endesa Group); 2) Chilectra SA (a Chilean company belonging to the Endesa Group); 3) Compañía Distribuidora y Comercializadora de Energía - Codensa SA ESP (a Colombian company belonging to the Endesa Group); 4) Companhia Energética do Cearà - Coelce SA (a Brazilian company belonging to the Endesa Group); 5) Edegel SA (a Peruvian company belonging to the Endesa Group); 6) Emgesa SA ESP (a Colombian company belonging to the Endesa Group); 7) Empresa de Distribución Eléctrica de Lima Norte - Edelnor SAA (a Peruvian company belonging to the Endesa Group); 8) Empresa Distribuidora Sur - Edesur SA (an Argentine company belonging to the Endesa Group); 9) Empresa Nacional de Electricidad - Endesa Chile SA (a Chilean company belonging to the Endesa Group); 10) Endesa Brasil SA (a Brazilian company belonging to the Endesa Group); 11) Enel Fortuna SA (a Panama-

nian company belonging to the Enel Green Power Group); 12) Enel Green Power North America Inc. (a US company belonging to the Enel Green Power Group); 13) Enersis SA (a Chilean company belonging to the Endesa Group); and 14) OGK-5 OJSC (a Russian subsidiary of Enel Investment Holding BV);
> the balance sheet and income statement for the 2013 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 36, paragraph 1a) of the CONSOB Market Rules) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2013 financial statements together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers' Regulation approved with Resolution 11971 of May 14, 1999, as amended);
> the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 36, paragraph 1b) of the CONSOB Market Rules);
> Enel SpA has verified that the above subsidiaries:
  - provide the auditor of the Parent Company, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 36, paragraph 1ci) of the CONSOB Market Rules);
  - use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 36, paragraph 1cii) of the CONSOB Market Rules).

Approval of the financial statements

The Shareholders' Meeting to approve the financial statements, as provided for by Article 9.2 of the bylaws of Enel SpA, shall be called within 180 days of the close of the financial year. The use of that time limit rather than the ordinary limit of 120 days from the close of the financial year, permitted under Article 2364, paragraph 2, of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements.

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in note 5 to the financial statements.

Transactions with related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in more detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

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.
Please consult note 31 to the financial statements for more information on transactions with related parties.

Own shares

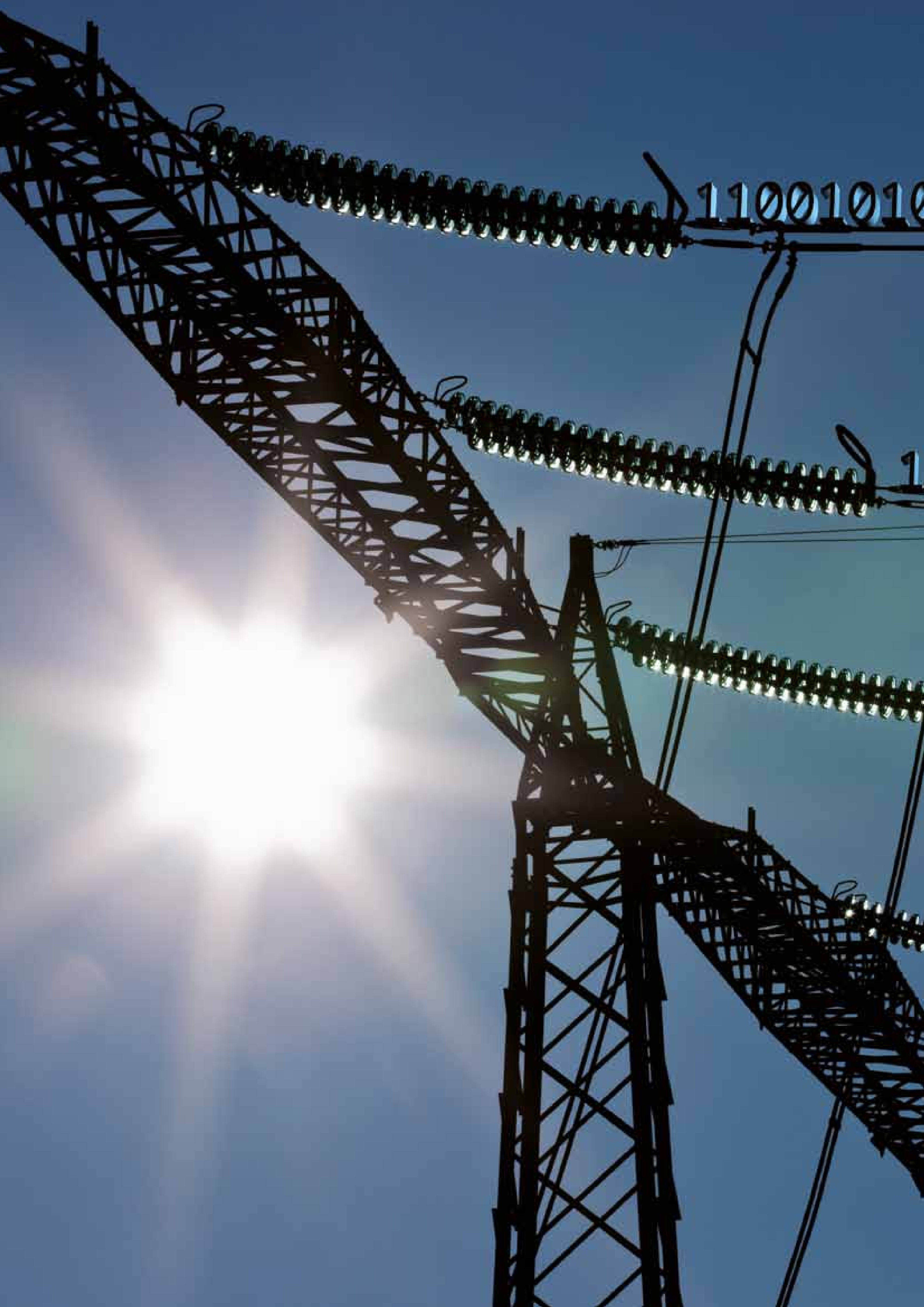
The company does not hold treasury shares nor did it engage in transactions involving own shares during the year.

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2013.
Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 35 to the financial statements.



Financial statements

Income Statement

Euro	Notes	2013		2012 restated	
			of which with related parties		*of which with related parties*
Revenues					
Revenues from services	6.a	268,845,478	*268,636,586*	327,537,736	*326,993,235*
Other revenues and income	6.b	6,653,586	*4,473,336*	7,016,713	*6,076,687*
	(Subtotal)	**275,499,064**		**334,554,449**	
Costs					
Electricity purchases and consumables	7.a	6,410,639		2,063,367	*907,064*
Services, leases and rentals	7.b	230,244,862	*78,671,891*	235,681,089	*86,745,906*
Personnel	7.c	90,030,892	*(487)*	126,361,259	*35,189*
Depreciation, amortization and impairment losses	7.d	8,823,887		13,225,365	
Other operating expenses	7.e	14,056,103	*115,042*	60,084,209	*158,011*
	(Subtotal)	**349,566,383**		**437,415,289**	
Operating income		**(74,067,319)**		**(102,860,840)**	
Income from equity investments	8	2,028,038,570	*2,028,038,570*	4,174,730,145	*3,940,428,403*
Financial income	9	1,812,206,272	*1,165,010,110*	1,618,085,261	*1,211,243,970*
Financial expense	9	2,602,339,466	*309,721,839*	2,446,513,707	*354,812,203*
	(Subtotal)	**1,237,905,376**		**3,346,301,699**	
Income before taxes		**1,163,838,057**		**3,243,440,859**	
Income taxes	10	(208,522,895)		(184,963,442)	
NET INCOME FOR THE YEAR		**1,372,360,952**		**3,428,404,301**	

Statement of Comprehensive Income

Euro	Notes	2013	2012 restated
Net income for the year		1,372,360,952	3,428,404,301
Other comprehensive income recyclable to profit or loss in subsequent periods			
Effective portion of change in the fair value of cash flow hedges		91,792,576	(61,005,012)
Change in the fair value of financial investments available for sale		-	(216,438,536)
Other comprehensive income recyclable to profit or loss in subsequent periods		91,792,576	(277,443,548)
Other comprehensive income not recyclable to profit or loss in subsequent periods			
Remeasurement of defined-benefit obligation		(3,811,101)	(24,013,300)
Other comprehensive income not recyclable to profit or loss in subsequent periods		(3,811,101)	(24,013,300)
Income/(Loss) recognized directly in equity	23	87,981,475	(301,456,848)
COMPREHENSIVE INCOME FOR THE YEAR		**1,460,342,427**	**3,126,947,453**

Balance Sheet

Euro	Notes						
ASSETS		at Dec. 31, 2013		at Dec. 31, 2012 restated		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	11	8,632,640		4,272,435		5,865,954	
Intangible assets	12	11,331,906		11,852,686		16,969,037	
Deferred tax assets	13	278,678,021		379,339,995		355,720,659	
Equity investments	14	39,289,052,513		39,189,051,513		38,758,948,454	
Non-current financial assets	15	1,519,983,116	*1,088,775,024*	1,835,089,831	*810,851,508*	2,080,352,471	*608,604,779*
Other non-current assets	16	483,128,702	*198,690,947*	458,258,839	*216,206,695*	253,374,750	*219,371,747*
	(*Total*)	**41,590,806,898**		**41,877,865,299**		**41,471,231,325**	
Current assets							
Trade receivables	17	216,133,599	*208,963,697*	477,804,382	*470,337,840*	573,515,271	*565,714,810*
Income tax receivables	18	253,623,738		259,942,106		366,253,189	
Current financial assets	19	5,457,461,868	*4,273,381,289*	6,443,217,290	*5,609,155,885*	9,667,872,881	*8,647,689,143*
Cash and cash equivalents	20.5	3,122,891,795		6,460,555,775		1,832,005,974	
Other current assets	21	319,387,652	*196,029,881*	262,666,541	*161,230,927*	244,164,247	*180,963,227*
	(*Total*)	**9,369,498,652**		**13,904,186,094**		**12,683,811,562**	
Non-current assets held for sale	22	-		1,000		1,000	
TOTAL ASSETS		**50,960,305,550**		**55,782,052,393**		**54,155,043,887**	

Euro	Notes						
LIABILITIES AND SHAREHOLDERS' EQUITY		at Dec. 31, 2013		at Dec. 31, 2012 restated		at Jan. 1, 2012 restated	
			of which with related parties		*of which with related parties*		*of which with related parties*
Shareholders' equity							
Share capital		9,403,357,795		9,403,357,795		9,403,357,795	
Other reserves		9,179,799,975		9,091,814,443		9,393,269,328	
Retained earnings/ (Loss carried forward)		5,911,368,935		3,893,468,303		3,871,435,233	
Net income for the year		1,372,360,952		3,428,404,301		1,526,570,317	
TOTAL SHAREHOLDERS' EQUITY	23	**25,866,887,657**		**25,817,044,842**		**24,194,632,673**	
Non-current liabilities							
Long-term loans	20.1	17,764,398,155		19,314,750,109	*2,500,000,000*	18,082,820,442	*2,500,000,000*
Post-employment and other employee benefits	24	335,802,956		357,474,780		335,012,087	
Provisions for risks and charges	25	22,914,882		35,999,882		37,048,298	
Deferred tax liabilities	13	130,417,074		193,929,805		190,677,860	
Non-current financial liabilities	26	2,097,671,557	*69,551,426*	2,392,717,110	*367,981,246*	2,575,033,673	*844,303,292*
Other non-current liabilities	27	283,108,323	*281,355,187*	240,176,358	*239,016,336*	41,095,206	*41,095,207*
	(Subtotal)	**20,634,312,947**		**22,535,048,044**		**21,261,687,566**	
Current liabilities							
Short-term loans	20.2	1,653,452,736	*1,531,015,176*	4,952,643,644	*4,127,132,315*	2,471,801,585	*1,193,284,149*
Current portion of long-term loans	20.1	1,060,916,047		808,866,035		4,113,322,537	
Trade payables	28	212,116,969	*82,427,757*	193,376,131	*67,711,425*	328,606,769	*119,919,316*
Current financial liabilities	29	823,967,441	*101,936,756*	798,231,467	*150,285,835*	1,031,247,262	*442,037,779*
Other current liabilities	30	708,651,753	*643,231,699*	676,842,230	*282,689,454*	753,745,495	*284,250,843*
	(Subtotal)	**4,459,104,946**		**7,429,959,507**		**8,698,723,648**	
TOTAL LIABILITIES		**25,093,417,893**		**29,965,007,551**		**29,960,411,214**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,960,305,550**		**55,782,052,393**		**54,155,043,887**	

Statement of Changes in Equity

Euro	Share capital and reserves (note 23) Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2012	9,403,357,795	5,292,076,658	1,880,671,559	2,215,444,500
Adjustment for adoption of IAS 19/R (Employee benefits)	-	-	-	-
At January 1, 2012 restated	9,403,357,795	5,292,076,658	1,880,671,559	2,215,444,500
Other changes	-	-	-	-
Allocation of 2011 net income:				
- Dividends	-	-	-	-
- Legal reserve	-	-	-	-
- Retained earnings	-	-	-	-
Comprehensive income for the year				
Income/(Loss) recognized directly in equity	-	-	-	-
Net income for the year	-	-	-	-
Impact of adoption of IAS 19/R (Employee benefits) on net income	-	-	-	-
At December 31, 2012 restated	9,403,357,795	5,292,076,658	1,880,671,559	2,215,444,500
At January 1, 2013	9,403,357,795	5,292,076,658	1,880,671,559	2,215,444,500
Adjustment for adoption of IAS 19/R (Employee benefits)	-	-	-	-
At January 1, 2013 restated	9,403,357,795	5,292,076,658	1,880,671,559	2,215,444,500
Adjustment for adoption of IAS 19/R (Employee benefits)	-	-	-	-
Other changes	-	-	-	-
Exercise of stock options	-	-	-	-
Stock option changes for the year	-	-	-	-
Allocation of 2012 net income:				
- Dividends	-	-	-	-
- Legal reserve	-	-	-	-
- Retained earnings	-	-	-	-
Comprehensive income for the year:				
Income/(Loss) recognized directly in equity	-	-	-	-
Net income for the year	-	-	-	-
Total at December 31, 2013	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**

Other reserves	Reserve from remeasurement of defined-benefit obligation	Reserve from measurement of financial instruments	Retained earnings/ (Loss carried forward)	Net income for the year	**Total shareholders' equity**
68,235,914	**-**	**(74,174,720)**	**3,877,772,952**	**1,526,570,317**	**24,189,954,975**
-	11,015,417	-	(6,337,719)	-	**4,677,698**
68,235,914	**11,015,417**	**(74,174,720)**	**3,871,435,233**	**1,526,570,317**	**24,194,632,673**
1,963	-	-	-	-	**1,963**
-	-	-	-	(1,504,537,247)	**(1,504,537,247)**
-	-	-	-	-	**-**
-	-	-	22,033,070	(22,033,070)	**-**
-	(24,013,300)	(277,443,548)	-	-	**(301,456,848)**
-	-	-	-	3,420,002,506	**3,420,002,506**
-	-	-	-	8,401,795	**8,401,795**
68,237,877	**(12,997,883)**	**(351,618,268)**	**3,893,468,303**	**3,428,404,301**	**25,817,044,842**
68,237,877	**-**	**(351,618,268)**	**3,899,806,022**	**3,420,002,506**	**25,827,978,649**
-	(12,997,883)	-	(6,337,719)	8,401,795	**(10,933,807)**
68,237,877	**(12,997,883)**	**(351,618,268)**	**3,893,468,303**	**3,428,404,301**	**25,817,044,842**
-	-	-	8,401,795	(8,401,795)	**-**
4,057	-	-	-	-	**4,057**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	-	(1,410,503,669)	**(1,410,503,669)**
-	-	-	-	-	**-**
-	-	-	2,009,498,837	(2,009,498,837)	**-**
-	(3,811,101)	91,792,576	-	-	**87,981,475**
-	-	-	-	1,372,360,952	**1,372,360,952**
68,241,934	**(16,808,984)**	**(259,825,692)**	**5,911,368,935**	**1,372,360,952**	**25,866,887,657**

Statement of Cash Flows

Euro	Notes	2013		2012 restated	
			of which with related parties		*of which with related parties*
Net income for the year		**1,372,360,952**		**3,428,404,301**	
Adjustments for:					
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	7.d	8,823,887		11,262,549	
Exchange rate adjustments of foreign currency assets and liabilities		(44,451,090)		31,689,105	
Provisions		5,351,239		34,238,850	
Dividends from subsidiaries, associates and other companies	8	(2,028,038,570)	*(2,028,038,570)*	(3,940,428,403)	*(3,940,428,403)*
Net financial (income)/expense		821,498,632	*(855,288,272)*	802,927,632	*(838,568,192)*
Income taxes	10	(208,522,895)		(184,963,442)	
(Gains)/Losses and other non-monetary items		199,541		(235,111,313)	
Cash flows from operating activities before changes in net current assets		**(72,778,304)**		**(51,980,721)**	
Increase/(Decrease) in provisions		(45,341,313)		(46,357,848)	
(Increase)/Decrease in trade receivables	17	261,670,783	*261,374,143*	95,710,889	*95,376,970*
(Increase)/Decrease in financial and non-financial assets/liabilities		1,039,665,816	*385,631,611*	1,199,583,339	*219,237,366*
Increase/(Decrease) in trade payables	28	18,740,838	*14,716,332*	(135,230,638)	*(52,207,891)*
Interest income and other financial income collected		884,976,129	*536,801,979*	1,160,544,209	*516,557,418*
Interest expense and other financial expense paid		(1,558,640,462)	*(315,924,208)*	(1,996,570,415)	*(702,527,732)*
Dividends collected from subsidiaries, associates and other companies	8	2,028,038,570	*2,028,038,570*	3,940,428,403	*3,940,428,403*
Income taxes paid (consolidated taxation mechanism)		(887,496,996)		(958,115,118)	
Cash flows from operating activities (a)		**1,668,835,061**		**3,208,012,100**	
Investments in property, plant and equipment and intangible assets	11-12	(12,862,854)	*(12,765,252)*	(7,601,203)	*(7,307,659)*
Disposals of property, plant and equipment and intangible assets	11-12	-		3,048,523	*3,048,523*
Equity investments	14	(100,000,000)	*(100,000,000)*	(3,000,990,000)	*(3,000,990,000)*
Disposals of equity investments	14	-		2,538,834,649	*2,258,302,388*
Cash flows from investing/disinvesting activities (b)		**(112,862,854)**		**(466,708,031)**	
Long-term debt (new borrowing)	20.1	2,651,827,471		3,000,000,000	
Long-term debt (repayments)	20.1	(3,908,963,730)	*(2,500,000,000)*	(5,058,488,471)	
Net change in long-term financial payables/(receivables)		138,110,953	*27,332,965*	(75,713,767)	*27,332,965*
Net change in short-term financial payables/(receivables)		(2,364,107,212)	*(1,278,001,143)*	5,525,985,217	*5,999,266,247*
Dividends paid	23	(1,410,503,669)		(1,504,537,247)	
Cash flows from financing activities (c)		**(4,893,636,187)**		**1,887,245,732**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**(3,337,663,980)**		**4,628,549,801**	
Cash and cash equivalents at the start of the year	20.5	6,460,555,775		1,832,005,974	
Cash and cash equivalents at the end of the year	20.5	**3,122,891,795**		**6,460,555,775**	

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA operates in the electricity and gas sector, is incorporated as a company limited by shares (*società per azioni*) and has its registered office in Viale Regina Margherita 137, Rome, Italy.

As Parent Company, Enel SpA prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2013, presented in a separate publication.

On March 11, 2014 the Board of Directors authorized the publication of these financial statements at December 31, 2013.

These financial statements have undergone statutory auditing by Reconta Ernst & Young SpA.

Compliance with IFRS/IAS

The separate financial statements for the year ended December 31, 2013 for the Parent Company, Enel SpA, have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by International Accounting Standards Board (IASB), the interpretations of the IFRS 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 "IFRS-EU". The financial statements have also been prepared in conformity with measures issued in implementation of Article 9 of Legislative Decree 38 of February 28, 2005.

Basis of presentation

The financial statements consist of the income statement, the statement of comprehensive income for the year, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes.

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets and associated liabilities held for sale, where present. 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 income statement is classified on the basis of the nature of costs, while the indirect method is used for the statement of cash flows.

The financial statements are presented in euro, the functional currency of the Company. 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 balance sheet, income statement and statement of cash flows report transactions with related parties. For a definition of related parties, please see note 2 "Accounting policies and measurement criteria".

Use of estimates and management judgments

Preparing the financial statements under IFRS-EU requires that management take decisions and make estimates and assumptions that impact the carrying amount of revenues, costs, assets and liabilities and the related information on the items involved as well as the disclosure required for 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 in the income statement.

A number of accounting policies are felt to be especially important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, 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

Pensions and other post-employment benefits

Part of the Company'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 inflation rates 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 more frequent review is necessary.

Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their 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 estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

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 standards, the Company 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 Company measures CVA/DVA on the basis of the net exposure 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

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 Enel SpA should become aware that it would be unable to recover all or part of such recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Other

In addition to the above items, estimates were used in measuring financial instruments and share-based payments. The estimate and the assumptions adopted for those items are reported in the comments to the accounting policies used.

Management judgments

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 Company the power to govern the financial and operating policies of the investee.

For some investees, management has analyzed any agreements with other investors in order to determine whether such agreements give the Company 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 Company did not classify as a subsidiary any company in which it does not hold more than half of the voting rights.

2

Accounting policies and measurement criteria

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. Any exchange rate differences are recognized in profit or loss.

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 carried at fair value are translated using the exchange rate prevailing on the date the related carrying amount is determined.

Related parties

Related parties are essentially companies that have the same parent company with Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the pension funds, the standing members of the Board of Auditors of Enel SpA (and their close family members), the key management personnel (and their close family members) of Enel SpA and the companies over which it exercises direct, indirect or joint control and over which it exercises a significant influence. Managers with strategic responsibilities are those persons who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include Company directors.

Equity investments in subsidiaries, associated companies and joint ventures

Subsidiaries comprise those entities for which Enel SpA has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. Associated companies comprise those entities in which Enel SpA has a significant influence. In assessing the existence of a situation of control or significant influence, account is also taken of potential voting rights that are effectively exercisable or convertible.
Joint ventures are enterprises over whose economic activities Enel SpA exercises joint control with other entities.
Equity investments in subsidiaries, associates and joint ventures are measured at cost. Cost is adjusted for any impairment losses in accordance with IAS 36. Adjustments for impairment losses are reversed where the reasons for their recognition no longer obtain. The value resulting from the reversal may not exceed the original cost.
Where the loss pertaining to the Company exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provision for risks and charges.

Property, plant and equipment

Property, plant and equipment, which mainly regards leasehold improvements, 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 borrowing costs associated with the acquisition of property, plant and equipment are expensed except where they are directly attributable to the acquisition of an asset that justifies their capitalization (qualifying assets).
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 will flow to the enterprise and the cost of the item can be reliably determined. All other expenditure is recognized as an expense in the period in which it is incurred.
The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss, with the recognition of any capital gain 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.

	Useful life
Leasehold improvements	Shorter of term of lease and residual useful life
Civil buildings	40 years
Other assets	7 years

Land, both unbuilt and on which civil and industrial buildings stand, is not depreciated as it has an indefinite useful life.

Intangible assets

Intangible assets, all with a definite useful life, 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 are shown net of accumulated amortization and any impairment losses, determined as follows.
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 mainly regard applications software owned by the Company with an estimated useful life of three to five years.

Impairment losses

Property, plant and equipment and intangible assets with a definite life are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount is estimated.
The recoverable amount of intangible assets not yet available for use is estimated at least annually.
The recoverable amount is the greater of an asset's fair value less costs to sell and its value in use.

Value in use is determined by discounting estimated future cash flows, calculated on the basis of the most recent business plan, 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.
An impairment loss is recognized in the income statement if an asset's carrying amount is higher than its recoverable amount.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount.

Measurement of fair value

The Company 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 entity 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 Company 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 Company 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.

Financial instruments

Financial assets measured at fair value through profit or loss

This category (FVTPL) includes debt securities held for trading or designated as at fair value through profit or loss at the time of initial recognition and equity investments in entities other than subsidiaries, associates and joint ventures (not classified as "assets held for sale").
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 (HTM) comprises non-derivative financial instruments with fixed or determinable payments that do not represent equity investments that are quoted on an active market for which the entity has the positive intention and ability to hold until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.
Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market 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.
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category (AFS) includes listed debt securities not classified as held-to-maturity, equity investments in other entities (if not classified as "financial assets measured at fair value through profit or loss") and financial assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.
At the time of sale, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance-sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

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 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, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at the trade date 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) is within the limits set in the IAS 39.

The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted:

> fair value hedges: 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;

> cash flow hedges: when derivatives are used to hedge the risk of changes in the expected cash flows generated by the hedged items, changes in fair value are initially recognized in equity, in the amount qualifying as effective, and are released to profit or loss when the change in the cash flows in respect of the hedged items emerges.

The ineffective portion of the fair value of the hedging instrument is taken directly to profit or loss under "net financial income/(expense)".

Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IFRS-EU are recognized in profit or loss.

Financial and non-financial contracts (where they have not already been measured at fair value through profit or loss) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.

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, which are carried net of any plan assets, are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance-sheet date. The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries. As regards 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 pe-

riod considering the best estimate possible of the number of options that will vest.
The value of the stock options granted by Enel SpA to employees of its direct and indirect subsidiaries is recognized as an increase in the cost of the investment in those companies (or in the first-level subsidiary in cases where the options have been granted to employees of indirect subsidiaries), with a specific contra-item in shareholders' equity.

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.
This cost is recognized in the income statement, with recognition of a specific liability, over the vesting period, adjusting the fair value periodically, considering the best estimate possible of the number of RSU that will become exercisable.
The cost of the RSU granted by Enel SpA to employees of its direct and indirect subsidiaries is recognized:

> as an increase in the cost of the investment in those companies using the fair value of the equity instruments at the grant date (or in the first-level subsidiary in cases where the options have been granted to employees of indirect subsidiaries);
> in the income statement for subsequent changes in the fair value, with recognition of a specific liability.

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 amount is discounted, the periodic adjustment of the present value due to the time value of money is recognized as a financial expense.
Changes in estimates are recognized in the income statement in the period in which the changes occur and are classified under the same item reporting the related provision.

Revenues

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.

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.
Financial income comprises interest earned on the Company's liquidity, accrued interest in application of amortized cost, changes in the fair value of financial assets recognized through profit or loss, foreign exchange gains and gains on hedges recognized through profit or loss.
Financial expense comprises interest expense on loans, charges deriving from the application of amortized cost, foreign exchange losses, changes in the fair value of financial instruments recognized at fair value through profit or loss and losses on hedges recognized through profit or loss.

Dividends

Dividends from equity investments are recognized when the shareholder's right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes for the period, recognized under tax payables/receivables net of any payments on account, are determined using an estimate of taxable income and in conformity with the relevant tax regulations.
Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the 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 are 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.
Taxes in respect of components recognized directly in equity are taken directly to equity.

3

Recently issued accounting standards

First-time adoption and applicable standards

The Company 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 application, on a prospective basis, of the new standard did not have a significant impact for the Company.

> "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.

> "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 Company. 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, which will be applicable to the Company 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, 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. Following application of the new approach to assessing the existence of control, entities previously considered as subsidiaries could now be classified as associates or joint ventures, or vice-versa.
  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 Company.

> "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 Company.

> "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 separate 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 (recognition of an investment in a joint venture is no longer permitted). Accounting for an interest in a joint venture involves the recognition of an investment accounted for as it is today, at cost or at fair value.
  The new standard will take effect retrospectively for annual reporting periods beginning on or after January 1, 2014. The future application of the new standard will not have an impact on the Company.

> "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 or financial statements prepared by a company that does not have investments in subsidiaries but does hold investments in associates and joint ventures and meets certain conditions is used to account for associates and joint ventures, in line with the provisions of current accounting standards. 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 Company.

> "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 Company is assessing the potential impact of the future application of the new provisions.

> "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 (the key accounting standards for the disclosures to be made in the consolidated financial statements with regard to investments in subsidiaries, associates, joint ventures, joint operations and structured entities). 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 is not expected to have a significant impact on the Company.

> "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 is not expected to have an impact on the Company.

> "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 Company.

> "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 counterparty 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 Company.

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 financial statements of the Company 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 Company, however, will not apply the standard before endorsement. Enel 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 Company 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 retrospectively, subject to endorsement, for periods beginning on or after January 1, 2014. The Company 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 Company 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 Company. More specifically, the following standards were amended:
  - "IFRS 2 - Share-based payment"; the amendment clarifies 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 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 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.

> "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 Company. More specifically, the standards amended include the following:

- "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 Company initially applies IFRS 13.

4

Restatement of balance sheet and income statement

As from January 1, 2013, the new version of "IAS 19 - Employee benefits", entered force with retrospective effect, with a consequent impact on the income statement and balance sheet for 2012, which are discussed here solely for comparative purposes in these financial statements.
More specifically, the corridor approach may no longer be used, therefore requiring the recognition of all actuarial gains and losses that had previously only been recognized in the amount that exceeded the corridor over the residual life of the associated employee benefit plans. Under that previous treatment, nothing was recognized if the amount of actuarial gains and losses did not exceed the corridor, while conversely any excess gains and losses were recognized through profit or loss in annual installments over residual life of the benefits to which the liability referred. With the new standard, all actuarial gains and losses are recognized immediately in the liability for the benefit plan, with recognition in a specific equity reserve (other comprehensive income). Consequently, the retrospective application of the revised standard involved the following restatements in the 2012 financial statements of the Company:

> "financial expense" was adjusted, in the amount of €0.2 million, for the share of the amortization pertaining to 2012 of the actuarial gains exceeding the corridor amount;
> the employee benefit obligation, recognized under "post-employment and other employee benefits", was increased by €18.3 million, equal to the total amount at December 31, 2012, of gains and losses not recognized previously. The tax effect of the adjustment was also calculated, with a consequent increase of €5.1 million in "deferred tax assets".

The liabilities affected by the above adjustments include that in respect of the Company supplementary pension fund (PIA), whose adjustment also increased the receivable deriving from the assumption by Group companies of their portion of the overall obligation. This increase, equal to €9.2 million, had a negative impact of €8.7 million on equity, for the part pertaining to previous years, and a positive impact in the income statement for 2012 of €17.9 million, for the part pertaining to that year. The associated impact on deferred taxation was determined for each of the adjustments.
In addition, as the recognition of past service cost in the income statement may no longer be deferred, the portion of the past service cost not yet recognized was recognized as an increase in employee benefit obligation. The retrospectively application of that change to the 2012 financial statements produced an increase of €6.0 million in "personnel costs", essentially in respect of the charge for the transition-to-retirement plan implemented for certain Company employees at the end of 2012, with a corresponding impact on the liability under "post-employment and other employee benefits". The effect on deferred tax assets amounted to €1.6 million.

The following tables reports the changes in individual items of the income statement, statement of comprehensive income and balance sheet following the above changes.

Millions of euro	2012	Restatement	2012 restated
Revenues			
Revenues from sales and services	327.6		327.6
Other revenues and income	7.0		7.0
	334.6		**334.6**
Costs			
Electricity purchases and consumables	2.1		2.1
Services, leases and rentals	235.7		235.7
Personnel	120.4	6.0	126.4
Depreciation, amortization and impairment losses	13.2		13.2
Other operating expenses	60.1		60.1
	431.5		**437.5**
Operating income	**(96.9)**		**(102.9)**
Income from equity investments	4,174.7		4,174.7
Financial income	1,600.2	17.9	1,618.1
Financial expense	2,446.3	0.2	2,446.5
	3,328.6		**3,346.3**
Income before taxes	**3,231.7**		**3,243.4**
Income taxes	(188.3)	3.3	(185.0)
NET INCOME FOR THE YEAR	**3,420.0**	**8.4**	**3,428.4**

Millions of euro	2012	Restatement	2012 restated
Net income for the year	**3,420.0**	**8.4**	**3,428.4**
Other comprehensive income recyclable to profit or loss in subsequent periods			
Effective portion of change in the fair value of cash flow hedges	(61.0)		(61.0)
Change in the fair value of financial investments available for sale	(216.4)		(216.4)
Other comprehensive income recyclable to profit or loss in subsequent periods	**(277.4)**		**(277.4)**
Other comprehensive income not recyclable to profit or loss in subsequent periods			
Remeasurement of defined-benefit obligation	-	(24.0)	(24.0)
Other comprehensive income not recyclable to profit or loss in subsequent periods	-		**(24.0)**
Income/(Loss) recognized directly in equity	**(277.4)**		**(301.4)**
COMPREHENSIVE INCOME FOR THE YEAR	**3,142.6**		**3,127.0**

Millions of euro

ASSETS	at Dec. 31, 2011	Restatement	at Jan. 1, 2012 restated	at Dec. 31, 2012	Restatement	at Dec. 31, 2012 restated
Non-current assets						
Property, plant and equipment	5.9		5.9	4.3		4.3
Intangible assets	17.0		17.0	11.9		11.9
Deferred tax assets	357.5	(1.8)	355.7	372.6	6.7	379.3
Equity investments	38,758.9		38,758.9	39,189.1		39,189.1
Non-current financial assets	2,080.3		2,080.3	1,835.1		1,835.1
Other non-current assets	262.1	(8.7)	253.4	449.0	9.2	458.2
	41,481.7		**41,471.2**	**41,862.0**		**41,877.9**
Current assets						
Trade receivables	573.5		573.5	477.8		477.8
Income tax receivables	366.2		366.2	259.9		259.9
Current financial assets	9,667.9		9,667.9	6,443.2		6,443.2
Cash and cash equivalents	1,832.0		1,832.0	6,460.6		6,460.6
Other current assets	244.2		244.2	262.7		262.7
	12,683.8		**12,683.8**	**13,904.2**		**13,904.2**
TOTAL ASSETS	**54,165.5**	**(10.5)**	**54,155.0**	**55,766.2**	**15.9**	**55,782.1**

Millions of euro

LIABILITIES AND SHAREHOLDERS' EQUITY	at Dec. 31, 2011	Restatement	at Jan. 1, 2012 restated	at Dec. 31, 2012	Restatement	at Dec. 31, 2012 restated
Shareholders' equity						
Share capital	9,403.4		9,403.4	9,403.4		9,403.4
Other reserves	9,382.2	11.0	9,393.2	9,104.8	(13.0)	9,091.8
Retained earnings (Loss carried forward)	3,877.8	(6.4)	5,398.0	3,899.8	(6.3)	3,893.5
Net income for the year	1,526.6		-	3,420.0	8.4	3,428.4
TOTAL SHAREHOLDERS' EQUITY	**24,190.0**		**24,194.6**	**25,828.0**		**25,817.1**
Non-current liabilities						
Long-term loans	18,082.8		18,082.8	19,314.8		19,314.8
Post-employment and other employee benefits	350.2	(15.1)	335.1	333.2	24.3	357.5
Provisions for risks and charges	37.0		37.0	36.0		36.0
Deferred tax liabilities	190.7		190.7	191.4	2.5	193.9
Non-current financial liabilities	2,575.0		2,575.0	2,392.7		2,392.7
Other non-current liabilities	41.1		41.1	240.2		240.2
	21,276.8		**21,261.7**	**22,508.3**		**22,535.1**
Current liabilities						
Short-term loans	2,471.8		2,471.8	4,952.6		4,952.6
Current portion of long-term loans	4,113.3		4,113.3	808.9		808.9
Trade payables	328.6		328.6	193.4		193.4
Current financial liabilities	1,031.3		1,031.3	798.2		798.2
Other current liabilities	753.7		753.7	676.8		676.8
	8,698.7		**8,698.7**	**7,429.9**		**7,429.9**
TOTAL LIABILITIES	**29,975.5**		**29,960.4**	**29,938.2**		**29,965.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**54,165.5**	**(10.5)**	**54,155.0**	**55,766.2**	**15.9**	**55,782.1**

5

Risk management

Market risk

As part of its operations as an industrial holding company, Enel SpA is exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

As the Parent Company, Enel SpA centralizes some treasury management functions and access to financial markets with regard to derivatives contracts that do not have energy commodities as underlyings. As part of this activity, the Company acts as an intermediary for Group companies with the market, taking positions that, while they can be substantial, do not however represent an exposure to market risks for Enel SpA.

The nature of the financial risks to which the Company is exposed is such that changes in interest rates cause changes in cash flows associated with interest payments on long-term floating-rate debt instruments, while changes in the exchange rate between the euro and the main foreign currencies have an impact on the value of the cash flows denominated in those currencies.

In compliance with Group policies for managing risks, Enel SpA generally hedges these exposures using over-the-counter derivatives (OTC).

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.

Transactions that meet the requirements of IAS 39 may be designated for hedge accounting purposes as cash flow hedges or fair value hedges, depending on whether they are used to hedge exposures to changes in the cash flows or the fair value of financial assets or liabilities. In other cases they are classified as trading transactions.

Finally, in order to take advantage of special market conditions, the Company may undertake non-hedge transactions. These operations, which are marginal in amount, are conducted within a framework of governance rules that establish strict risk limits at the Group level. Compliance with the limits is verified by a unit that is independent of those undertaking the transactions.

The volume of transactions in derivatives outstanding at December 31, 2013 is reported below, with specification of the fair value and notional amount of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank where denominated in currencies other than the euro.

The fair value of a financial instrument is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance-sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.

Following the adoption of IFRS 13, the Company now 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 Company 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.

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 euro by multiplying the notional amount by the agreed price).

The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Interest rate risk

Interest rate risk management is aimed at reducing the amount of debt exposed to interest rate fluctuations and containing borrowing costs, limiting the volatility of results. To this end, in 2013 Enel SpA entered into interest rate swaps. The notional amount of outstanding contracts is reported below:

Millions of euro	Notional amount	
	at Dec. 31, 2013	at Dec. 31, 2012
Interest rate derivatives		
Interest rate swaps	10,467.1	8,727.2
Total	**10,467.1**	**8,727.2**

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.

The notional amount of open interest rate swaps at the end of the year was €10,467.1 million (€8,727.2 million at December 31, 2012), of which €3,640.3 million (€2,864.2 million at December 31, 2012) in respect of hedges of the Company's share of debt, and €3,413.4 million (€2,931.5 million at December 31, 2012) in respect of contracts with the same notional amount intermediated with the market for Group companies.

In 2013, following the issue of a non-convertible hybrid bond, interest rate swaps in the amount of €800.0 million were entered into. They were designated as fair value hedges in accordance with the requirements of IAS 39.

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2013 and December 31, 2012.

Millions of euro	Notional amount		Fair value		Notional assets		Fair value assets		Notional liabilities		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	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012
Cash flow hedge derivatives	**2,190.0**	**2,190.0**	**(163.6)**	**(274.2)**	**-**	**-**	**-**	**-**	**2,190.0**	**2,190.0**	**(163.6)**	**(274.2)**
Interest rate swaps	2,190.0	2,190.0	(163.6)	(274.2)	-	-	-	-	2,190.0	2,190.0	(163.6)	(274.2)
Fair value hedge derivatives	**800.0**	**-**	**10.5**	**-**	**800.0**	**-**	**10.5**	**-**	**-**	**-**	**-**	**-**
Interest rate swaps	800.0	-	10.5	-	800.0	-	10.5	-	-	-	-	-
Trading derivatives	**7,477.1**	**6,537.2**	**(59.3)**	**(99.5)**	**3,413.4**	**2,937.3**	**224.6**	**295.3**	**4,063.7**	**3,599.9**	**(283.9)**	**(394.8)**
Interest rate swaps	7,477.1	6,537.2	(59.3)	(99.5)	3,413.4	2,937.3	224.6	295.3	4,063.7	3,599.9	(283.9)	(394.8)
Total interest rate swaps	**10,467.1**	**8,727.2**	**(212.4)**	**(373.7)**	**4,213.4**	**2,937.3**	**235.1**	**295.3**	**6,253.7**	**5,789.9**	**(447.5)**	**(669.0)**
TOTAL INTEREST RATE DERIVATIVES	**10,467.1**	**8,727.2**	**(212.4)**	**(373.7)**	**4,213.4**	**2,937.3**	**235.1**	**295.3**	**6,253.7**	**5,789.9**	**(447.5)**	**(669.0)**

The following table reports the cash flows expected in coming years from these financial derivatives.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2013	2014	2015	2016	2017	2018	Beyond
CFH on interest rates							
Derivatives with positive fair value pertaining to Enel SpA	-	-	-	-	-	-	-
Derivatives with negative fair value pertaining to Enel SpA	(163.6)	(78.8)	(38.7)	(10.5)	(9.1)	(7.9)	(69.1)
FVH derivatives on interest rates							
Derivatives with positive fair value pertaining to Enel SpA	10.5	(17.4)	8.6	4.9	0.4	(4.3)	22.1
Derivatives with negative fair value pertaining to Enel SpA	-	-	-	-	-	-	-
Trading derivatives on interest rates							
Derivatives with positive fair value pertaining to Enel SpA	-	-	-	-	-	-	-
Derivatives with negative fair value pertaining to Enel SpA	(60.8)	(17.4)	(6.6)	(5.8)	(5.0)	(4.3)	(34.9)
Derivatives with positive fair value on behalf of Group companies	224.6	54.3	41.6	28.7	21.5	18.0	96.3
Derivatives with negative fair value on behalf of Group companies	(223.1)	(54.3)	(41.6)	(28.7)	(21.5)	(18.0)	(96.3)

The amount of Enel SpA's 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, 27.8% of net long-term debt was floating rate (29.3% at December 31, 2012). Taking account of cash flow and fair value hedges considered effective pursuant to the IFRS-EU, 20.4% of the debt was exposed to interest rate risk (18.9% at December 31, 2012).
Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure of net financial debt to interest rate risk would be 16.9% (15.5% at December 31, 2012).

If interest rates had been 25 basis point (0.25%) higher at December 31, 2013, all other variables being equal, shareholders' equity would have been €18.0 million higher (€24.0 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 (0.25%) lower at that date, all other variables being equal, shareholders' equity would have been €18.0 million lower (€24.0 million at December 31, 2012) as a result of the decrease in the fair value of CFH derivatives on interest rates.
An increase in interest rates of 25 basis points (0.25%), all other variables being equal, would have a negative impact on the income statement in terms of higher annual interest expense on the unhedged portion of debt of about €9.2 million.
An equivalent decrease in interest rates, all other variables being equal, would have a positive impact on the income statement in terms of lower annual interest expense on unhedged debt of about €9.2 million.

Exchange rate risk

In order to minimize the Group's exposure to changes in exchange rates generated by assets, liabilities and expected cash flows denominated in foreign currencies, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

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.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-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.

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	
	at Dec. 31, 2013	at Dec. 31, 2012
Exchange rate derivatives		
Forwards:	7,762.7	11,629.4
- forwards hedging commodities	6,819.2	11,123.0
- forwards hedging cash flows	520.2	506.4
- other forwards	423.3	-
Cross currency interest rate swaps	21,304.1	22,207.0
Total	**29,066.8**	**33,836.4**

More specifically, these include:
> currency forward contracts with a total notional amount of €6.819.2 million (€11,123.0 million at December 31, 2012), of which €3,409.6 million to hedge the exchange rate risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;
> currency forward contracts with a notional amount of €520.2 million (€506.4 million at December 31, 2012) to hedge the exchange rate risk associated with other expected cash flows in currencies other than the euro, of which €242.8 million in market transactions;
> other forwards in respect of macro-hedges, with a total notional amount of €423.3 million;
> cross currency interest rate swaps with a notional amount of €21,304.1 million (€22,207.0 million at December 31, 2012) to hedge the exchange rate risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2013 and December 31, 2012.

Millions of euro	Notional amount		Fair value		Notional assets		Fair value assets		Notional liabilities		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	**at Dec. 31, 2013**	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012
Cash flow hedge derivatives	**4,130.6**	**2,802.4**	**(595.7)**	**(556.8)**	**1,319.4**	**1,396.9**	**303.8**	**476.5**	**2,811.2**	**1,405.5**	**(899.5)**	**(1,033.3)**
Cross currency interest rate swaps	4,130.6	2,802.4	(595.7)	(556.8)	1,319.4	1,396.9	303.8	476.5	2,811.2	1,405.5	(899.5)	(1,033.3)
Trading derivatives	**24,936.2**	**31,034.0**	**5.1**	**-**	**12,468.1**	**15,517.0**	**993.2**	**953.4**	**12,468.1**	**15,517.0**	**(988.1)**	**(953.4)**
Forwards	7,762.7	11,629.4	0.7	-	3,881.3	5,814.7	128.7	174.6	3,881.4	5,814.7	(128.0)	(174.6)
Cross currency interest rate swaps	17,173.5	19,404.6	4.4	-	8,586.8	9,702.3	864.5	778.8	8,586.7	9,702.3	(860.1)	(778.8)
Total forwards	**7,762.7**	**11,629.4**	**0.7**	**-**	**3,881.3**	**5,814.7**	**128.7**	**174.6**	**3,881.4**	**5,814.7**	**(128.0)**	**(174.6)**
Total cross currency interest rate swaps	**21,304.1**	**22,207.0**	**(591.3)**	**(556.8)**	**9,906.2**	**11,099.2**	**1,168.3**	**1,255.3**	**11,397.9**	**11,107.8**	**(1,759.6)**	**(1,812.1)**
TOTAL EXCHANGE RATE DERIVATIVES	**29,066.8**	**33,836.4**	**(590.6)**	**(556.8)**	**13,787.5**	**16,913.9**	**1,297.0**	**1,429.9**	**15,279.3**	**16,922.5**	**(1,887.6)**	**(1,986.7)**

The following table reports the cash flows expected in coming years from these financial derivatives.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2013	2014	2015	2016	2017	2018	Beyond
CFH on exchange rates							
Derivatives with positive fair value pertaining to Enel SpA	303.8	63.4	55.4	43.0	32.8	26.9	195.3
Derivatives with negative fair value pertaining to Enel SpA	(899.5)	(60.7)	(52.6)	(40.2)	(30.1)	(24.2)	(603.1)
Trading derivatives on exchange rates							
Derivatives with positive fair value pertaining to Enel SpA	1.4	1.4	-	-	-	-	-
Derivatives with negative fair value pertaining to Enel SpA	(1.4)	(1.4)	-	-	-	-	-
Derivatives with positive fair value on behalf of Group companies	991.8	190.3	16.9	11.6	17.7	28.0	(220.9)
Derivatives with negative fair value on behalf of Group companies	(986.7)	(190.3)	(16.9)	(11.6)	(17.7)	(28.0)	220.9

The Company's exposure to exchange rate risk on the basis of notional amount in foreign currency is reported below.

Millions	US dollars	Pounds sterling	Swiss francs	US dollars	Pounds sterling	Swiss francs
	at Dec. 31, 2013			at Dec. 31, 2012		
Trade payables in foreign currency	0.2	0.1	1.1	0.3	0.1	1.3
Loans and other financial liabilities in foreign currency	1,226.7 (1)	1,517.6 (1)	-	-	1,126.2 (1)	-
Total	**1,226.9**	**1,517.7**	**1.1**	**0.3**	**1,126.3**	**1.3**

(1) Fully hedged by cross currency interest rate swaps.

As regards exchange rate risk, net long-term debt denominated in foreign currency, equal to 14% of the total (7% at December 31, 2012), is fully hedged by cross currency interest rate swaps.

At December 31, 2013, assuming a 10% appreciation of the euro against the currencies in which the debt is denominated, all other variables being equal, shareholders' equity would have been €319.5 million lower (€189.0 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 currencies in which the debt is denominated, all other variables being equal, shareholders' equity would have been about €390.5 million higher (€231.0 million at December 31, 2012) as a result of the increase in the fair value of CFH derivatives on exchange rates.

Credit risk

Enel manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any significant concentration of credit risk.

The credit risk in respect of the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international financial institutions, diversifying the exposure among different institutions and constantly monitoring their credit ratings.

In addition, during the year Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

At December 31, 2013, the exposure to credit risk, represented by the carrying amount of financial assets gross of related provisions for impairment as well as derivatives with a positive fair value, net of any cash collateral held, amounted to €10,291.0 million (€15,223.9 million at December 31, 2012). Of the total, €5,569.8 million regard receivables in respect of Group companies and €3,122.9 million regard cash and cash equivalents.

Millions of euro	at Dec. 31, 2013		at Dec. 31, 2012		Change
		of which Group		*of which Group*	
Non-current financial receivables	117.0	*117.0*	301.3	*138.2*	(184.3)
Non-current financial derivatives	1,355.4	*971.8*	1,517.1	*672.7*	(161.7)
Other non-current financial assets	4.9	-	4.8	-	0.1
Trade receivables	223.6	*207.5*	485.3	*468.7*	(261.7)
Current financial receivables	3,911.7	*3,911.7*	5,235.8	*5,235.8*	(1,324.1)
Current financial derivatives	176.7	*104.1*	208.1	*109.0*	(31.4)
Other current financial assets	1,378.8	*257.7*	1,010.9	*264.3*	367.9
Cash and cash equivalents	3,122.9	-	6,460.6	-	(3,337.7)
Total	**10,291.0**	***5,569.8***	**15,223.9**	***6,888.7***	**(4,932.9)**

Liquidity risk

Within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), ensuring access to the money and capital markets.
Enel SpA 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.

At December 31, 2013, Enel SpA had a total of about €3,112.9 million in cash and cash equivalents (€6,460.6 million at December 31, 2012) and committed lines of credit amounting to €5,900.0, of which none had been drawn (€6,600.0 million, with drawings of €100.0 million at December 31, 2012).

5.a Derivative contracts classified under non-current financial assets - *€1,355.4 million*

The following table reports the notional amount and fair value of the derivative contracts classified under non-current financial assets, grouped by type and designation.

Millions of euro	Notional amount		Fair value (1)		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					
- exchange rates	1,319.4	1,396.9	303.8	476.5	(172.7)
Total	**1,319.4**	**1,396.9**	**303.8**	**476.5**	**(172.7)**
Fair value hedge derivatives:					
- interest rates	800.0	-	10.5	-	10.5
Total	**800.0**	-	**10.5**	-	**10.5**
Trading derivatives:					
- interest rates	3,413.4	2,925.5	224.6	295.0	(70.4)
- exchange rates	7,865.4	9,348.7	816.5	745.6	70.9
Total	**11,278.8**	**12,274.2**	**1,041.1**	**1,040.6**	**0.5**
TOTAL	**13,398.2**	**13,671.1**	**1,355.4**	**1,517.1**	**(161.7)**

(1) "Level 2" fair value.

The notional amount of cash flow hedge derivatives at December 31, 2013 was €1,319.4 million, while the corresponding fair value was €303.8 million. Cash flow hedge derivatives are essentially related to transactions hedging the £1.1 billion tranche of the bond issue as part of the Global Medium-Term Notes program, which was carried out on June 13, 2007. The decrease in the fair value compared with the previous year is mainly attributable to developments in the exchange rate of the euro against the pound sterling.

The notional amount of fair value hedge derivatives at December 31, 2013 was €800.0 million, with a fair value of €10.5 million.
The fair value hedge derivatives regard the hedge of changes in the fair value of the €1,250.0 million tranche of the hybrid bond issued in September 2013 associated with changes in interest rates.

The notional amount of trading derivatives on interest rates and on exchange rates at December 31, 2013 was €11,278.8 million, while the corresponding fair value was €1,041.1 million.
The decrease of €70.4 million in the fair value of trading derivatives on interest rates compared with 2012 was attributable to the adverse movement in the yield curve in measuring transactions already outstanding at December 31, 2012, partially offset by gains from the measurement of new management hedge transactions entered into during the year to cover private placements by Enel Finance International NV and loans obtained by a number of Group companies.
The increase of €70.9 million in the fair value of trading derivatives on exchange rates compared with 2012 was essentially due to management hedging of bonds in currencies other than the euro with cross currency interest rate swaps.

These positions were positively affected by exchange rate developments when measured at December 31, 2013.

Non-current financial assets concerning derivatives with a carrying amount of €383.6 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.

5.b Derivative contracts classified under current financial assets - *€176.7 million*

The following table reports the notional amount and fair value of derivative contracts classified under current financial assets, grouped by hedge type and designation.

Millions of euro	Notional amount		Fair value (1)		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Trading derivatives:					
- interest rates	-	11.8	-	0.3	(0.3)
- exchange rates	4,602.7	6,167.6	176.7	207.8	(31.1)
- other	-	0.7	-	-	-
Total	**4,602.7**	**6,180.1**	**176.7**	**208.1**	**(31.4)**

(1) "Level 2" fair value.

The item is entirely accounted for by trading derivatives, mainly exchange rate hedges on energy commodities entered into on behalf of Group companies. The overall decrease of €31.4 million in the fair value of the derivatives is essentially associated with normal operations.

Current financial assets concerning derivatives with a carrying amount of €72.6 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.

5.c Derivative contracts classified under non-current liabilities - *€2,097.7 million*

These non-current financial liabilities consist of the fair value measurement of derivatives. The following table shows the related notional amount and fair value.

Millions of euro	Notional amount		Fair value (1)		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					
- interest rates	1,690.0	2,190.0	153.0	274.2	(121.2)
- exchange rates	2,811.2	1,405.5	899.5	1,033.3	(133.8)
Total	**4,501.2**	**3,595.5**	**1,052.5**	**1,307.5**	**(255.0)**
Trading derivatives:					
- interest rates	3,463.7	3,499.9	233.2	339.6	(106.4)
- exchange rates	7,865.4	9,348.7	812.0	745.6	66.4
Total	**11,329.1**	**12,848.6**	**1,045.2**	**1,085.2**	**(40.0)**
TOTAL	**15,830.3**	**16,444.1**	**2,097.7**	**2,392.7**	**(295.0)**

(1) "Level 2" fair value.

Financial derivatives classified as non-current liabilities at December 31, 2013 had a notional amount of €15,830.3 million, while the corresponding fair value was €2,097.7 million, a decrease of €613.8 million and a decrease of €295.0 million, respectively, compared with December 31, 2012.

Cash flow hedge derivatives had a notional amount of €4,501.2 million and a fair value of €1,052.5 million at December 31, 2013.
The cash flow hedge derivatives on exchange rates regarded exchange rate hedges of the tranche of £1.1 billion of the bond issue carried out under the Global Medium-Term Notes program on June 13, 2007.
In September 2013, a hybrid bond with tranches of £400.0 million and $1,250.0 million was issued, entirely hedged with cross currency interest-rate swaps.
The cash flow hedge derivatives were positively affected by interest rate developments when measured at December 31, 2013.

The decline of €106.4 million in the fair value of trading derivatives on interest rates compared with 2012 is attributable to new management hedges entered into during the year to cover private placements by Enel Finance International NV and loans obtained by a number of Group companies, as well as the measurement of transactions already outstanding at December 31, 2012 that were positively impacted by movements in the yield curve.
The increase €66.4 million compared with 2012 in the fair value of trading derivatives on exchange rates is largely accounted for by management hedges of foreign currency bond issues using cross currency interest rate swaps.
These transactions were adversely affected by exchange rate developments when measured at December 31, 2013.
Non-current financial liabilities concerning derivatives with a carrying amount of €2,028.1 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.

5.d Derivative contracts classified under current financial liabilities - *€237.4 million*

Derivatives classified under current financial liabilities are shown in the table below, which shows both the notional and fair value by type of contract.

Millions of euro	Notional amount		Fair value (1)		
	at Dec. 31, 2013	at Dec. 31, 2012	**at Dec. 31, 2013**	at Dec. 31, 2012	Change
Cash flow hedge derivatives:					
- interest rates	500.0	-	10.6	-	10.6
Total	**500.0**	**-**	**10.6**	**-**	**10.6**
Trading derivatives:					
- interest rates	600.0	100.0	50.7	55.2	(4.5)
- exchange rates	4,602.7	6,167.6	176.1	207.8	(31.7)
- other	-	0.7	-	-	-
Total	**5,202.7**	**6,268.3**	**226.8**	**263.0**	**(36.2)**
TOTAL	**5,702.7**	**6,268.3**	**237.4**	**263.0**	**(25.6)**

(1) "Level 2" fair value.

Current derivatives under liabilities had a notional amount of €5,702.7 million and a fair value of €237.4 million.
The rise in the notional amount of cash flow hedge and trading derivatives on interest rates is attributable to the reclassification of hedges expiring in June 2014 from non-current liabilities to current liabilities.
Changes in trading derivatives on exchange rates reflected normal operations and the reclassification from non-current liabilities to current liabilities of cross currency swaps expiring in October 2014.
Current financial liabilities concerning derivatives with a carrying amount of €165.7 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.

Information on the Income Statement

Revenues

6.a Revenues from services - *€268.8 million*

"Revenues from services" break down as follows.

Millions of euro

	2013	2012	Change
Services			
Group companies	267.5	325.5	(58.0)
Non-Group counterparties	1.3	2.1	(0.8)
Total revenues from services	**268.8**	**327.6**	**(58.8)**

"Revenues from services" amounted to €268.8 million and essentially regard services provided by the Company to subsidiaries as part of its management and coordination function and the rebilling of sundry expenses incurred by it but pertaining to the subsidiaries.
The decrease of €58.8 million compared with the previous year is mainly attributable to the decline in revenues from management fees and service activities, thanks primarily to the increase in the Company's operating efficiency, partly as a result of the organizational rationalization implemented as part of the One Company project.
"Revenues from services" break down by geographical area as follows:

> €215.9 million in Italy;
> €46.6 million in the European Union;
> €6.3 million in non-EU Europe.

6.b Other revenues and income - *€6.7 million*

"Other revenues and income" came to €6.7 million in 2013 and they were largely in line with the previous year (€7.0 million in 2012). They mainly regard revenues for the services of personnel seconded to other Group companies.

Costs

7.a Electricity purchases and consumables - *€6.4 million*

"Electricity purchases and consumables" amounted to €6.4 million, an increase of €4.3 million compared with the previous year, essentially due to the price revision contained in the long-term import contract with Alpiq, which, even though it expired on December 31, 2011, provided for the revision within 3 years of the last invoice date (€4.1 million).

7.b Services, leases and rentals - *€230.2 million*

Costs for "services, leases and rentals" break down as follows.

Millions of euro

	2013	2012	Change
Services	211.6	217.0	(5.4)
Leases and rentals	18.6	18.7	(0.1)
Total services, leases and rentals	**230.2**	**235.7**	**(5.5)**

Costs for "services", totaling €211.6 million, concerned costs for services provided by third parties in the amount of €149.1 million (€146.6 million in 2012) and services provided by Group companies totaling €62.5 million (€70.4 million in 2012). The increase in costs for services provided by third parties (€2.5 million) is largely attributable to a rise in communication costs (€1.3 million), costs for professional and technical services (€4.9 million), sundry consulting services (€0.9 million), partly offset by a reduction in costs for strategic consulting (€5.1 million).

Costs for services rendered by Group companies decreased by €7.9 million, mainly due to lower costs incurred in respect of services provided by Enel Distribuzione SpA (€6.8 million), involving seconded personnel.

Costs for "leases and rentals" mainly comprise costs for leasing assets from the subsidiary Enel Servizi Srl. They did not change significantly on the previous year.

7.c Personnel - *€90.0 million*

Personnel costs break down as follows.

Millions of euro

	2013	2012	Change
Wages and salaries	63.6	75.0	(11.4)
Social security contributions	19.3	24.2	(4.9)
Termination benefits	4.6	5.0	(0.4)
Charges for stock options and restricted share units plans	(0.2)	0.1	(0.3)
Other costs and other incentive plans	2.7	22.1	(19.4)
Total personnel costs	**90.0**	**126.4**	**(36.4)**

Personnel costs amounted to €90.0 million, a decrease of €36.4 million compared with 2012, essentially the result of:

> developments in the average workforce (which contracted by 59 employees compared with 2012), thereby reducing costs for wages and salaries by €11.7 million;

> a decrease in other costs and other incentive plans amounting to €19.4 million, due largely to the reversal of the provision for the transition-to-retirement plan (€6.3 million), established in December 2012 and terminated in the 3rd Quarter of 2013 as no employees opted to participate, instead preferring to enroll in the more favorable plan provided for in the union agreements implementing the provisions of Article 4, paragraphs 1-7-*ter*, of Law 92/2012 (the Fornero Act), as well as the decrease in charges (€3.3 million) for the 2008 Long Term Incentive plan, following the end of the vesting period (March 31, 2012). These effects were partially offset by the charge recognized for participants in the scheme envisaged in the union agreements implementing the provisions of the Fornero Act (€1.0 million).

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			Headcount
	2013	2012	Change	**at Dec. 31, 2013**
Senior managers	90	104	(14)	84
Middle managers	371	378	(7)	373
Office staff	332	370	(38)	332
Total	**793**	**852**	**(59)**	**789**

7.d Depreciation, amortization and impairment losses - *€8.8 million*

Millions of euro

	2013	2012	Change
Depreciation	1.3	2.0	(0.7)
Amortization	7.5	9.2	(1.7)
Impairment losses	-	2.0	(2.0)
Total depreciation, amortization and impairment losses	**8.8**	**13.2**	**(4.4)**

Depreciation and amortization came to €8.8 million (€11.2 million in 2012), a decrease of €2.4 million compared with the previous year, essentially due to the decline in the average volume of leasehold improvements and industrial patents and intellectual property rights.

7.e Other operating expenses - *€14.1 million*

"Other operating expenses" amounted to €14.1 million, a decrease of €46.0 million compared with the previous year, mainly attributable to a decline in sundry other operating expenses (€35.5 million) connected with the improvement in operating efficiency, the recognition in 2012 of non-recurring items in the amount of €23.2 million, and the positive net impact of the updating of estimates for litigation provisions for positions pertaining to previous years (€9.0 million).

Operating income amounted to a negative €74.0 million, an improvement of €28.9 million compared with the previous year. The reduction in operating expenses more than offset the decline in revenues noted earlier.

8. Income from equity investments - *€2,028.0 million*

Income from equity investments amounted to €2,028.0 million and regard dividends approved by the shareholders' meetings of the subsidiaries and associates (€2,027.9 million) and other investees (€0.1 million). In 2012, the item included a special dividend of €1,142.0 million distributed by Enel Distribuzione paid out of income reserves from previous years, as well as the gain, gross of transaction costs, on the disposal of the interest in Terna (€234.3 million), equal to 5.1% of its share capital.

Millions of euro

	2013	2012	Change
Dividends from subsidiaries and associates:	**2,027.9**	**3,940.3**	**(1,912.4)**
Enel Produzione SpA	222.3	788.6	(566.3)
Enel Distribuzione SpA	1,625.3	3,007.7	(1,382.4)
Enel Trade SpA	-	25.5	(25.5)
Enelpower SpA	3.4	-	3.4
Enel.Factor SpA	4.0	4.0	-
Enel Servizi Srl	39.4	29.8	9.6
Enel Energia SpA	44.0	-	44.0
Enel Green Power SpA	88.4	84.7	3.7
CESI SpA	1.1	-	1.1
Dividends from other entities:	**0.1**	**0.1**	-
Emittenti Titoli SpA	0.1	0.1	-
Capital gains from the disposal of equity investments in other entities:	-	**234.3**	**(234.3)**
Terna SpA	-	234.3	(234.3)
Total income from equity investments	**2,028.0**	**4,174.7**	**(2,146.7)**

9. Financial income/(expense) - *€(790.1) million*

This item breaks down as follows.

Millions of euro

	2013	2012	Change
Financial income			
Interest and other income from non-current financial assets	20.1	24.0	(3.9)
Interest and other income from current financial assets	232.2	260.5	(28.3)
Foreign exchange gains:	59.7	0.5	59.2
- on cash and cash equivalents	-	0.1	(0.1)
- on loans	59.6	0.4	59.2
- on other	0.1	-	0.1
Income from derivative instruments:	1,491.7	1,306.3	185.4
- entered into on behalf of Group companies:			
from derivatives designated as FVTPL	*1,342.1*	*1,130.2*	*211.9*
- entered into on behalf of Enel SpA:			
from derivatives designated as FVTPL	*37.9*	*52.1*	*(14.2)*
from derivatives designated as CFH	*98.0*	*124.0*	*(26.0)*
from derivatives designated as FVH	*13.7*	*-*	*13.7*
Other interest and financial income	8.5	26.8	(18.3)
Total income	1,812.2	1,618.1	194.1
Financial expense			
Interest and other charges on non-current financial debt:	951.7	998.2	(46.5)
- interest on non-current financial debt	206.3	245.0	(38.7)
- interest on bonds	745.4	753.2	(7.8)
Interest and other charges on current financial debt	15.0	20.4	(5.4)
- interest on debts to banks and other Group companies	15.0	20.4	(5.4)
Accretion of post-employment and other employee benefits and other provisions	13.1	14.4	(1.3)
Foreign exchange losses:	8.2	32.9	(24.7)
- on cash and cash equivalents	0.1	0.1	-
- on loans	8.1	32.1	(24.0)
- on other	-	0.7	(0.7)
Expense on derivative instruments:	1,601.0	1,381.5	219.5
- entered into on behalf of Group companies:			
from derivatives designated as FVTPL	*1,334.9*	*1,129.5*	*205.4*
- entered into on behalf of Enel SpA:			
from derivatives designated as FVTPL	*27.1*	*80.0*	*(52.9)*
from derivatives designated as CFH	*239.0*	*172.0*	*67.0*
Other interest and charges:	13.3	(0.9)	14.2
- FVH charges - adjustment of hedged items	13.7	-	13.7
- Other	(0.4)	(0.9)	0.5
Total expense	2,602.3	2,446.5	155.8
TOTAL NET FINANCIAL INCOME/(EXPENSE)	**(790.1)**	**(828.4)**	**38.3**

Net financial expense amounted to €790.1 million, essentially comprising interest expense on financial debt (€966.7 million) and net charges on interest rate derivatives (€78.2 million), partly offset by interest and other income from current and non-current financial assets (€232.2 million and €20.1 million, respectively). The decrease in net financial expense amounted to €38.3 million and was mainly attributable to the decline in interest and other charges on current and non-current financial liabilities (€5.4 million and €46.5 million, respectively), partially offset by an increase on other interest and charges (€14.2 million). These variations reflected developments in interest rates and outstanding debt during the year.

Financial income and expense on derivatives transactions, which were undertaken to systematically hedge interest and exchange rate risk on behalf of all Group companies, almost completely balance out and are therefore indicative of the effective absence of risk exposure for Enel SpA.

10. Income taxes - *€208.5 million*

Millions of euro

	2013	2012	Change
Current taxes	(215.8)	(188.5)	(27.3)
Deferred tax assets	9.9	3.5	6.4
Deferred tax liabilities	(2.6)	-	(2.6)
Total taxes	**(208.5)**	**(185.0)**	**(23.5)**

Income taxes for 2013 showed a tax receivable of €208.5 million, mainly due to the reduction in taxable income for IRES purposes as a result of the exclusion of 95% of dividends received from subsidiaries. Income taxes also take account of the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Tax Code, as replaced by Law 244 of December 24, 2007, the 2008 Finance Act). The effective tax rate on pre-tax income was a negative 17.9% in 2013, compared with a negative 5.8% in 2012. This essentially reflected both the difference between the two years in the amount of dividends received from subsidiaries and the proceeds (which were essentially tax exempt) from the sale of the holding in Terna SpA in 2012.

Millions of euro

	2013	% impact	2012	% impact
Income before taxes	1,163.9		3,243.4	
Theoretical IRES tax liability (27.5%)	**320.1**	**27.5%**	**891.9**	**27.5%**
Tax decreases:				
- gains on exempt equity investments	-	-	(59.3)	-1.8%
- dividends on equity investments	(529.8)	-45.5%	(1,029.4)	-31.8%
- prior-year writedowns	(0.5)	-	(1.1)	-
- uses of provisions	(17.0)	-1.5%	(12.6)	-0.4%
- other	-	-	(4.8)	-0.1%
Tax increases:				
- writedowns for the year	-	-	0.9	-
- accretions to provisions	8.8	0.8%	12.8	0.4%
- prior-year expense	2.7	0.2%	3.7	0.1%
- other	8.6	0.7%	14.2	0.4%
Total current income taxes (IRES)	(207.1)	-17.8%	(183.7)	-5.8%
IRAP	-	-	-	-
Difference on tax estimate for previous years	(8.7)	-0.7%	(4.8)	-0.1%
Total deferred tax items	7.3	0.6%	3.5	0.1%
- of which changes for the year	*6.2*		*5.4*	
- of which changes in estimates for previous years and reversal of deferred IRAP assets	*1.1*		*(1.9)*	
TOTAL INCOME TAXES	**(208.5)**	**-17.9%**	**(185.0)**	**-5.8%**

Information on the Balance Sheet

Assets

11. Property, plant and equipment - *€8.6 million*

Developments in property, plant and equipment for 2012 and 2013 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Total
Cost	0.4	2.7	3.0	5.3	18.1	25.6	55.1
Accumulated depreciation	-	(1.5)	(3.0)	(5.3)	(17.5)	(21.9)	(49.2)
Balance at Dec. 31, 2011	**0.4**	**1.2**	-	-	**0.6**	**3.7**	5.9
Capital expenditure	-	-	-	-	0.5	0.6	1.1
Depreciation	-	-	-	-	(0.3)	(1.7)	(2.0)
Disposals	-	-	-	-	(0.1)	(0.6)	(0.7)
Total changes	-	-	-	-	**0.1**	**(1.7)**	(1.6)
Cost	0.4	2.7	3.0	5.3	18.5	25.6	55.5
Accumulated depreciation	-	(1.5)	(3.0)	(5.3)	(17.8)	(23.6)	(51.2)
Balance at Dec. 31, 2012	**0.4**	**1.2**	-	-	**0.7**	**2.0**	4.3
Capital expenditure	-	-	-	-	0.3	5.5	5.8
Depreciation	-	-	-	-	(0.2)	(1.1)	(1.3)
Disposals	-	(0.2)	-	-	-	-	(0.2)
Total changes	-	**(0.2)**	-	-	**0.1**	**4.4**	4.3
Cost	0.4	2.5	3.0	5.3	18.8	31.1	61.1
Accumulated depreciation	-	(1.5)	(3.0)	(5.3)	(18.0)	(24.7)	(52.5)
Balance at Dec. 31, 2013	**0.4**	**1.0**	-	-	**0.8**	**6.4**	**8.6**

"Property, plant and equipment" totaled €8.6 million, an increase of €4.3 million compared with the previous year, essentially attributable to capital expenditure during the year (€5.8 million), less depreciation for the period (€1.3 million).

"Leasehold improvements" (€5.5 million) mainly regard the renovation work on an number of buildings housing Enel SpA's headquarters.

12. Intangible assets - *€11.3 million*

"Intangible assets", all of which have a finite useful life, break down as follows.

Millions of euro	Industrial patents and intellectual property rights	Other intangible assets under development	Total
Balance at Dec. 31, 2011	**15.2**	**1.8**	**17.0**
Capital expenditure	5.2	1.2	6.4
Assets entering service	1.8	(1.8)	-
Disposals	(2.1)	(0.2)	(2.3)
Amortization	(9.2)	-	(9.2)
Total changes	**(4.3)**	**(0.8)**	**(5.1)**
Balance at Dec. 31, 2012	**10.9**	**1.0**	**11.9**
Capital expenditure	5.6	1.3	6.9
Assets entering service	1.0	(1.0)	-
Amortization	(7.5)	-	(7.5)
Total changes	**(0.9)**	**0.3**	**(0.6)**
Balance at Dec. 31, 2013	**10.0**	**1.3**	**11.3**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average).

The net decrease in the item amounted to €0.9 million, attributable to amortization for the year (€7.5 million), partially offset by investments and assets entering service (€5.6 million and €1.0 million, respectively), essentially in respect of software systems to manage risk and centralized finance systems.

"Other intangible assets under development", amounting to €1.3 million (€1.0 million in 2012), essentially regard centralized finance systems (€0.8 million) and the CCRM system for the implementation of risk measurement models (€0.5 million).

13. Deferred tax assets and liabilities - *€278.7 million and €130.4 million*

Changes in "deferred tax assets" and "deferred tax liabilities", grouped by type of timing difference, are shown below.

Millions of euro	at Dec. 31, 2012	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	Other changes	at Dec. 31, 2013
	Total				Total
Deferred tax assets					
Nature of the temporary difference:					
- accruals to provisions for risks and charges and impairment losses	40.7	(6.0)	1.4	-	36.1
- financial derivatives	279.8	-	(81.4)	-	198.4
- costs for capital increase	10.7	-	(10.7)	-	-
- other items	48.1	(3.9)	-	-	44.2
Total deferred tax assets	**379.3**	**(9.9)**	**(90.7)**	**-**	**278.7**
Deferred tax liabilities					
Nature of the temporary difference:					
- differences on non-current and financial assets	0.1	-	-	(0.1)	-
- income subject to deferred taxation	0.2	-	-	-	0.2
- measurement of financial instruments	190.8	-	(60.7)	-	130.1
- other items	2.8	(2.6)	-	(0.1)	0.1
Total deferred tax liabilities	**193.9**	**(2.6)**	**(60.7)**	**(0.2)**	**130.4**
Deferred tax assets for IRES after any offsetting	217.5				170.0
Deferred tax liabilities for IRAP after any offsetting	(32.1)				(21.7)

"Deferred tax assets" totaled €278.7 million, a decrease of €100.6 million compared with the previous year (€379.3 million at December 31, 2012), mainly attributable to deferred tax assets in respect of the fair value measurement of cash flow hedges (€81.4 million) and the reversal of the final portion of deferred taxation in respect of the transaction costs of the capital increase carried out in 2009 (€10.7 million).
"Deferred tax liabilities" totaled €130.4 million, a decrease of €63.5 million (€193.9 million at December 31, 2012), due largely to deferred taxes in respect of the fair value measurement of cash flow hedges (€60.7 million).
The amount of deferred tax liabilities was determined by applying the rates of 27.5% for IRES and 5.57% for IRAP (taking account of regional surtaxes). The amount of deferred tax assets was determined by applying the IRES rate of 27.5% only, as in the coming years we do not expect to earn income subject to IRAP sufficient to reverse the temporary deductible differences.

14. Equity investments - *€39,289.1 million*

The table below shows the changes during the year for each investment, with the corresponding values at the beginning and end of the year, as well as the list of investments held in subsidiaries, associates and other companies.

Millions of euro	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding
			at Dec. 31, 2012		
A) Subsidiaries					
Enel Produzione SpA	4,891.8	-	3.7	4,895.5	100.0
Enel Ingegneria e Ricerca SpA	46.5	-	0.9	47.4	100.0
Enel Distribuzione SpA	4,053.7	-	1.8	4,055.5	100.0
Enel Servizio Elettrico SpA	10.0	-	0.5	10.5	100.0
Enel Trade SpA	901.0	-	0.8	901.8	100.0
Enel Green Power SpA	3,640.1	-	2.0	3,642.1	68.3
Enel Investment Holding BV	8,498.1	(4,473.0)	0.1	4,025.2	100.0
Enelpower SpA	189.5	(159.3)	-	30.2	100.0
Enel Energia SpA	1,321.0	(8.3)	0.7	1,313.4	100.0
Enel Energy Europe SL	18,300.1	-	-	18,300.1	100.0
Enel.Factor SpA	17.9	(0.4)	-	17.5	100.0
Enel Sole Srl	5.3	-	-	5.3	100.0
Enel Servizi Srl	524.5	(40.2)	2.7	487.0	100.0
Enel.NewHydro Srl	70.5	(54.2)	-	16.3	100.0
Enel Finance International NV	1,414.3	-	-	1,414.3	100.0
Total subsidiaries	**43,884.3**	**(4,735.4)**	**13.2**	**39,162.1**	
C) Associated companies					
CESI SpA	22.8	-	-	22.8	42.7
Total associated companies	**22.8**	**-**	**-**	**22.8**	
D) Other companies					
Elcogas SA	4.8	(1.1)	-	3.7	4.3
Emittenti Titoli SpA	0.5	-	-	0.5	10.0
Idrosicilia SpA	-	-	-	-	1.0
Total other companies	**5.3**	**(1.1)**	**-**	**4.2**	
TOTAL EQUITY INVESTMENTS	**43,912.4**	**(4,736.5)**	**13.2**	**39,189.1**	

Capital contributions and loss coverage	Reclassifications	Net change	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding
Changes in 2013			at Dec. 31, 2013				
-	-	-	4,891.8	-	3.7	4,895.5	100.0
-	-	-	46.5	-	0.9	47.4	100.0
-	-	-	4,053.7	-	1.8	4,055.5	100.0
100.0	-	100.0	110.0	-	0.5	110.5	100.0
-	-	-	901.0	-	0.8	901.8	100.0
-	-	-	3,640.1	-	2.0	3,642.1	68.3
-	-	-	8,498.1	(4,473.0)	0.1	4,025.2	100.0
-	-	-	189.5	(159.3)	-	30.2	100.0
-	-	-	1,321.0	(8.3)	0.7	1,313.4	100.0
-	-	-	18,300.1	-	-	18,300.1	100.0
-	-	-	17.9	(0.4)	-	17.5	100.0
-	-	-	5.3	-	-	5.3	100.0
-	-	-	524.5	(40.2)	2.7	487.0	100.0
-	-	-	70.5	(54.2)	-	16.3	100.0
-	-	-	1,414.3	-	-	1,414.3	100.0
100.0	**-**	**100.0**	**43,984.3**	**(4,735.4)**	**13.2**	**39,262.1**	
-	-	-	22.8	-	-	22.8	42.7
-	**-**	**-**	**22.8**	**-**	**-**	**22.8**	
-	-	-	4.8	(1.1)	-	3.7	4.3
-	-	-	0.5	-	-	0.5	10.0
-	-	-	-	-	-	-	1.0
-	-	-	5.3	(1.1)	-	4.2	
100.0	**-**	**100.0**	**44,012.4**	**(4,736.5)**	**13.2**	**39,289.1**	

The table below reports changes in equity investments in 2013.

Millions of euro	
Increases	
Recapitalization of Enel Servizio Elettrico SpA	100.0
Reclassification of equity investment in Idrosicilia SpA from "non-current assets held for sale" to "equity investments"	-
NET CHANGE	**100.0**

The net increase in the value of equity investments in subsidiaries, associates and other companies is attributable to the recapitalization, on January 28, 2013, of Enel Servizio Elettrico SpA in the amount of €100.0 million, allocated by the company to a specific available equity reserve.
In addition, equity investments in other companies include the reclassification in the amount of €1,000 of the remaining interest (1%) held in Idrosicilia SpA, which at December 31, 2010 was classified under "non-current assets held for sale" in accordance with the provisions of the sale contract. That reclassification is a consequence of the change of the time limit provided for in the original contract for the completion of the transfer of the remaining shares of Idrosicilia SpA held by Enel SpA.

Those shares were pledged as a lien securing a loan to Sicilacque, an investee of Idrosicilia.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody by Monte dei Paschi di Siena. The following table reports the share capital and shareholders' equity of subsidiaries, associates and other companies at December 31, 2013.

	Registered office	Currency	Share capital (€)	Shareholders' equity (€ millions)	Prior year income/(loss) (€ millions)	% holding	Carrying amount (€ millions)
A) Subsidiaries							
Enel Produzione SpA	Rome	Euro	1,800,000,000	6,001.3	223.6	100.0	4,895.5
Enel Ingegneria e Ricerca SpA	Rome	Euro	30,000,000	27.7	0.2	100.0	47.4
Enel Distribuzione SpA	Rome	Euro	2,600,000,000	4,496.5	1,422.0	100.0	4,055.5
Enel Servizio Elettrico SpA	Rome	Euro	10,000,000	178.3	90.8	100.0	110.5
Enel Trade SpA	Rome	Euro	90,885,000	611.6	(234.8)	100.0	901.8
Enel Green Power SpA	Rome	Euro	1,000,000,000	6,647.8	289.8	68.3	3,642.1
Enel Investment Holding BV	Amsterdam	Euro	1,593,050,000	4,120.5	12.5	100.0	4,025.2
Enelpower SpA	Milan	Euro	2,000,000	30.3	0.8	100.0	30.2
Enel Energia SpA	Rome	Euro	302,039	1,089.3	15.7	100.0	1,313.4
Enel Energy Europe SL	Madrid	Euro	500,000,000	23,525.3	1,446.9	100.0	18,300.1
Enel.Factor SpA	Rome	Euro	12,500,000	46.3	3.7	100.0	17.5
Enel Sole Srl	Rome	Euro	4,600,000	48.6	6.6	100.0	5.3
Enel Servizi Srl	Rome	Euro	50,000,000	416.9	7.0	100.0	487.0
Enel.NewHydro Srl	Rome	Euro	1,000,000	17.5	-	100.0	16.3
Enel Finance International NV	Amsterdam	Euro	1,478,810,370	823.1	98.2	100.0	1,414.3
C) Associates							
CESI SpA	Milan	Euro	8,550,000	95.6	9.6	42.7	22.8
D) Other companies							
Elcogas SA [1]	Puertollano	Euro	20,242,260	13.2	9.4	4.3	3.7
Emittenti Titoli SpA	Milan	Euro	4,264,000	7.1	1.2	10.0	0.5
Idrosicilia SpA [1]	Milan	Euro	22,520,000	40.4	2.3	1.0	-

(1) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2012.

The carrying amounts of the equity investments in Enel Trade SpA, Enel Energia SpA and Enel Finance International NV are considered to be recoverable even though they individually exceed the respective shareholders' equity at December 31, 2013. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts, which in the case of Enel Finance International NV is attributable to the decline in the fair value of a number of balance-sheet items that are reflected in shareholders' equity.
The carrying amounts of Enel Ingegneria e Ricerca SpA and Enel Servizi Srl are also considered recoverable. Their shareholders' equity at December 31, 2013 was impacted by the retrospective application of "IAS 19 - Employee benefits", which involved the recognition of net actuarial losses. As these losses are not monetary in nature, they will be recovered in future years with no cash outflow for the subsidiaries.

"Equity investments in other companies" at December 31, 2013 all regard unlisted companies and are measured at cost, as the fair value cannot be reliably determined.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012
Equity investments in unlisted companies measured at cost	**4.2**	**4.2**
Elcogas SA	3.7	3.7
Emittenti Titoli SpA	0.5	0.5
Idrosicilia SpA	-	-

15. Non-current financial assets - *€1,520.0 million*

The aggregate is composed of the following.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Financial receivables:	**121.9**	**306.1**	**(184.2)**
- due from subsidiaries	117.0	138.2	(21.2)
- due from others	-	163.1	(163.1)
- other	4.9	4.8	0.1
Derivative contracts	**1,355.4**	**1,517.1**	**(161.7)**
Prepaid expenses	**42.7**	**11.9**	**30.8**
Total	**1,520.0**	**1,835.1**	**(315.1)**

"Prepaid expenses" are essentially accounted for by residual transaction costs on the €10 billion revolving credit facility agreed on April 19, 2010, between Enel, Enel Finance International and Mediobanca, as well as those in respect of the Forward Start Facility Agreement signed, on February 8, 2013, by the same companies with a pool of banks in the amount of €9.4 billion. The item reports the non-current portion of those costs and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

For information on "financial receivables", refer to the comments in note 20.3.
For information on "derivative contracts", refer to the comments in note 5.a.

Financial receivables and derivatives recognized under non-current financial assets can be broken down by residual maturity as follows.

Millions of euro	From 2 to 5 years	Beyond 5 years	Total	From 2 to 5 years	Beyond 5 years	Total
		at Dec. 31, 2013			at Dec. 31, 2012	
Financial receivables:	**119.8**	**2.1**	**121.9**	**277.1**	**29.0**	**306.1**
- due from subsidiaries	117.0	-	117.0	111.6	26.6	138.2
- due from others	-	-	-	163.1	-	163.1
- other	2.8	2.1	4.9	2.4	2.4	4.8
Derivative contracts	**101.0**	**1,254.4**	**1,355.4**	**217.4**	**1,299.7**	**1,517.1**
Total	**220.8**	**1,256.5**	**1,477.3**	**494.5**	**1,328.7**	**1,823.2**

Non-current financial assets classified by category of instrument break down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Financial assets measured at fair value through profit or loss	1,051.6	1,040.6	11.0
Loans and receivables	164.6	318.0	(153.4)
Cash flow hedge derivatives	303.8	476.5	(172.7)
Total	**1,520.0**	**1,835.1**	**(315.1)**

16. Other non-current assets - *€483.1 million*

This item can be broken down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Tax receivables	284.3	241.9	42.4
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	194.8	206.8	(12.0)
Other long-term receivables:			
- other receivables	4.0	9.5	(5.5)
Total	4.0	9.5	(5.5)
TOTAL	**483.1**	**458.2**	**24.9**

"Tax receivables" regard the tax credit in respect of the claim for reimbursement submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011 for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes, as permitted by Decree Law 185 of November 29, 2008, ratified by Law 2 of January 28, 2009 and Decree Law 201 of December 6, 2011.

The item "receivable from subsidiaries for assumption of supplementary pension plan liabilities" in the amount of €194.8 million refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined-benefit obligations of the Parent Company, which are recognized under "post-employment and other employee benefits".

On the basis of actuarial forecasts made using current assumptions, the portion due beyond 5 years of the "receivables from subsidiaries for assumption of supplementary pension plan liabilities" came to €129.9 million (€142.2 million at December 31, 2012).

"Other receivables" amounted to €4.0 million and essentially regard the receivable due from Enel Ingegneria e Ricerca SpA for the sale in 2011 of the interest held in Sviluppo Nucleare Italia Srl.

The current portion of that receivable, amounting to €5.6 million, was reclassified at December 31, 2013 to "other current assets".

17. Trade receivables - *€216.1 million*

The aggregate is composed of the following.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Customers:			
- sale and transport of electricity	0.4	0.4	-
- other receivables	8.2	8.7	(0.5)
Total	**8.6**	**9.1**	**(0.5)**
Trade receivables due from subsidiaries	207.5	468.7	(261.2)
TOTAL	**216.1**	**477.8**	**(261.7)**

Customer trade receivables were largely unchanged compared with the previous year. They amounted to €8.6 million, net of the provision for doubtful accounts amounting to €7.5 million.

"Trade receivables due from subsidiaries" primarily regard the management and coordination services provided by Enel SpA on behalf of Group companies. The decrease of €261.2 million is linked with developments in the revenues associated with those services, as well as an improvement in collection times.

Trade receivables due from subsidiaries break down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Subsidiaries:			
- Enel Energy Europe SL	0.5	-	0.5
- Enel Produzione SpA	6.0	43.8	(37.8)
- Enel Distribuzione SpA	19.9	107.0	(87.1)
- Enel Green Power SpA	3.9	116.0	(112.1)
- Endesa SA	1.1	1.6	(0.5)
- Enel Servizio Elettrico SpA	2.2	15.3	(13.1)
- Enel Trade SpA	2.1	7.3	(5.2)
- Enel Energia SpA	33.5	23.5	10.0
- Enel Servizi Srl	21.2	18.6	2.6
- Slovenské elektrárne AS	10.8	15.0	(4.2)
- Enel.si Srl	17.7	16.7	1.0
- Enelpower SpA	-	0.2	(0.2)
- Enel Investment Holding BV	2.4	1.7	0.7
- Enel Green Power North America Inc.	0.9	0.9	-
- Enel Sole Srl	1.9	3.7	(1.8)
- Enel OGK-5 OJSC	14.3	18.3	(4.0)
- Endesa Distribución Eléctrica SL	15.2	22.0	(6.8)
- Endesa Generación SA	4.8	14.0	(9.2)
- Enel Romania Srl	9.3	8.4	0.9
- Sviluppo Nucleare Italia Srl	-	0.1	(0.1)
- Unión Eléctrica de Canarias Generación SAU	7.7	11.6	(3.9)
- Other	32.1	23.0	9.1
Total	**207.5**	**468.7**	**(261.2)**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Italy	109.2	360.2	(251.0)
EU	75.5	78.6	(3.1)
Non-EU Europe	25.6	33.7	(8.1)
Other	5.8	5.3	0.5
Total	**216.1**	**477.8**	**(261.7)**

18. Income tax receivables - *€253.6 million*

Income tax receivables at December 31, 2013 totaled €253.6 million and essentially regard the Company's IRES credit for current 2013 taxes.

19. Current financial assets - *€5,457.5 million*

This item can be broken down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Financial receivables due from Group companies:	4,273.5	5,609.1	(1,335.6)
- short-term financial receivables (intercompany current account)	3,390.5	5,208.5	(1,818.0)
- short-term loan to Enel Finance International NV	500.0	-	500.0
- current portion of receivables for assumption of loans	21.2	27.3	(6.1)
- other financial receivables	257.7	264.3	(6.6)
- derivatives	104.1	109.0	(4.9)
Financial receivables due from others:	1,184.0	834.1	349.9
- derivatives	72.6	99.1	(26.5)
- current portion of long-term loans	0.4	0.4	-
- other financial receivables	92.8	111.9	(19.1)
- cash collateral for margin agreements on OTC derivatives	1,018.2	622.7	395.5
Total	**5,457.5**	**6,443.2**	**(985.7)**

For further information, refer to note 20.4, except for "derivative contracts", which are discussed in note 5.b.

20. Net financial debt - *€12,303.3 million*

The following table provides a breakdown of net financial debt starting with the items shown in the balance sheet.

Millions of euro

	Notes	at Dec. 31, 2013	at Dec. 31, 2012	Change
Long-term loans	20.1	17,764.4	19,314.8	(1,550.4)
Short-term loans	20.2	1,653.5	4,952.6	(3,299.1)
Current portion of long-term loans	20.1	1,060.9	808.9	252.0
Non-current financial assets included in debt	20.3	121.9	306.1	(184.2)
Current financial assets included in debt	20.4	4,930.7	5,871.8	(941.1)
Cash and cash equivalents	20.5	3,122.9	6,460.6	(3,337.7)
Total		**12,303.3**	**12,437.8**	**(134.5)**

Net financial debt at December 31, 2013 is calculated in conformity with the CONSOB instructions of July 28, 2006, reconciled with the net financial debt reported in the report on operations.

Millions of euro

	at Dec. 31, 2013		at Dec. 31, 2012	
		of which with related parties		*of which with related parties*
Bank and post office deposits	3,122.9		6,460.6	
Liquidity	**3,122.9**		**6,460.6**	
Current financial receivables	**4,930.7**	*3,911.6*	**5,871.8**	*5,235.9*
Short-term bank debt	(4.4)		(137.6)	
Short-term portion of long-term debt	(1,060.9)		(808.9)	
Other short-term financial payables	(1,649.1)	*(1,531.0)*	(4,815.0)	*(4,127.1)*
Current financial payables	**(2,714.4)**		**(5,761.5)**	
Net short-term financial position	**5,339.2**		**6,570.9**	
Long-term bank debt	-		(492.5)	
Bonds issued	(17,764.4)		(16,322.3)	
Other long-term debt	-		(2,500.0)	*(2,500.0)*
Non-current financial payables	**(17,764.4)**		**(19,314.8)**	
Long-term financial position	**(17,764.4)**		**(19,314.8)**	
Net financial position as per CONSOB instructions	**(12,425.2)**		**(12,743.9)**	
Long-term financial receivables	**121.9**	*117.0*	**306.1**	*138.2*
NET FINANCIAL DEBT	**(12,303.3)**		**(12,437.8)**	

20.1 Long-term loans (including the portion falling due within 12 months) - *€18,825.3 million*

Long-term debt, which is entirely accounted for by bond issues in euros and other currencies, including the portion falling due within 12 months (€1,060.9 million), amounted to €18,825.3 million at December 31, 2013.

The following tables show long-term debt and repayment schedules at December 31, 2013, grouped by loan and interest rate type.

Millions of euro	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		at Dec. 31, 2013		**at Dec. 31, 2012**	
Bonds:					
- listed, fixed rate	2015-2037 (1)	13,363.9	13,518.6	11,518.4	11,661.9
- listed, floating rate	2014-2031	4,028.0	4,050.0	4,019.1	4,050.0
- unlisted, fixed rate		-	-	-	-
- unlisted, floating rate	2014-2032	1,433.4	1,433.6	1,593.7	1,593.8
Total		**18,825.3**	**19,002.2**	**17,131.2**	**17,305.7**
Bank loans:					
- fixed rate		-	-	-	-
- floating rate		-	-	492.5	498.7
Total		-	-	**492.5**	**498.7**
Loans from Group companies:					
- fixed rate		-	-	2,500.0	2,500.0
- floating rate		-	-	-	-
Total		-	-	**2,500.0**	**2,500.0**
TOTAL		**18,825.3**	**19,002.2**	**20,123.7**	**20,304.4**

(1) The maturity dates of the hybrid bonds issued in September 2013 are based on the assumption that the option to extinguish the bonds is exercised at the first possible date for each issue. The amortized cost was also calculated using the same assumption.

Millions of euro	Carrying amount	Current portion	Portion maturing	Maturing in				
	at Dec. 31, 2013	<12 months	>12 months	2015	2016	2017	2018	Beyond
Bonds:								
- listed, fixed rate	13,363.9	-	13,363.9	997.1	1,981.4	1,495.4	3,189.4	5,700.6
- listed, floating rate	4,028.0	999.7	3,028.3	1,298.0	991.4	-	488.9	250.0
- unlisted, fixed rate	-	-	-	-	-	-	-	-
- unlisted, floating rate	1,433.4	61.2	1,372.2	62.8	64.0	65.0	65.9	1,114.5
Total	**18,825.3**	**1,060.9**	**17,764.4**	**2,357.9**	**3,036.8**	**1,560.4**	**3,744.2**	**7,065.1**

The balance for bonds is stated net of €734.2 million relating to the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", held by Enel SpA.

The table below shows long-term financial debt by currency and interest rate.

Millions of euro	Carrying amount		Nominal value	Current interest rate	Effective interest rate
	at Dec. 31, 2012	**at Dec. 31, 2013**		**at Dec. 31, 2013**	
Euro	**18,743.7**	**16,115.5**	**16,248.6**	3.92%	4.20%
US dollars	-	889.5	906.4	8.75%	9.24%
Pounds sterling	1,380.0	1,820.3	1,847.2	6.44%	6.63%
Total non-euro currencies	**1,380.0**	**2,709.8**	**2,753.6**		
TOTAL	**20,123.7**	**18,825.3**	**19,002.2**		

The table below reports changes in the nominal value of long-term debt during 2013.

Millions of euro	Nominal value	Repayments	New borrowing	Own bonds repurchased	Exchange rate differences	Nominal value
	at Dec. 31, 2012					**at Dec. 31, 2013**
Bonds	17,305.7	(809.2)	2,651.8	(101.0)	(45.1)	**19,002.2**
Bank loans	498.7	(498.7)	-	-	-	-
Loans from Group companies	2,500.0	(2,500.0)	-	-	-	-
Total	**20,304.4**	**(3,807.9)**	**2,651.8**	**(101.0)**	**(45.1)**	**19,002.2**

Compared with December 31, 2012, the nominal value of long-term debt declined by €1,302.2 million, the net result of €3,807.9 million in repayments, €2,651.8 million in new borrowing, €101.0 million in repurchases of own bonds, and €45.1 million in exchange rate gains.

The main transactions carried out during the year include:

> the repayment of €750.0 million of a fixed-rate bond issued by Enel SpA, which matured in June 2013;

> the repayment of €2,500.0 million on a loan from Enel Finance International NV;

> the repayment of €498.7 million in bank loans and credit facilities. Following these repayments, at December 31, 2013 the €35 billion credit facility held by Enel SpA and its subsidiary Enel Finance International was extinguished.

The main funding operation was carried out in September, with the issue of hybrid instruments with a total value of €2,651.8 million, structured in the following tranches:

> €1,250 million fixed-rate 6.50%, maturing January 10, 2074 with a call option exercisable at January 10, 2019;

> £400 million (equal to €474.0 million at the issue date) fixed-rate 7.75%, maturing September 10, 2075 with a call option exercisable at September 10, 2020;

> $1,250 million (equal to €927.8 million at the issue date) fixed-rate 8.75%, maturing September 24, 2073 with a call option exercisable at September 24, 2023.

The 5-year revolving credit line of €10 billion obtained in April 2010 by Enel SpA and Enel Finance International NV was renegotiated and replaced by the €9.4 billion Forward Start Facility Agreement, agreed on February 8, 2013 by the same companies with a pool of banks.

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 debt 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 Group's credit spreads.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2013		at Dec. 31, 2012	
Bonds:				
- fixed rate	13,363.9	14,973.5	11,518.4	12,252.6
- floating rate	5,461.4	5,319.9	5,612.8	5,235.0
Bank loans:				
- floating rate	-	-	492.5	512.4
Loans from Group companies:				
- fixed rate	-	-	2,500.0	2,744.4
Total	**18,825.3**	**20,293.4**	**20,123.7**	**20,744.4**

The following table reports the level of the inputs in the fair value hierarchy that were used to determine the fair value for each category of financial debt.

Millions of euro	at Dec. 31, 2013			
	Level 1	Level 2	Level 3	Total
Bonds:				
- fixed rate	14,973.5	-	-	14,973.5
- floating rate	4,020.9	1,299.0	-	5,319.9
Total	**18,994.4**	**1,299.0**	**-**	**20,293.4**

The following tables show a breakdown of long-term loans (carrying amount), distinguishing current from non-current (beyond 12 months) portions, along with comparative figures for December 31, 2012.

Long-term loans (excluding current portion)

Millions of euro			
	at Dec. 31, 2013	at Dec. 31, 2012	Change
Bonds:			
- fixed rate	13,363.9	10,768.7	2,595.2
- floating rate	4,400.5	5,553.6	(1,153.1)
Bank loans:			
- floating rate	-	492.5	(492.5)
Loans from Group companies:			
- fixed rate	-	2,500.0	(2,500.0)
Total	**17,764.4**	**19,314.8**	**(1,550.4)**

Current portion of long-term loans

Millions of euro			
	at Dec. 31, 2013	at Dec. 31, 2012	Change
Bonds:			
- fixed rate	-	749.7	(749.7)
- floating rate	1,060.9	59.2	1,001.7
Total	**1,060.9**	**808.9**	**252.0**

The main long-term financial debts are governed by covenants containing undertakings that are commonly adopted in international business practice.

The main covenants governing the debt regard the bond issues carried out within the framework of the Global Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the €10 billion revolving credit line agreed in April 2010, and the €9.4 billion Forward Start Facility Agreement agreed on February 8, 2013 by Enel SpA and Enel Finance International NV with a pool of banks.

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 principle or interest, initia-

tion 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 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 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 (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.

20.2 Short-term loans - *€1,653.5 million*

Short-term loans break down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Due to third parties	122.4	825.5	(703.1)
Due to Group companies	1,531.1	4,127.1	(2,596.0)
Total	**1,653.5**	**4,952.6**	**(3,299.1)**

Amounts due to third parties came to €122.4 million, a decrease of €703.1 million attributable to the reduction in cash collateral received from counterparties for transactions in OTC derivatives on interest rates and exchange rates (€569.9 million) and a decline in use of bank credit lines (€133.2 million).

Amounts due to Group companies totaled €1,531.1 million, a decrease of €2,596.0 million attributable to an improvement in the debtor position on the intercompany current account held with subsidiaries (€1,396.0 million) and repayment of the credit facility with Enel Finance International NV (€1,200.0 million).

20.3 Non-current financial assets included in debt - *€121.9 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Financial receivables:			
- due from subsidiaries	117.0	138.2	(21.2)
- due from others	-	163.1	(163.1)
- other	4.9	4.8	0.1
Total	**121.9**	**306.1**	**(184.2)**

The item “financial receivables due from subsidiaries” refers to receivables in respect of the assumption by Group companies of their share of financial debt (€117.0 million). The terms of the agreements call for the rebilling of the related finance costs and the income and expenses accrued on the interest rate risk hedging contracts, as well as the repayment of the principal upon maturity of each loan. The decrease of €21.2 million was attributable to the reclassification to current financial assets of the portion of receivables falling due within 12 months.

At December 31, 2012, “financial receivables due from others” regarded the loan plus capitalized interest granted in 2009 by Enel SpA to F2i Reti Italia in performance of the contract for the sale to the latter of 80% of Enel Rete Gas SpA. That entire receivable was repaid in advance (originally falling due in 2017) in the overall amount of €176.5 million following the disposal in the last quarter of 2013 of the remainder of the interest held in Enel Rete Gas by Enel Distribuzione to the same counterparty.

For a breakdown by maturity of non-current financial assets, included in debt, please refer to note 15.

20.4 Current financial assets included in debt - *€4,930.7 million*

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Financial receivables due from Group companies:	**3,911.7**	**5,235.8**	**(1,324.1)**
- short-term financial receivables (intercompany current account)	3,390.5	5,208.5	(1,818.0)
- short-term loan to Enel Finance International NV	500.0	-	500.0
- current portion of receivables for assumption of loans	21.2	27.3	(6.1)
Financial receivables due from others:	**1,019.0**	**636.0**	**383.0**
- current portion of long-term loans	0.4	0.4	-
- other financial receivables	0.4	12.9	(12.5)
- cash collateral for margin agreements on OTC derivatives	1,018.2	622.7	395.5
Total	**4,930.7**	**5,871.8**	**(941.1)**

"Financial receivables due from Group companies" decreased by €1,324.1 million compared with December 31, 2012, essentially as a result of:

> a reduction in short-term financial receivables due from Group companies on the intercompany current account (€1,818.0 million), mainly due to the decline in receivables due from Enel Energia (€572.9 million), Enel Trade (€339.3 million), Enel Green Power (€333.5 million) and Enel Energy Europe (€524.4 million);

> the drawing by Enel Finance International NV of €500.0 million on the Intercompany Revolving Facility Agreement of €2,500.0 million granted to that company in December 2013.

"Financial receivables due from others" increased by €383.0 million compared with December 31, 2012, essentially attributable to the rise in cash collateral paid to counterparties for OTC derivatives on interest rates and exchange rates.

20.5 Cash and cash equivalents - *€3,122.9 million*

Cash and cash equivalents are detailed in the following table.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Bank deposits	2,617.4	5,960.4	(3,343.0)
Post office deposits	505.5	500.2	5.3
Total	**3,122.9**	**6,460.6**	**(3,337.7)**

Cash and cash equivalents amounted to €3,122.9 million, a decrease of €3,337.7 million compared with December 31, 2012, mainly due to the payment of dividends for 2012 (€1,410.5 million), the payment of the first and second estimated payments of IRES (€887.4 million) and the overall decrease in cash collateral (€965.4 million).

21. Other current assets - *€319.4 million*

At December 31, 2013, the item broke down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Tax receivables	122.0	98.0	24.0
Other receivables due from Group companies	196.0	161.3	34.7
Receivables due from others	1.4	3.4	(2.0)
Total	**319.4**	**262.7**	**56.7**

Compared with December 31, 2012, "other current assets" showed an increase of €56.7 million.

"Tax receivables" amounted to €122.0 million, primarily accounted for by the quarterly VAT credit for the Group (€64.2 million), the IRES receivable of the companies participating in the consolidated taxation mechanism (€20.4 million) and prior-year IRAP credits for which reimbursement has been requested (€24.0 million). The increase of €24.0 million on the previous year is essentially due to the credit in respect of the consolidated taxation mechanism.

"Other receivables due from Group companies" mainly comprise the VAT credit in respect of the companies participating in the Group VAT mechanism (€166.3 million) and IRES receivables due from the Group companies that participate in the consolidated taxation mechanism (€23.9 million). The increase of €34.7 million compared with December 31, 2012 is mainly attributable to the increase in Group VAT receivables (€102.6 million), partially offset by a decrease in IRES receivables from the Group companies that participate in the consolidated taxation mechanism (€71.4 million).

22. Non-current assets held for sale - *€0.0 million*

At December 31, 2012, "non-current assets held for sale" reported €1,000 in respect of the interest (1%) held in Idrosicilia SpA. At December 31, 2013, that amount was reclassified to "equity investments", pending definition of a new contractual time limit for the completion of the transfer of the remaining shares of Idrosicilia SpA held by Enel SpA.

Liabilities

23. Shareholders' equity - *€25,866.9 million*

Shareholders' equity amounted to €25,866.9 million, up €49.8 million compared with December 31, 2012. The increase is essentially attributable to net income for the year (€1,460.3 million, of which €87.9 million recognized directly in equity), partially offset by the distribution of the dividend for 2012 in the amount of €0.15 per share (for a total of €1,410.5 million), as approved by the shareholders on April 30, 2013.

Share capital - *€9,403.4 million*

Considering that no options were exercised as part of stock option plans in 2013 under the plans approved by the Company, the share capital of Enel SpA is equal to €9,403,357,795, represented by 9,403,357,795 ordinary shares (fully subscribed and paid up) with a par value of €1.00 each at December 31, 2013 (same at December 31, 2012).

At December 31, 2013, 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 at June 27, 2013 for asset management purposes.

Other reserves - *€9,179.7 million*

Share premium reserve - *€5,292.1 million*

The share premium reserve did not change compared with the previous year.

Legal reserve - *€1,880.7 million*

The legal reserve, equal to 20.0% of share capital, did not change compared with the previous year.

Reserve pursuant to Law 292/1993 - *€2,215.4 million*

The reserve shows the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.

In the case of a distribution of this reserve, the tax treatment for capital reserves as defined by Article 47 of the Uniform Tax Code shall apply.

Other reserves - *€68.2 million*

Other reserves include €19.0 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29.1 million in respect of the stock-option reserve and €20.1 million for other reserves.

Reserve from measurement of financial instruments - *€(259.9) million*

At December 31, 2013, the item was entirely represented by the reserve from measurement of cash flow hedge derivatives with a negative value of 259.9 million (net of the positive tax effect of €68.3 million).

Reserve from remeasurement of defined-benefit obligation - *€(16.8) million*

At December 31, 2013, the defined-benefit plan reserve amounted to €16.8 million (net of the positive tax effect of €6.5 million). The reserve includes all actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the revised version of "IAS 19 - Employee benefits".

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from remeasurement of defined-benefit obligation in 2012 and 2013.

Millions of euro		Gains/ (Losses) recognized in equity for the year (gross)	Releases to income (gross)	Tax effect		Gains/ (Losses) recognized in equity for the year (gross)	Releases to income (gross)	Tax effect	
	at Jan. 1, 2012				at Dec. 31, 2012				**at Dec. 31, 2013**
Gains/(Losses) from fair value measurement of cash flow hedging, effective portion	(290.6)	(131.3)	48.0	22.3	(351.6)	(28.5)	140.9	(20.7)	**(259.9)**
Gains/(Losses) from fair value measurement of financial investments available for sale	216.5	14.8	(234.3)	3.0	-	-	-	-	-
Gains/(Losses) from the remeasurement of net obligation for defined-benefit plans	11.0	(33.2)	-	9.2	(13.0)	(5.2)	-	1.4	**(16.8)**
Gains/(Losses) recognized directly in equity	**(63.1)**	**(149.7)**	**(186.3)**	**34.5**	**(364.6)**	**(33.7)**	**140.9**	**(19.3)**	**(276.7)**

Retained earnings (Loss carried forward) - *€5,911.4 million*

For 2013, the item shows an increase of €2,017.9 million, essentially attributable to retained net income for the previous year, as approved by the shareholders' meeting of April 30, 2013.

Net income - *€1,372.4 million*

Net income for 2013 amounted to €1,372.4 million.
The table below shows the availability of shareholders' equity for distribution.

Millions of euro	Amount	Possible uses	Amount available
Share capital	9,403.4		
Capital reserves:			
- share premium reserve	5,292.1	ABC	5,292.1
Income reserves:			
- legal reserve	1,880.7	B	-
- reserve pursuant to Law 292/1993	2,215.4	ABC	2,215.4
- reserve from measurement of financial instruments	(259.9)		
- reserve for capital grants	19.0	ABC	19.0
- stock option reserve	29.1	ABC	27.3 (1) (2)
- reserve from remeasurement of defined-benefit obligation	(16.8)		
- other	20.1	ABC	20.1
Retained earnings/(Loss carried forward)	5,911.4	ABC	5,911.4
Total	**24,494.5**		**13,485.3**
amount available for distribution			*13,482.4*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €2.9 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

There are no restrictions on the distribution of the reserves pursuant to Article 2426, paragraph 1(5) of the Italian Civil Code since there are no unamortized start-up and expansion costs or research and development costs, or departures pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Enel's goals in capital management are focused on the creation of value for shareholders, safeguarding the interests of stakeholders and ensuring business continuity, as well as on maintaining sufficient capitalization to ensure cost-effective access to outside sources of financing, so as to adequately support growth in the Group's business.

24. Post-employment and other employee benefits - *€335.8 million*

The Company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans and residential electricity discounts (limited to retired personnel only), additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans. The item includes accruals made to cover post-employment benefits under defined-benefit plans and other long-term benefits to which employees are entitled under statute, contract or other form of employee incentive scheme.

These obligations, in accordance with IAS 19, were determined using the projected unit credit method.

The following table reports the change during the year in the defined-benefit obligation, as well as a reconciliation of the defined-benefit obligation with the obligation recognized in the balance sheet at December 31, 2013 and December 31, 2012. The liability at December 31, 2012, as discussed in note 4 of these financial statements, was restated for comparative purposes only following the retrospective application of the revised version of "IAS 19 - Employee benefits".

Millions of euro	2013					2012				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
Actuarial defined-benefit obligation at start of year	**295.7**	**9.1**	**39.1**	**13.6**	**357.5**	**281.4**	**6.0**	**36.0**	**11.7**	**335.1**
Accounting defined-benefit obligation at start of year	**295.7**	**9.1**	**39.1**	**13.6**	**357.5**	**281.4**	**6.0**	**36.0**	**11.7**	**335.1**
Changes through profit or loss	2.5	0.3	1.5	5.2	**9.5**	19.0	0.3	1.9	9.1	**30.3**
Changes through other comprehensive income	3.4	2.4	(0.6)	-	**5.2**	25.1	3.7	4.4	-	**33.2**
Contributions/ Benefits paid	(28.4)	(0.7)	(2.7)	(3.4)	**(35.2)**	(29.3)	(0.9)	(3.2)	(7.1)	**(40.5)**
Other changes	(0.7)	-	(0.4)	-	**(1.2)**	(0.5)	-	-	(0.1)	**(0.6)**
Actuarial defined-benefit obligation at end of year	**272.5**	**11.1**	**36.9**	**15.4**	**335.8**	**295.7**	**9.1**	**39.1**	**13.6**	**357.5**
Accounting defined-benefit obligation at end of year	**272.5**	**11.1**	**36.9**	**15.4**	**335.8**	**295.7**	**9.1**	**39.1**	**13.6**	**357.5**

Millions of euro	2013					2012				
	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	(6.3)	-	0.3	5.2	**(0.8)**	6.5	-	0.3	8.5	**15.3**
Net interest cost	8.8	0.3	1.2	-	**10.3**	12.5	0.3	1.6	-	**14.4**
Other changes	-	-	-	-	-	-	-	-	0.6	**0.6**
Total	**2.5**	**0.3**	**1.5**	**5.2**	**9.5**	**19.0**	**0.3**	**1.9**	**9.1**	**30.3**
Changes through other comprehensive income										
(Gains)/Losses from changes in demographic assumptions	(0.1)	-	0.1	-	-	(0.4)	-	(0.7)	-	**(1.1)**
(Gains)/Losses from experience adjustments	(0.2)	0.8	(0.2)	-	**0.4**	(2.4)	2.4	(0.6)	-	**(0.6)**
(Gains)/Losses from changes in financial assumptions	3.7	1.6	(0.5)	-	**4.8**	27.9	1.3	5.7	-	**34.9**
Total	**3.4**	**2.4**	**(0.6)**	**-**	**5.2**	**25.1**	**3.7**	**4.4**	**-**	**33.2**

As regards pension plans, in September 2013 the transition-to-retirement plan established at the end of 2012 was terminated, as virtually no employees opted to participate, partly due to the fact that, in implementation of the union agreements of May 2013, an agreement was reached with the unions on the application of the provisions of Article 4 of Law 92/2012. The beneficiaries of the new plan largely coincided with those eligible for the transition-to-retirement plan but the new scheme offers better financial and organizational conditions, making the earlier pension plan unattractive.
Since the early termination of the plan caused all of the Company's associated obligations to lapse, the liability at the time of cancellation was reversed entirely to profit or loss, with a positive impact of €6.3 million.

The current service cost for employee benefits in 2013 amounted to €5.5 million, recognized under personnel costs (€8.9 million in 2012), while the interest cost from the accretion of the liability amounted to €10.3 million (€14.4 million in 2012).

The main actuarial assumptions used to calculate the liabilities arising from employee benefits, which are consistent with those used the previous year, are set out below.

	2013	2012
Discount rate	0.75% - 3.0%	1.6% - 3.2%
Rate of wage increases	2.0% - 4.0%	2.0% - 4.0%
Rate of increase in healthcare costs	3.0%	3.0%

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the liability for healthcare plans as a result of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

Millions of euro	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(1.9)	2.1	2.2	2.2	2.2	4.6	0.8

25. Provisions for risks and charges - *€22.9 million*

The "provisions for risks and charges" cover potential liabilities that could arise from legal proceedings and other disputes, without considering the effects of rulings that are expected to be in the Company's favor and those for which any charge cannot be quantified with reasonable certainty. In determining the balance of the provision, we have taken account of both the charges that are expected to result from court judgments and other dispute settlements for the year and an update of the estimates for positions arising in previous years not related to the transferred business units.

The following table shows changes in provisions for risks and charges.

Millions of euro		Taken to income statement			Total	
		Accruals	Reversals	Utilization		
	at Dec. 31, 2012				at Dec. 31, 2013	*of which current portion*
Provision for litigation, risks and other charges:						
- litigation	31.8	2.1	(11.2)	(3.9)	18.8	*18.8*
- other	4.2	-	-	(1.0)	3.2	*0.3*
Total	**36.0**	**2.1**	**(11.2)**	**(4.9)**	**22.0**	***19.1***
Provision for early-retirement incentives	-	1.0	-	(0.1)	0.9	*0.3*
TOTAL	**36.0**	**3.1**	**(11.2)**	**(5.0)**	**22.9**	***19.4***

The net reduction in the litigation provision amounted to €13.0 million, essentially reflecting the revision of estimates for a number of outstanding disputes (€11.2 million).

26. Non-current financial liabilities - *€2,097.7 million*

These consist of the fair value measurement of derivatives described in further detail in note 5.c.

27. Other non-current liabilities - *€283.1 million*

"Other non-current liabilities" amounted to €283.1 million (€240.2 million at December 31, 2012). They essentially regard the debt towards Group companies that arose following Enel SpA's request (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16). The change for the year of €42.9 million was essentially attributable to the increase in the liability following a more accurate calculation of the reimbursement request made in 2013.

28. Trade payables - *€212.1 million*

"Trade payables" include payables due to third parties of €129.7 million (€125.7 million at December 31, 2012) and payables due to Group companies of €82.4 million (€67.7 million at December 31, 2012).

Trade payables due to subsidiaries at December 31, 2013, break down as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Subsidiaries:			
- Enel Produzione SpA	0.7	1.0	(0.3)
- Enel Distribuzione SpA	17.9	10.8	7.1
- Enel Ingegneria e Ricerca SpA	3.7	4.2	(0.5)
- Enel Servizio Elettrico SpA	2.3	2.2	0.1
- Enel Trade SpA	0.9	0.8	0.1
- Enel Green Power SpA	-	1.2	(1.2)
- Enel Servizi Srl	32.2	30.4	1.8
- Enel.Factor SpA	3.9	2.5	1.4
- Endesa	12.8	6.9	5.9
- Enel OGK-5 OJSC	3.3	2.0	1.3
- Sviluppo Nucleare Italia Srl	0.8	2.2	(1.4)
- Other	3.9	3.5	0.4
Total	**82.4**	**67.7**	**14.7**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Suppliers:			
- Italy	183.1	168.5	14.6
- EU	17.6	15.4	2.2
- Non-EU	8.2	7.1	1.1
- Other	3.2	2.4	0.8
Total	**212.1**	**193.4**	**18.7**

29. Current financial liabilities - *€824.0 million*

"Current financial liabilities" mainly regard interest expense accrued on debt outstanding at end-year and the fair value measurement of derivatives discussed in note 5.d.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Deferred financial liabilities	526.7	488.5	38.2
Derivative contracts	237.4	263.0	(25.6)
Other items	59.9	46.7	13.2
Total	**824.0**	**798.2**	**25.8**

"Deferred financial liabilities" consist of interest expense accrued on financial debt, while "other items" include interest expense on current accounts held with Group companies.

30. Other current liabilities - *€708.6 million*

"Other current liabilities" mainly concern payables due to the tax authorities and to the Group companies participating in the consolidated IRES taxation mechanism, as well as the Group VAT system.

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Tax payables	31.3	353.9	(322.6)
Payables due to Group companies	643.2	282.7	360.5
Payables due to employees, recreational/assistance associations	17.4	25.1	(7.7)
Social security contributions payable	7.4	9.5	(2.1)
Payables due to customers for security deposits and reimbursements	1.2	1.2	-
Other	8.1	4.4	3.7
Total	**708.6**	**676.8**	**31.8**

"Tax payables" amounted to €31.3 million and essentially regard amounts due to tax authorities for VAT (€23.7 million). The decrease compared with the previous year amounted to €322.6 million and essentially regards amounts due to tax authorities for consolidated IRES. "Payables due to Group companies" amounted to €643.2 million and are composed of €436.6 million in liabilities generated by the IRES consolidated taxation mechanism and €205.3 million in liabilities from the Group consolidated VAT system. The increase of €360.5 million reflected developments in the debtor positions generated by these consolidated taxation mechanisms.

31. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards and the applicable CONSOB measures.

The transactions Enel SpA entered into with its subsidiaries mainly involved the provision of services, the sourcing and employment of financial resources, insurance coverage, human resource management and organization, legal and corporate services, and the planning and coordination of tax and administrative activities.

All the transactions are part of routine operations, are carried out in the interest of the Company and are settled on an arm's length basis, i.e. on the same market terms as agreements entered into between two independent parties.

Finally, the Enel Group's corporate governance rules, which are discussed in greater detail in the Report on Corporate Governance and Ownership Structure available on the Company's website (www.enel.com), establish conditions for ensuring that transactions with related parties are performed in accordance with procedural and substantive propriety.

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.

The following tables summarize commercial, financial and other relationships between the Company and related parties.

Commercial and other relationships

2013

Millions of euro	Receivables	Payables	Costs		Revenues	
			Goods	Services	Goods	Services
	at Dec. 31, 2013		2013		2013	
Subsidiaries:						
- Carboex SA	0.1	-	-	-	-	0.1
- Concert Srl	-	-	-	-	-	0.1
- Endesa Distribución Eléctrica SL	15.2	0.1	-	0.2	-	15.2
- Endesa Generación Portugal SA	(0.2)	-	-	-	-	(0.2)
- Endesa Generación SA	4.7	-	-	0.1	-	4.1
- Endesa Ingeniería SLU	0.5	-	-	-	-	0.1
- Endesa Latinoamérica SA	9.9	1.1	-	0.9	-	8.7
- Endesa Operaciones y Servicios Comerciales SL	0.2	-	-	-	-	0.1
- Endesa SA	1.1	12.8	-	5.9	-	1.3
- Enel Distributie Banat SA	1.7	-	-	-	-	0.9
- Enel Distributie Dobrogea SA	1.3	-	-	-	-	0.7
- Enel Distributie Muntenia SA	3.1	-	-	-	-	1.6
- Enel Distribuzione SpA	208.8	442.5	-	4.0	-	81.0
- Enel Energia SpA	58.7	3.8	-	-	-	51.5
- Enel Energie Muntenia SA	0.1	-	-	-	-	0.2
- Enel Energie SA	0.3	-	-	-	-	0.1
- Enel Energy Europe SL	0.4	0.6	-	0.1	-	0.4
- Enel France Sas	1.7	0.3	-	0.2	-	0.7
- Enel Green Power International BV	1.2	-	-	-	-	-
- Enel Green Power Partecipazioni Speciali Srl	-	0.8	-	-	-	-
- Enel Green Power Romania Srl	0.2	-	-	-	-	-
- Enel Green Power SpA	42.8	2.7	-	-	-	21.5
- Enel Green Power Latin America BV	3.9	-	-	-	-	-
- Enel Green Power North America Inc.	0.9	0.8	-	0.5	-	-
- Enel Ingegneria e Ricerca SpA	12.1	7.5	-	0.6	-	3.0
- Enel Investment Holding BV	2.4	-	-	-	-	0.7
- Enel Longanesi Developments Srl	-	1.3	-	-	-	-
- Enel M@p Srl	-	0.6	-	-	-	-
- Enel OGK-5 OJSC	14.3	3.3	-	1.4	-	5.1
- Enel Produzione SpA	71.3	175.3	-	0.7	-	25.1
- Enel Romania Srl	9.3	0.6	-	0.6	-	0.9
- Enel Servicii Comune SA	2.5	0.3	-	0.1	-	0.1
- Enel Servizi Srl	28.8	55.0	-	59.3	-	10.9
- Enel Servizio Elettrico SpA	18.1	160.0	-	0.1	-	11.2
- Enel Sole Srl	1.9	4.8	-	-	-	3.0
- Enel Stoccaggi Srl	0.2	-	-	-	-	-
- Enel Trade SpA	41.5	119.9	-	0.3	-	6.0
- Enel Unión Fenosa Renovables SA	1.9	-	-	-	-	-
- Enel.Factor SpA	-	4.5	-	-	-	-
- Enel Insurance NV	0.2	-	-	-	-	0.6
- Enel.si Srl	18.7	3.7	-	-	-	0.8
- Enelpower SpA	-	3.1	-	-	-	-

Millions of euro	Receivables	Payables	Costs		Revenues	
			Goods	Services	Goods	Services
	at Dec. 31, 2013		2013		2013	
Subsidiaries:						
- ENERGIA	0.3	-	-	-	-	4.8
- Energía Nueva Energía Limpia México Srl de Cv	0.1	-	-	-	-	0.2
- Gas y Electricidad Generación SAU	0.2	-	-	-	-	0.9
- Marcinelle Energie SA	0.5	-	-	-	-	0.2
- Nuove Energie Srl	2.6	0.4	-	-	-	1.0
- RusEnergoSbyt LLC	-	0.1	-	0.2	-	-
- Slovenské elektrárne AS	11.0	0.3	-	0.2	-	7.2
- Sviluppo Nucleare Italia Srl	-	0.8	-	3.4	-	0.1
- Unión Eléctrica de Canarias Generación SAU	7.7	-	-	-	-	2.1
Total	**602.2**	**1,007.0**	**-**	**78.8**	**-**	**272.0**
Other related parties:						
- Enel Cuore Onlus	0.2	-	-	-	-	0.5
- GSE	0.9	-	-	-	-	-
- Fondazione Centro Studi Enel	0.1	-	-	-	-	0.6
- Poste Italiane	0.1	-	-	-	-	-
- Terna	0.2	-	-	-	-	-
Total	**1.5**	**-**	**-**	**-**	**-**	**1.1**
TOTAL	**603.7**	**1,007.0**	**-**	**78.8**	**-**	**273.1**

2012

Millions of euro	Receivables	Payables	Costs		Revenues	
			Goods	Services	Goods	Services
	at Dec. 31, 2012		2012		2012	
Subsidiaries:						
- Carboex SA	-	-	-	-	-	0.1
- Concert Srl	-	-	-	-	-	0.1
- Endesa Distribución Eléctrica SL	22.0	-	-	-	-	19.6
- Endesa Energía XXI SL	0.4	-	-	-	-	(0.7)
- Endesa Generación Portugal SA	0.2	-	-	-	-	-
- Endesa Generación SA	14.0	-	-	-	-	14.9
- Endesa Ingeniería SLU	0.4	-	-	-	-	0.2
- Endesa Ireland Ltd	-	-	-	-	-	0.6
- Endesa Latinoamérica SA	1.2	0.7	-	0.7	-	1.2
- Endesa Operaciones y Servicios Comerciales SL	0.1	-	-	-	-	0.3
- Endesa Red SA	0.2	-	-	-	-	0.2
- Endesa SA	1.6	6.9	-	4.7	-	3.2
- Endesa Servicios SL	0.1	-	-	-	-	0.1
- Enel Distributie Banat SA	0.9	-	-	-	-	1.0
- Enel Distributie Dobrogea SA	0.7	-	-	-	-	0.5
- Enel Distributie Muntenia SA	1.4	-	-	-	-	1.4
- Enel Distribuzione SpA	345.9	156.8	-	10.7	-	102.9
- Enel Energia SpA	39.5	5.8	-	-	-	38.6
- Enel Energie Muntenia SA	0.2	-	-	-	-	0.1
- Enel Energie SA	0.2	-	-	-	-	0.1
- Enel Energy Europe SL	-	0.5	-	-	-	(3.7)
- Enel France Sas	1.1	0.3	-	0.2	-	0.7
- Enel Green Power International BV	1.2	-	-	-	-	-
- Enel Green Power Partecipazioni Speciali Srl	-	0.7	-	-	-	-
- Enel Green Power Portoscuso Srl	0.2	-	-	-	-	-
- Enel Green Power Romania Srl	0.2	-	-	-	-	-
- Enel Green Power SpA	121.8	6.5	-	-	-	27.6
- Enel Green Power Latin America BV	3.8	-	-	-	-	-
- Enel Green Power North America Inc.	0.9	0.3	-	0.5	-	0.1
- Enel Ingegneria e Ricerca SpA	18.4	14.5	-	6.4	-	6.2
- Enel Investment Holding BV	1.7	-	-	-	-	-
- Enel M@p Srl	0.3	0.1	-	-	-	-
- Enel OGK-5 OJSC	18.3	2.0	-	1.4	-	5.5
- Enel Produzione SpA	135.1	173.2	-	0.3	-	45.4
- Enel Romania Srl	8.4	0.6	-	0.5	-	1.5
- Enel Servicii Comune SA	2.6	0.4	-	0.2	-	0.3
- Enel Servizi Srl	31.5	57.4	-	58.5	-	12.7
- Enel Servizio Elettrico SpA	15.3	96.5	-	0.1	-	11.9
- Enel Sole Srl	4.6	4.4	-	0.1	-	3.1
- Enel Stoccaggi Srl	0.1	-	-	-	-	0.1
- Enel Trade SpA	7.3	38.2	0.9	0.4	-	8.2
- Enel Unión Fenosa Renovables SA	1.9	-	-	-	-	-
- Enel.Factor SpA	0.3	2.7	-	-	-	0.1
- Enel.NewHydro Srl	0.1	1.4	-	-	-	0.1
- Enel.Re Ltd	0.1	-	-	-	-	0.2

Millions of euro	Receivables	Payables	Costs		Revenues	
			Goods	Services	Goods	Services
	at Dec. 31, 2012		2012		2012	
Subsidiaries:						
- Enel.si Srl	16.7	9.9	-	-	-	3.4
- Enelpower SpA	0.4	3.5	-	-	-	0.1
- ENERGIA	(4.4)	-	-	-	-	2.8
- Gas y Electricidad Generación SAU	1.1	-	-	-	-	2.6
- Marcinelle Energie SA	0.4	-	-	-	-	-
- Nuove Energie Srl	0.8	0.7	-	-	-	0.7
- RusEnergoSbyt LLC	-	0.2	-	0.2	-	-
- Slovenské elektrárne AS	15.0	1.0	-	0.7	-	11.0
- Sodesa - Comercialização de Energia Eléctrica SA	0.1	-	-	-	-	0.1
- Sviluppo Nucleare Italia Srl	0.1	4.2	-	1.3	-	0.1
- Unión Eléctrica de Canarias Generación SAU	11.6	-	-	-	-	6.1
- Wisco SpA	-	-	-	-	-	0.2
Total	**846.0**	**589.4**	**0.9**	**86.9**	**-**	**331.5**
Other related parties:						
- Enel Cuore Onlus	0.2	-	-	-	-	0.5
- Fondenel	0.3	-	-	-	-	0.2
- GSE	0.9	-	-	-	-	-
- Fondirigenti	-	-	-	-	-	0.9
- Poste Italiane	0.1	-	-	-	-	-
- Terna	0.2	-	-	-	-	-
Total	**1.7**	**-**	**-**	**-**	**-**	**1.6**
TOTAL	**847.7**	**589.4**	**0.9**	**86.9**	**-**	**333.1**

Financial relationships

2013

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenues	Dividends
		at Dec. 31, 2013			2013	
Subsidiaries:						
- Concert Srl	-	0.6	-	-	-	-
- Enel Distribuzione SpA	133.3	1,012.2	4,748.4	32.6	55.9	1,625.3
- Enel Energia SpA	160.0	-	1,015.1	-	18.3	44.0
- Enel Energy Europe SL	137.6	-	-	-	12.1	-
- Enel Finance International NV	1,325.5	323.6	26,868.7	137.4	747.1	-
- Enel France Sas	0.2	0.2	37.5	-	0.2	-
- Enel Green Power International BV	3.1	1.3	-	3.4	1.8	-
- Enel Green Power México Srl de Cv	0.1	-	-	-	0.6	-
- Enel Green Power North America Inc.	0.3	-	40.4	1.4	1.6	-
- Enel Green Power Romania SpA	-	-	0.1	0.2	0.4	-
- Enel Green Power SpA	306.2	5.8	1,474.7	12.1	17.4	88.4
- Enel Ingegneria e Ricerca SpA	108.7	-	81.2	-	1.2	-
- Enel Investment Holding BV	1.2	5.4	300.0	0.1	2.1	-
- Enel Longanesi Developments Srl	23.1	-	0.1	-	0.4	-
- Enel M@p Srl	2.3	-	5.5	-	-	-
- Enel Produzione SpA	213.6	78.9	2,805.6	31.2	106.2	222.3
- Enel Insurance NV	-	0.2	-	-	-	-
- Enel Servizi Srl	101.5	167.2	86.4	0.2	5.4	39.4
- Enel Servizio Elettrico SpA	1,063.9	0.2	1,399.2	0.2	7.8	-
- Enel Sole Srl	123.6	-	118.8	-	2.4	-
- Enel Stoccaggi Srl	0.4	-	-	-	-	-
- Enel Trade Romania Srl	0.1	-	19.4	-	0.2	-
- Enel Trade SpA	1,366.9	38.9	1,522.3	90.8	180.2	-
- Enel.Factor SpA	248.4	-	-	-	2.4	4.0
- Enel.NewHydro Srl	-	12.5	5.9	-	-	-
- Enel.si Srl	6.3	-	31.5	-	0.2	-
- Enelpower SpA	-	37.2	1.0	0.1	-	3.4
- Energy Hydro Piave Srl	0.3	-	-	-	-	-
- Marcinelle Energie SA	0.1	-	11.0	-	-	-
- Nuove Energie Srl	0.5	3.7	86.0	-	0.5	-
- Pragma Energy SA	-	4.4	-	-	-	-
- SE Hydropower Srl	34.9	-	-	-	0.5	-
- Sviluppo Nucleare Italia Srl	0.1	10.2	2.3	-	0.1	-
Total	5,362.2	1,702.5	40,661.1	309.7	1,165.0	2,026.8
Other related parties:						
- Emittenti Titoli SpA	-	-	-	-	-	0.1
- CESI SpA	-	-	-	-	-	1.1
- Elcogas SA	-	-	5.4	-	-	-
Total	-	-	5.4	-	-	1.2
TOTAL	**5,362.2**	**1,702.5**	**40,666.5**	**309.7**	**1,165.0**	**2,028.0**

2012

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenues	Dividends
	at Dec. 31, 2012			2012		
Subsidiaries:						
- Concert Srl	1.1	-	-	-	-	-
- Enel Distribuzione SpA	202.1	1,647.9	4,536.3	0.4	106.8	3,007.7
- Enel Energia SpA	726.2	-	766.8	-	11.6	-
- Enel Energy Europe SL	663.8	-	-	-	13.8	-
- Enel Finance International NV	417.2	4,219.2	30,872.9	169.1	589.1	-
- Enel France Sas	0.2	-	70.1	-	0.2	-
- Enel Green Power International BV	7.9	-	-	1.2	10.2	-
- Enel Green Power North America Inc.	0.2	-	42.3	0.9	2.7	-
- Enel Green Power Portoscuso Srl	0.2	-	-	-	-	-
- Enel Green Power Romania SpA	-	-	0.1	0.3	0.9	-
- Enel Green Power SpA	652.9	-	1,456.2	0.1	32.5	84.7
- Enel Ingegneria e Ricerca SpA	9.4	0.1	70.2	0.1	0.5	-
- Enel Investment Holding BV	75.4	-	311.4	-	9.5	-
- Enel Longanesi Developments Srl	20.3	-	-	-	0.3	-
- Enel M@p Srl	-	1.5	10.1	-	-	-
- Enel Produzione SpA	1,403.8	13.3	2,863.3	30.8	212.7	788.6
- Enel Insurance NV	-	0.2	-	-	-	-
- Enel Servizi Srl	102.7	124.4	25.4	0.5	7.9	29.8
- Enel Servizio Elettrico SpA	10.1	997.1	1,522.8	1.3	10.2	-
- Enel Sole Srl	116.4	-	107.5	-	2.4	-
- Enel Stoccaggi Srl	0.2	-	-	-	-	-
- Enel Trade Romania Srl	0.1	-	15.9	0.1	0.2	-
- Enel Trade SpA	1,678.8	83.7	1,583.0	149.5	176.6	25.5
- Enel.Factor SpA	271.5	-	-	-	3.3	4.0
- Enel.NewHydro Srl	0.1	11.1	5.9	-	0.1	-
- Enel.si Srl	0.1	-	0.6	0.1	-	-
- Enelpower SpA	-	42.1	3.9	0.2	-	-
- Energy Hydro Piave Srl	0.2	-	-	-	-	-
- Hydro Dolomiti Enel Srl	-	-	-	-	0.3	-
- Impulsora Nacional de Electricidad Srl de Cv	-	-	-	-	0.3	-
- Marcinelle Energie SA	0.2	-	-	-	-	-
- Nuove Energie Srl	33.6	-	85.8	-	0.7	-
- Pragma Energy SA	-	4.8	-	-	-	-
- Renovables de Guatemala SA	-	-	-	0.2	0.2	-
- SE Hydropower Srl	23.3	-	-	-	0.4	-
- Sviluppo Nucleare Italia Srl	2.1	-	0.5	-	-	-
Total	**6,420.1**	**7,145.4**	**44,351.0**	**354.8**	**1,193.4**	**3,940.3**
Other related parties:						
- Emittenti Titoli SpA	-	-	-	-	-	0.1
- Elcogas SA	-	-	5.9	-	-	
Total	**-**	**-**	**5.9**	**-**	**-**	**0.1**
TOTAL	**6,420.1**	**7,145.4**	**44,356.9**	**354.8**	**1,193.4**	**3,940.4**

The impact of transactions with related parties on the balance sheet, income statement and cash flows is reported in the following tables.

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2013			at Dec. 31, 2012	
Assets						
Non-current financial assets	1,520.0	1,088.8	71.6%	1,835.1	810.9	44.2%
Other non-current assets	483.1	198.7	41.1%	458.2	216.2	47.2%
Trade receivables	216.1	209.0	96.7%	477.8	470.3	98.4%
Current financial assets	5,457.5	4,273.4	78.3%	6,443.2	5,609.2	87.1%
Other current assets	319.4	196.0	61.4%	262.7	161.2	61.4%
Liabilities						
Long-term loans	17,764.4	-	-	19,314.8	2,500.0	12.9%
Non-current financial liabilities	2,097.7	69.6	3.3%	2,392.7	368.0	15.4%
Other non-current liabilities	283.1	281.4	99.4%	240.2	239.0	99.5%
Short-term loans	1,653.5	1,531.0	92.6%	4,952.6	4,127.1	83.3%
Trade payables	212.1	82.4	38.8%	193.4	67.7	35.0%
Current financial liabilities	824.0	101.9	12.4%	798.2	150.3	18.8%
Other current liabilities	708.6	643.2	90.8%	676.8	282.7	41.8%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2013			2012	
Revenues	275.5	273.1	99.1%	334.6	333.1	99.6%
Electricity purchases and consumables	6.4	-	-	2.1	0.9	42.9%
Services and other operating expenses	334.3	78.8	23.6%	422.2	86.9	20.6%
Income from equity investments	2,028.0	2,028.0	100.0%	4,174.7	3,940.4	94.4%
Financial income	1,812.2	1,165.0	64.3%	1,618.1	1,211.2	74.9%
Financial expense	2,602.3	309.7	11.9%	2,446.5	354.8	14.5%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2013			2012	
Cash flows from operating activities	1,668.8	27.3	1.6%	3,208.0	(762.1)	-23.8%
Cash flows from investing/disinvesting activities	(112.8)	(112.7)	99.9%	(466.7)	(747.0)	160.1%
Cash flows from financing activities	(4,893.7)	(3,750.7)	76.6%	1,887.3	6,026.6	319.3%

32. 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 in his capacity as General Manager – comprise the small number of managers who represent the first reporting line of top management. The head of the Infrastructure and Networks Division does not participate but has received other incentives linked to specific objectives regarding the Division's business area. The exclusion was motivated by the obligation for Enel – connected with the full liberalization of the electricity sector as from July 1, 2007 – to implement administrative and accounting unbundling so as to separate the activities included in the Infrastructure and Networks Division from those of the Group's other business areas. The beneficiaries have been divided into two brackets (the first includes only the CEO of Enel in his capacity as General Manager) and the basic number of options granted to each has been determined on the basis of their gross annual compensation and the strategic importance of their positions, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession *mortis causa*) specifically governed by the plan's 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 plan's 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

33. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2013	at Dec. 31, 2012	Change
Sureties and other guarantees granted to:			
- third parties	438.9	469.8	(30.9)
- subsidiaries	40,661.1	44,351.0	(3,689.9)
- associates and others	5.4	5.9	(0.5)
Total	**41,105.4**	**44,826.7**	**(3,721.3)**

Sureties granted to third parties regard guarantees issued by the Parent Company as part of the disposal to third parties of assets owned by Enel SpA or in the interest of its subsidiaries and they regard:

> €438.4 million in guarantees relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments for a period of six years and six months from July 2004. The value of both guarantees is reduced annually by a specified amount.

Sureties issued on behalf of subsidiaries include:

> €20,868 million issued on behalf of Enel Finance International securing bonds denominated in dollars, pounds, euros and yen as part of the €35 billion Global Medium-Term Notes program;

> €6,000 million issued on behalf of Enel Finance International securing a euro commercial paper program;

> €3,502 million issued to the European Investment Bank (EIB) for loans granted to Enel Distribuzione, Enel Produzione and Enel Green Power SpA;

> €1,560 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel New.Hydro, Enel Produzione, Enelpower, Enel Servizio Elettrico, Nuove Energie, Enel Ingeneria e Ricerca, Enel M@p, Enel.si, Enel Green Power and Enel Sole;

> €1,407 million in favor of Cassa Depositi e Prestiti issued on behalf of Enel Distribuzione, which received the Enel Grid Efficiency II loan;

> €1,150 million issued by Enel SpA to the Single Buyer on behalf of Enel Servizio Elettrico SpA for obligations under the electricity purchase contract;

> €1,294 million issued as counter-guarantees in favor of the banks that guaranteed Enel Distribuzione and Enel Produzione for loans granted by the EIB;

> €803 million issued as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator on behalf of Enel Trade and Enel Produzione;

> €420 million issued in favor of Terna on behalf of Enel Distribuzione, Enel Trade, Enel Produzione and Enel Energia in respect of agreements for the electricity transmission service;

> €403 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);

> €381 million issued in favor of Snam Rete Gas on behalf of Enel Trade for gas transport capacity;

> €300 million guarantee issued to financial counterparties on behalf of Enel Investment Holding securing bonds as part of the €35 billion Global Medium-Term Notes program;

> €50 million issued to E.ON on behalf of Enel Trade for trading on the electricity market;

> €50 million issued to RWE Supply & Trading Netherlands BV on behalf of Enel Trade for electricity purchases;

> €35 million issued to BHP Billiton Marketing AG on behalf of Enel Trade for coal purchases in South Africa;

> €32 million issued to Wingas GmbH & CO.KG on behalf of Enel Trade for the supply of gas;

> €2,401 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries, as well as €5 million issued on behalf of Enel New.Hydro as part of the disposal of the Ismes business unit.

In its capacity as the Parent Company, Enel SpA has also granted letters of patronage to a number of Group companies, essentially for assignments of receivables.

34. Contingent liabilities and assets

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.

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, the Enel Group companies 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 and Enelpower. That suit is pending.

In addition, in February 2012, Albania BEG Ambient Shpk filed suit against Enel SpA and Enelpower SpA 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 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 SpA 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.

Electrica arbitration - Romania

On 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.

35. Subsequent events

Issue of hybrid financial instruments totaling €1.6 billion

On January 8, 2014, Enel SpA 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 SpA 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.

The tranches have been listed on the Irish Stock Exchange in Dublin.

Taking account of their maturity and subordinated status, the tranches have been assigned provisional ratings of "BB+" by Standard & Poor's, "Ba1" by Moody's and "BBB-" by Fitch.

36. Fees of the audit firm pursuant to Article 149-*duodecies* of the CONSOB Issuers' Regulation

Fees paid in 2013 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-*duodecies* of the CONSOB Issuers' Regulation.

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
	of which:	
Auditing	Reconta Ernst & Young SpA	1.8
	Entities of E&Y network	-
	of which:	
Certification services	Reconta Ernst & Young SpA	0.6
	Entities of E&Y network	-
Total		**2.4**
Subsidiaries of Enel SpA		
	of which:	
Auditing	Reconta Ernst & Young SpA	1.9
	Entities of E&Y network	7.6
	of which:	
Certification services	Reconta Ernst & Young SpA	0.8
	Entities of E&Y network	1.1
Total		**11.4**
TOTAL		**13.8**

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.

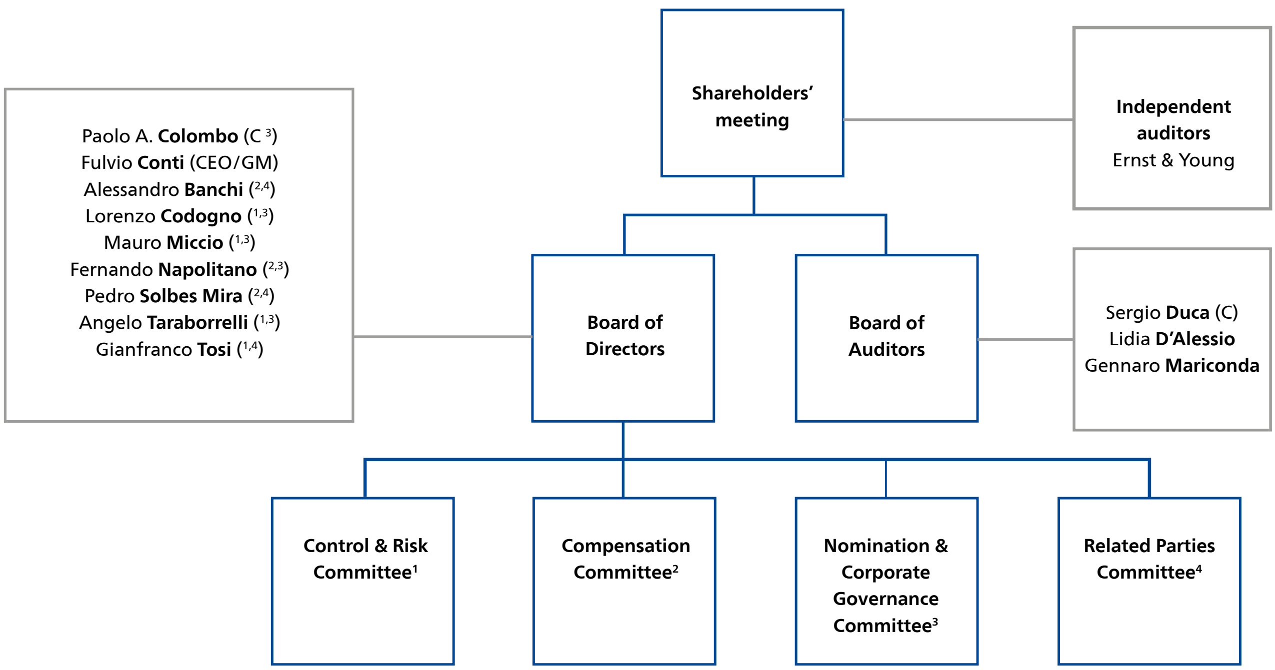
The corporate governance system adopted by Enel and the Group is essentially aimed at creating value for the shareholders over the medium-long term, taking into account the social importance of the Group's business operations and the consequent need, in conducting such operations, to adequately consider 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 the Company financial reports

of Enel SpA at December 31, 2013, 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 Company and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA 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 separate financial statements of Enel SpA 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 separate financial statements of Enel SpA 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.

4. Finally, we certify that the report on operations accompanying the financial statements of Enel SpA at December 31, 2013 contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is 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

Enel

Reports

Report of the Board of Auditors to the Shareholders' Meeting of Enel SpA (pursuant to Article 153 of Legislative Decree 58/1998)

Shareholders,

During the year ended December 31, 2013 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Financial Intermediation") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010 (hereinafter "Legislative Decree 39/2010") we monitored:

> compliance with the law and the corporate bylaws as well as compliance with the principles of sound administration in the performance of the Company's business;
> the Company's financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter in representing operational events;
> the statutory audit of the annual statutory and consolidated accounts and the independence of the audit firm;
> the adequacy and effectiveness of the internal control and risk management system;
> the adequacy of the organizational structure of the Company, within the scope of our responsibilities;
> the implementation of the corporate governance rules as provided for by the Corporate Governance Code for Listed Companies (hereinafter, the "Corporate Governance Code"), which the Company has adopted;
> the appropriateness of the instructions given by the Company to the subsidiaries to enable it to meet statutory market disclosure requirements.

In performing our checks and assessments of the above issues, we did not find any particular issues to report.

In compliance with the instructions issued by CONSOB with Communication DEM/1025564 of April 6, 2001, as amended, we report the following:

> we monitored compliance with the law and the bylaws and we have no issues to report;
> on a quarterly basis, as well as through our participation in the meetings of the Board of Directors of Enel, we received adequate information from the Chief Executive Officer on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the shareholders' meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the report on operations accompanying the separate 2013 financial statements of the Company and the 2013 consolidated financial statements of the Enel Group (in the sections "Significant events in 2013");
> we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
> in the section "Related parties" of the notes to the separate 2013 financial statements of the Company, the directors describe the main related-party transactions – identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the report on corporate governance and ownership structure for 2013. All transactions with related parties reported in the notes to the separate 2013 financial statements of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;

- the Company declares that it has prepared its statutory financial statements for 2013 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 1606/2002/EC and in force at the close of 2013, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The separate financial statements for 2013 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU. The notes to the financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the financial statements discuss (i) applicable standards adopted for the first time, which according to the notes did not have a material impact for the Company during the period under review, with the exception of the amended standard “IAS 19 - Employee benefits”, the effects of which were summarized in the notes to the financial statements; and (ii) standards that are not yet applicable and have not been adopted. The statutory financial statements for 2013 of the Company were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the financial statements, pursuant to Article 14 of Legislative Decree 39/2010;
- the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2013 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation 1606/2002/EC and in force at the close of 2013, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2013 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the consolidated financial statements discuss (i) applicable standards adopted for the first time, which according to the notes did not have a material impact for the Group in the year under review, with the exception of the amended standard “IAS 19 - Employee benefits” and “IFRS 13 - Fair value measurement”, the effects of which were summarized in the notes to the financial statements; and (ii) standards that are not yet applicable and have not been adopted. The consolidated financial statements for 2013 of the Enel Group were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the consolidated financial statements, pursuant to Article 14 of Legislative Decree 39/2010;

  Under the terms of its engagement, Reconta Ernst & Young SpA also issued unqualified opinions on the financial statements for 2013 of the most significant Italian companies of the Enel Group. During periodic meetings with the representatives of the audit firm, Reconta Ernst & Young SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel Group, selected by them on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reflected in the opinion on those financial statements;
- the reports on operations of the separate and consolidated financial statements for 2013 both contain a discussion of the main risks and uncertainties facing the Company and the Enel Group as well as information concerning the environment and personnel. These risks and uncertainties were examined by the Board of Auditors during meetings with the heads of Administration, Finance and Control, Risk Management and Audit, as well as with the other units involved;
- taking due account of the recommendations of the European Securities and Markets Authority, on January 21, 2013, in order to ensure greater transparency concerning the methods used by listed com-

panies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy - CONSOB - ISVAP document 4 of March 3, 2010, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2014, i.e. prior to the date of approval of the financial statements for 2013;

> we examined the Board of Directors' proposal for the allocation of net income for the year and have no comments in this regard;

> we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee, that as at the date on which the separate 2013 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 36 of the Market Rules, approved with Resolution 16191 of October 29, 2007) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;

> we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. During 2013, the organizational model adopted by the Enel Group at the start of 2012 was implemented. It is structured as follows: (i) Parent Company functions, which are responsible for steering and controlling strategic activities for the entire Group; (ii) global service functions, which are responsible for providing services to the Group, maximizing synergies and economies of scale; and (iii) business lines, represented by six divisions: Generation, Energy Management and Sales Italy, Infrastructure and Networks Italy, Iberia and Latin America, International, Renewable Energy and Engineering and Research, as well as the Upstream Gas and Carbon Strategy functions. The Board of Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is consistent with control requirements;

> during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;

> we monitored the independence of the audit firm Reconta Ernst & Young SpA, having received from them specific written confirmation that they met that requirement (pursuant to the provisions of Article 17, paragraph 9, letter a) of Legislative Decree 39/2010) and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 3, letter d) of Legislative Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by Reconta Ernst & Young SpA and the entities belonging to its network, the fees for which are reported in the notes to the financial statements of the Company. Following our examinations, the Board of Auditors feels that there are no critical issues concerning the independence of the audit firm Reconta Ernst & Young SpA. We held periodic meetings with the representatives of the audit firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Financial Intermediation, and no material issues emerged that would require mention in this report.

As regards the provisions of Article 19, paragraph 3, of Legislative Decree 39/2010, Reconta Ernst & Young SpA provided the Board of Auditors with the report for 2013 "on key issues emerging during the statutory audit", which did not find any significant shortcomings in the internal control system concerning financial reporting. The audit firm also reported that, as it performed its engagement, it provided suggestions concerning a number of issues that, after being agreed with the competent units of the Company, enabled improvements to be implemented. The audit firm did not prepare a management letter for 2013;

- we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from the head of the Administration, Finance and Control department (taking due account of that person's role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examination performed by Reconta Ernst & Young SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the Company's 2013 financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation 1606/2002/EC; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent monitoring performed by the Company's Audit department) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2013 of the Enel Group;
- we monitored the adequacy and effectiveness of the internal control system, primarily through periodic meetings with the head of the Audit department of the Company, with the participation of the Chairman of the Board of Auditors in the meetings of the Control and Risk Committee and examining the associated documentation during those meetings. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2014, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted that the main risks associated with the strategic targets set out in the 2014-2023 business plan were compatible with the management of the Company in a manner consistent with those targets;
- during the year, the Board of Auditors did not receive any reports of censurable facts pursuant to Article 2408 of the Italian Civil Code. However, we did receive two complaints from suppliers and customers of Italian companies of the Enel Group containing allegations of breach of contract or service problems in the performance of electricity supply activities, as well as a report from the employees of a supplier of an Enel Group company in Italy concerning alleged breach of contract by the supplier. The Board of Auditors asked the competent Company units to conduct an appropriate investigation, which found no substantial irregularities to report;
- we monitored the effective implementation of the Corporate Governance Code, which the Company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate governance system can be found in the report on corporate governance and ownership structure for 2013. In February 2014, the Board of Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the report on corporate governance and ownership structure

for 2013. As regards the "self-assessment" of the independence of its members, the Board of Auditors verified compliance in May 2013, following the election of the new Board of Auditors, and again in February 2014. The only member of the Board of Auditors (the chairman Sergio Duca) subject to the requirement to report any positions of administration or control held in Italian corporations in accordance with the provisions of Article 148-*bis* of the Consolidated Law on Financial Intermediation did so in compliance with the time limits and the procedures provided for under Articles 144-*duodecies et seq.* of the CONSOB Issuers' Regulation adopted by CONSOB with Resolution 11971 of May 14, 1999;

> since the listing of its shares, the Company has adopted specific rules (most recently amended in December 2012) for the internal management and processing of confidential information, which also set out the procedures for the disclosure of documentation and information concerning the Company and the Group, with specific regard to inside information. Those rules (which can be consulted at www.enel.com) contain appropriate provisions directed at subsidiaries to enable Enel to comply with statutory market disclosure requirements, pursuant to Article 114, paragraph 2, of the Consolidated Law on Financial Intermediation;

> in 2002 the Company also adopted (and has subsequently updated) a Code of Ethics (also available at www.enel.com) that expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate conduct in accordance with standards of maximum transparency and fairness with respect to all stakeholders;

> with regard to the provisions of Legislative Decree 231 of June 8, 2001 – which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company – since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the main features of the program and the manner in which it has been adopted by the various Group companies, please see the report on corporate governance and ownership structure for 2013. The structure that monitors the operation and compliance with the program and is responsible for updating it (hereinafter, the "Supervisory Body") is a collegial body. In 2013 it was composed of an external member with expertise on corporate organization matters, who also acted as chairman of the body, and the head of the Audit department, the head of the Legal & Corporate Affairs department and the Secretary of the Board of Directors of the Company, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The Board of Auditors received adequate information on the main activities carried out in 2013 by the Supervisory Body. Our examination of those activities found no facts or situations that would require mention in this report;

> in March 2013, the Board of Auditors issued an opinion, pursuant to Article 2389, paragraph 3, of the Italian Civil Code concerning the supplementary decisions concerning the remuneration and work regulations of top management, approved by the Board of Directors in March 2013. In addition, in April 2013, the Board of Auditors issued an opinion in accordance with the provisions of Article 7.C.1, letter e) of the Corporate Governance Code on the findings of Reconta Ernst & Young in its report on the major issues that arose in the statutory audit in 2012. Finally, in May 2013, in view of the presentation to the Board of Directors of a proposal concerning the issue of one or more unconvertible hybrid subordinated bonds to be placed in euro or another currency by December 31, 2014, in the maximum total amount of €5 billion, the Board of Auditors issued a certification on the basis of the most recent approved financial statements of Enel SpA at December 31, 2012, concerning compliance with the limit on the issue of bonds referred to in Article 2412, paragraph 1, of the Italian Civil Code, and the combined provisions of paragraphs 4 and 5 of that Article;

> a report on the fixed and variable compensation accrued by the Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2013 for their respective positions

will be contained (as provided for in the draft version) in the Remuneration Report referred to in Article 123-*ter* of the Consolidated Law on Financial Intermediation. It will be submitted for approval by the Board of Directors, acting on a proposal of the Compensation Committee, and published in compliance with the time limits established by law. The same report will provide similar disclosure in aggregate form, in compliance with the associated CONSOB rules, for other key management personnel. The design of these compensation instruments is in line with best practices, complying with the principle of establishing a link with appropriate financial and non-financial performance targets and creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation were prepared by the Compensation Committee, which is made up of independent directors, drawing on the findings of benchmarking analyses at the national and international level performed by an independent consulting firm;

> the Board of Auditors' oversight activity in 2013 was carried out in 18 meetings and with participation in the 14 meetings of the Board of Directors, and, through the chairman, in the 14 meetings of the Control and Risk Committee (of which 6 joint meetings with the Board of Auditors), in the 7 meetings of the Compensation Committee, in the 2 meetings of the Related Parties Committee and in the 4 meetings of the Nomination and Corporate Governance Committee. The delegate of the State Audit Court participated in the meetings of the Board of Auditors and those of the Board of Directors.
  During the course of this activity and on the basis of information obtained from Reconta Ernst & Young SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.

Based on the oversight activity performed and the information exchanged with the independent auditors Reconta Ernst & Young SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2013 in conformity with the proposals of the Board of Directors.

Rome, April 10, 2014

The Board of Auditors

Chairman
Sergio Duca

Auditor
Lidia D'Alessio

Auditor
Gennaro Mariconda

Report of the independent auditors on the 2013 financial statements of Enel SpA

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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 financial statements of Enel S.p.A. 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 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 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 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 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 financial statements as of December 31, 2013 and for the year then ended.

3. In our opinion, the financial statements of Enel S.p.A. 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 Enel S.p.A. 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 financial statements of Enel S.p.A. as of December 31, 2013.

Rome, April 10, 2014

Reconta Ernst & Young S.p.A.
Signed by: Massimo delli Paoli, Partner

This report has been translated into the English language solely for the convenience of international readers.

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