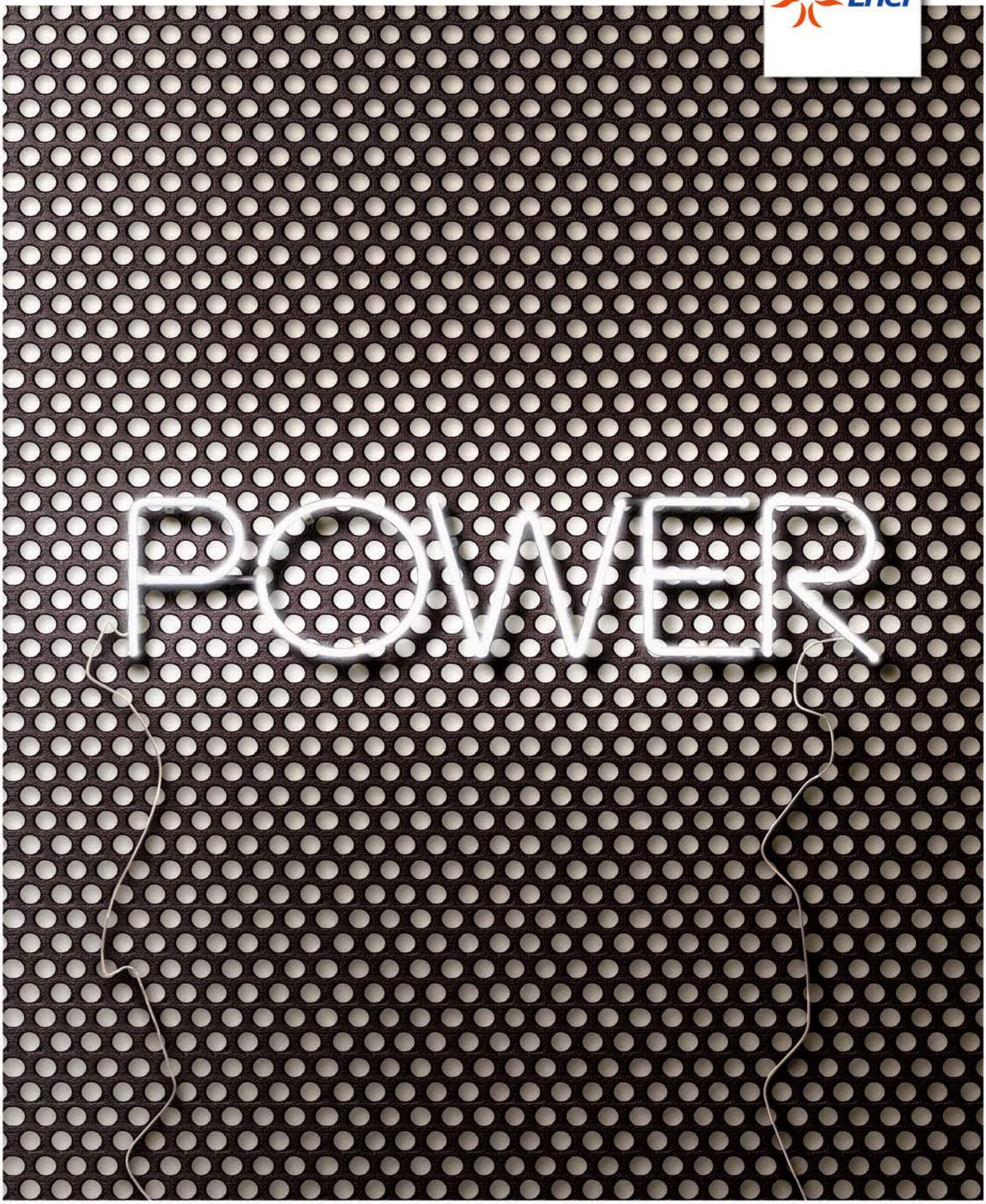
# Interim Financial Report at September 30, 2013



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## Consolidated financial statements

# Our mission

***At Enel our mission is to create and distribute value in the international energy market to the benefit of our customers' needs, our shareholders' investment, the competitiveness of the countries in which we operate and the expectations of all those who work with us.***

***Enel works to serve the community, respecting the environment and the safety of individuals, with a commitment to creating a better world for future generations.***

# Enel around the world

## The Enel organizational model

As from February 2012, the Group has adopted a new operating model 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 Hydro Power, 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 d.o.o. (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 (Nuove Energie) and storage (Enel Stoccaggi) plants;
> 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, these activities have been expanded to include retail plant and franchising operations in Italy following the acquisition of Enel.si from the Renewable Energy Division.

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, as well as managing and integrating the foreign businesses outside the Iberian and Latin American markets, 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).

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;
> North America, with power generation from renewable sources (Enel Green Power North America).

The mission of the **Engineering and Research Division** (formerly Engineering and Innovation) is to serve the Group by managing the engineering processes related to the development and construction of power plants (conventional and nuclear), while meeting the quality, temporal and financial objectives set for it. In addition, it manages research activities identified in the process of managing innovation, with a focus on strategic research and technology scouting.

In this Interim Financial Report, the results by operating segment are discussed on the basis of the organizational arrangements described above and taking account of the management approach as provided for under IFRS 8. For that reason, the generation and energy management results of the Generation, Energy Management and Sales Italy Division are shown separately from the results pertaining to electricity sales in Italy, consistent with the practice in previous periods and with the structure of internal reporting to top management. In addition, account was taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, the "Services and Other Activities" area and the "Engineering and Research" Division, as well as the Upstream Gas function.

# Introduction

The Interim Financial Report at September 30, 2013 has been prepared in compliance with Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998, and in conformity with the recognition and measurement criteria set out in the international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period.

## Accounting policies and measurement criteria

The accounting standards adopted and measurement criteria used for the Interim Financial Report at September 30, 2013, which has not been audited, are consistent with those used to prepare the consolidated financial statements at December 31, 2012, to which the reader is referred for more information. This report also applies the following international accounting standards, amendments to international accounting standards and interpretations adopted for the first time as of January 1, 2013:

> "Amendment to IAS 1 – Presentation of items of other comprehensive income". 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 retrospective application of the amendment did not have a material impact on these interim financial statements.

> "IAS 19 – Employee benefits". The standard supersedes the IAS 19 in used in preparing the financial statements for 2012. 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 (service cost, net interest on net liabilities/assets, remeasurement of net liabilities/assets); introduces the calculation of interest income in place of the expected return of plan assets; no longer permits the deferral of the recognition of past service cost; provides for enhanced disclosures; and introduces more detailed rules for the recognition of termination benefits.
  The effects of the retrospective application of the standard in these interim financial statements are discussed in the section "Restatement of the balance sheet and the income statement".

> "IFRS 13 – Fair value measurement". 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 prospective application of the standard did not have a material impact on these interim financial statements.

> "Amendments to IFRS 7 – Offsetting financial assets and financial liabilities" 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.

As clarified by the IASB last April, the disclosures required by the amendments were not presented in these interim financial statements.

> "Amendments to IAS 12 – Deferred taxes: recovery of underlying assets". The amendment introduces an exception in the recognition of deferred taxes on the basis of the manner in which the carrying amount of the underlying assets will be recovered. The exception regards systems that establish different tax rates depending on whether the entity plans to recover the assets through sale or through use in the productive cycle.

  The retrospective application of the amendment did not have an impact on these interim financial statements.

> "Annual improvements to IFRS - 2009-2011 cycle". The document regards formal amendments and clarifications of existing standards whose retrospective application did not have an impact on these interim financial statements. More specifically, the following standards were 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. More specifically, it specifies that an entity shall present a third balance sheet as at the start of the previous period in addition to the minimum required comparative schedules if:
    - it retrospectively applies an accounting standard, retrospectively restates or reclassifies items of its financial statements; and
    - the retrospective application or retrospective restatement or reclassification has a material impact on the balance sheet as at the start of the previous period.

  When an entity reclassifies comparative amounts, it must indicate (including at the start of the previous period) the nature of the reclassification, the amount of each reclassified item and the reasons for the reclassification.

  - 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 to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements presented.
  - "IFRIC 20 – Stripping costs in the production phase of a surface mine". The interpretation sets out the accounting treatment to be applied to costs incurred for the removal of mine waste materials during the production phase, clarifying when they can be recognized as an asset.

    The prospective application of the interpretation did not have an impact on these interim financial statements.

## Restatement of the balance sheet and the income statement

Following the application, as from January 1, 2013 with retrospective effect, of the new version of "IAS 19R – Employee benefits", the balance sheet items of the consolidated financial statements at December 31, 2012 and the income statement items in the Interim Financial Report at September 30, 2012 concerning the accounting treatment of the benefits affected by the application of this standard have been restated and reported solely for comparative purposes. More specifically:

> as the corridor approach may no longer be used, all actuarial gains and losses are recognized directly in equity. Accordingly, the amortization accruing in the first nine months of 2012 in respect of the excess gains and losses outside the corridor as quantified at December 31, 2011, was eliminated from the income statement (€45 million; €15 million in the 3rd Quarter of 2012). The actuarial gains and losses not recognized previously in application of the corridor method were recognized in Group equity, with a consequent adjustment of the respective employee benefit obligation and the net plan assets recognized in the balance sheet, net of the theoretical tax effects and amounts pertaining to non-controlling interests;

> as the recognition of past service cost in the income statement may no longer be deferred over the useful lives of the plans, the part of the past service cost not yet recognized was recognized entirely in Group equity, net of the theoretical tax effects and amounts pertaining to non-controlling interests, against the liability for employee benefits. The latter account was restated at January 1, 2013, to take account of the unrecognized past service cost, equal to €931 million, in respect of the transition-to-retirement plan introduced at the end of 2012 in Italy;

> in application of the new standard, net interest income on plan assets is recognized in substitution of the expected return on those assets. The impact of that change is not material (about €3 million) and therefore the balances in the income statement for the first nine months of 2012 were not restated.

In addition, at the end of 2012, the Group adopted a new accounting policy for white certificates (energy efficiency certificates or EECs) that involves recognizing the overall cost of compliance with energy efficiency requirements through profit or loss in the accounting period to which the compliance requirement pertains, ascertaining any charge in respect of certificates that are not available at the end of that period (the deficit). Here, too, the income statement accounts in the Interim Financial Report at September 30, 2012, were restated solely for comparative purposes to take account of the new treatment.

Finally, as a result of the definitive allocation of the purchase prices of the Kafireas pipeline and of Stipa Nayaá, companies operating in the Renewable Energy Division, which was completed after December 31, 2012, the balance sheet accounts at that date have been restated from those previously presented.

The following tables show the changes in the consolidated balance sheet and income statement as a result of the above modifications, including the associated tax effects. The impact on the statement of consolidated comprehensive income and the consolidated statement of cash flows is limited to a number of reclassifications among the various components, in line with the figures reported in the balance sheet and income statement.

| Millions of euro | First nine months | | | |
|---|---|---|---|---|
| | 2012 | IAS 19R effect | New EEC policy | **2012 restated** |
| Total revenues | 61,899 | - | - | 61,899 |
| Total costs | 49,336 | (45) | 70 | 49,361 |
| Net income/(charges) from commodity risk management | 198 | - | - | 198 |
| **GROSS OPERATING MARGIN** | **12,761** | **45** | **(70)** | **12,736** |
| Depreciation, amortization and impairment losses | 4,561 | - | (11) | 4,550 |
| **OPERATING INCOME** | **8,200** | **45** | **(59)** | **8,186** |
| Financial income | 1,940 | - | - | 1,940 |
| Financial expense | 4,266 | - | - | 4,266 |
| **Total financial income/(expense)** | **(2,326)** | **-** | **-** | **(2,326)** |
| **Share of income/(expense) from equity investments accounted for using the equity method** | 65 | **-** | **-** | 65 |
| **INCOME BEFORE TAXES** | **5,939** | **45** | **(59)** | **5,925** |
| Income taxes | 2,310 | 15 | (16) | 2,309 |
| **Net income from continuing operations** | **3,629** | **30** | **(43)** | **3,616** |
| **Net income from discontinued operations** | **-** | **-** | **-** | **-** |
| **NET INCOME FOR THE PERIOD (shareholders of the Parent Company and non-controlling interests)** | **3,629** | **30** | **(43)** | **3,616** |
| Pertaining to the shareholders of the Parent Company | 2,808 | 19 | (43) | 2,784 |
| Pertaining to non-controlling interests | 821 | 11 | - | 832 |

Millions of euro

| | at Dec. 31, 2012 | IAS 19R effect | Renewable Energy Division PPA | **at Dec. 31, 2012 restated** |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment and intangible assets | 103,319 | - | 69 | 103,388 |
| Goodwill | 15,963 | - | (45) | 15,918 |
| Equity investments accounted for using the equity method | 1,115 | - | - | 1,115 |
| Other non-current assets | 12,720 | 414 | - | 13,134 |
| **Total** | **133,117** | **414** | **24** | **133,555** |
| **Current assets** | | | | |
| Inventories | 3,338 | - | - | 3,338 |
| Trade receivables | 11,719 | - | - | 11,719 |
| Cash and cash equivalents | 9,891 | - | - | 9,891 |
| Other current assets | 13,274 | - | - | 13,274 |
| **Total** | **38,222** | **-** | **-** | **38,222** |
| **Assets held for sale** | **317** | **-** | **-** | **317** |
| **TOTAL ASSETS** | **171,656** | **414** | **24** | **172,094** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Equity pertaining to the shareholders of the Parent Company | 36,771 | (996) | - | 35,775 |
| Non-controlling interests | 16,387 | (84) | 9 | 16,312 |
| **Total shareholders' equity** | **53,158** | **(1,080)** | **9** | **52,087** |
| **Non-current liabilities** | | | | |
| Long-term loans | 55,959 | - | - | 55,959 |
| Provisions and deferred tax liabilities | 23,464 | 1,494 | 15 | 24,973 |
| Other non-current liabilities | 3,704 | - | - | 3,704 |
| **Total** | **83,127** | **1,494** | **15** | **84,636** |
| **Current liabilities** | | | | |
| Short-term loans and current portion of long-term loans | 8,027 | - | - | 8,027 |
| Trade payables | 13,903 | - | - | 13,903 |
| Other current liabilities | 13,433 | - | - | 13,433 |
| **Total** | **35,363** | **-** | **-** | **35,363** |
| **Liabilities held for sale** | **8** | **-** | **-** | **8** |
| **TOTAL LIABILITIES** | **118,498** | **1,494** | **15** | **120,007** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **171,656** | **414** | **24** | **172,094** |

The following tables report the effects by business area of the above restatement only for the *gross operating margin* and *operating income*, respectively, for the 3rd Quarter and first nine months of 2012.

## Gross operating margin

| 3rd Quarter of 2012 | IAS 19R effect | New EEC policy | 3rd Quarter of 2012 restated | Millions of euro | First nine months of 2012 | IAS 19R effect | New EEC policy | First nine months of 2012 restated |
|---|---|---|---|---|---|---|---|---|
| 166 | - | - | 166 | Sales | 494 | - | - | 494 |
| 334 | - | - | 334 | Generation and Energy Management | 1,028 | - | - | 1,028 |
| 1,362 | - | (73) | 1,289 | Infrastructure and Networks | 3,335 | (1) | (70) | 3,264 |
| 1,945 | 15 | - | 1,960 | Iberia and Latin America | 5,589 | 45 | - | 5,634 |
| 347 | - | - | 347 | International | 1,104 | 1 | - | 1,105 |
| 317 | - | - | 317 | Renewable Energy | 1,124 | - | - | 1,124 |
| 8 | - | - | 8 | Other, eliminations and adjustments | 87 | - | - | 87 |
| **4,479** | **15** | **(73)** | **4,421** | **Total** | **12,761** | **45** | **(70)** | **12,736** |

## Operating income

| 3rd Quarter of 2012 | IAS 19R effect | New EEC policy | 3rd Quarter of 2012 restated | Millions of euro | First nine months of 2012 | IAS 19R effect | New EEC policy | First nine months of 2012 restated |
|---|---|---|---|---|---|---|---|---|
| 35 | - | - | 35 | Sales | 161 | - | - | 161 |
| 176 | - | - | 176 | Generation and Energy Management | 561 | - | - | 561 |
| 1,054 | - | (73) | 981 | Infrastructure and Networks | 2,556 | (1) | (59) | 2,496 |
| 1,189 | 15 | - | 1,204 | Iberia and Latin America | 3,334 | 45 | - | 3,379 |
| 230 | - | - | 230 | International | 825 | 1 | - | 826 |
| 194 | - | - | 194 | Renewable Energy | 764 | - | - | 764 |
| (19) | - | - | (19) | Other, eliminations and adjustments | (1) | - | - | (1) |
| **2,859** | **15** | **(73)** | **2,801** | **Total** | **8,200** | **45** | **(59)** | **8,186** |

## Definition of performance indicators

In order to present the results of the Group and analyze its financial structure, Enel has prepared separate reclassified schedules that differ from those envisaged under the IFRS-EU adopted by the Group and presented in this Interim Financial Report at September 30, 2013. In accordance with Recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

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

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

> "Deferred tax assets";

> "Securities held to maturity", "Financial investments in funds or portfolio management products at fair value through profit or loss", "Securities available for sale" and "Other financial receivables";

> "Long-term loans";

> "Post-employment and other employee benefits";

> "Provisions for risks and charges";

> "Deferred tax liabilities".

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

> "Long-term financial receivables (short-term portion)", "Receivables for factoring advances", "Securities", "Financial receivables and cash collateral" and "Other financial receivables";

> "Cash and cash equivalents";

> "Short-term loans" and the "Current portion of long-term loans".

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

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

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

## Main changes in the scope of consolidation

At September 30, 2013, the scope of consolidation had changed with respect to that at September 30, 2012, and December 31, 2012, as a result of the following main transactions.

### 2012

> acquisition, on January 13, 2012, of an additional 49% of Rocky Ridge Wind Project, which was already a subsidiary (consolidated line-by-line) controlled through a 51% stake;

> acquisition, on February 14, 2012, of the remaining 50% of Enel Stoccaggi, a company in which the Group already held a 50% interest. As from that date the company has been consolidated on a line-by-line basis (previously consolidated proportionately in view of the joint control exercised);

> acquisition, on June 27, 2012, of the remaining 50% of a number of companies in the Kafireas wind power pipeline in Greece, which had previously been included under "Elica 2" and accounted for using the equity method in view of its 30% stake; as from that date the companies have therefore been consolidated on a line-by-line basis;

> acquisition, on June 28, 2012, of 100% of Stipa Nayaá, a Mexican company operating in the wind generation sector;

> disposal, on August 2, 2012, of the entire capital of Water & Industrial Services Company (Wisco), which operates in the waste water treatment sector in Italy.

> disposal, on October 9, 2012, of the entire share capital of Endesa Ireland, a company operating in the generation of electricity;

> acquisition, on October 12, 2012, of the additional 58% of Trade Wind Energy, a company in which the Group had held a stake of 42%; as a result of the purchase, the company is no longer consolidated using the equity method but is consolidated on a line-by-line basis;

> acquisition, on December 21, 2012, of 99.9% of Eólica Zopiloapan, a Mexican company operating in the wind generation sector.

### 2013

> acquisition on March 22, 2013, of 100% of Parque Eolico Talinay Oriente, a company operating in the wind generation sector in Chile;

> acquisition on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector; in view of the joint control exercised over the company together with another operator, the company is consolidated on a proportionate basis;

> disposal, on April 8, 2013, of 51% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States;

> acquisition, on May 22, 2013, of 26% of Chisholm View Wind Project and Prairie Rose Wind, both operating in wind generation in the United States, in which the Group previously held an interest of 49%. Accordingly, the two companies have been consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on August 9, 2013, of 70% of Domus Energia (now Enel Green Power Finale Emilia), a company operating in the biomass generation sector.

Unless otherwise specified, the balance sheet figures at September 30, 2013, exclude assets and liabilities held for sale, which essentially regard Marcinelle Energie and Artic Russia (and the interest held by the latter in SeverEnergia), the minority interest held in Enel Rete Gas and other minor positions that on the basis of the status of negotiations for their sale to third parties meet the requirements of IFRS 5 for such classification.

# Summary of results

## Performance and financial position

| 3rd Quarter 2013 | 3rd Quarter 2012 | Millions of euro | First nine months 2013 | First nine months 2012 restated | |
|---|---|---|---|---|---|
| 18,992 | 21,207 | Revenues | 59,149 | 61,899 | |
| 3,894 | 4,421 | Gross operating margin | 12,187 | 12,736 | |
| 2,310 | 2,801 | Operating income | 7,478 | 8,186 | |
| 970 | 1,202 | Net income before non-controlling interests | 3,453 | 3,616 | |
| 655 | 949 | Group net income | 2,335 | 2,784 | |
| | | Group net income per share in circulation at period-end (euro) | 0.25 | 0.30 | |
| | | Net capital employed | 97,007 | 95,035 | (1) |
| | | Net financial debt | 43,990 | 42,948 | (1) |
| | | Shareholders' equity (including non-controlling interests) | 53,017 | 52,087 | (1) |
| | | Group shareholders' equity per share in circulation at period-end (euro) | 3.79 | 3.80 | (1) |
| | | Cash flows from operating activities | 2,499 | 5,038 | |
| | | Capital expenditure on tangible and intangible assets | 3,701 | 4,377 | |

(1) At December 31, 2012.

**Revenues** in the first nine months of 2013 amounted to €59,149 million, a decrease of €2,750 million or 4.4% compared with the same period of 2012, of which €766 million attributable to the change in the average exchange rates against the euro of the local currencies in which the Group operates. The remainder of the decline is essentially due to lower revenues from the sale of electricity, only partially offset by greater revenues from the transport of electricity and the sale of fuels. Other factors include the recognition in the 3rd Quarter of 2012 by the Authority for Electricity and Gas (the Authority) of the right to be reimbursed for charges incurred by the Group as a result of the termination of the Electrical Worker Pension Fund (FPE) in the amount of €615 million (pertaining to the Infrastructure and Networks Division), partially offset by the recognition in the first nine months of 2013 of a government grant of €291 million from Argentine authorities with *Resolución* no. 250/13 to the distribution company Edesur (Iberia and Latin America Division).

| Millions of euro | First nine months | | | |
|---|---|---|---|---|
| | **2013** | 2012 restated | Change | |
| Sales | 12,687 | 13,860 | (1,173) | -8.5% |
| Generation and Energy Management | 17,605 | 17,222 | 383 | 2.2% |
| Infrastructure and Networks | 5,597 | 6,082 | (485) | -8.0% |
| Iberia and Latin America | 23,280 | 25,140 | (1,860) | -7.4% |
| International | 5,682 | 6,324 | (642) | -10.2% |
| Renewable Energy | 2,093 | 1,924 | 169 | 8.8% |
| Other, eliminations and adjustments | (7,795) | (8,653) | 858 | 9.9% |
| **Total** | **59,149** | **61,899** | **(2,750)** | **-4.4%** |

The **gross operating margin** totaled €12,187 million, a decrease of €549 million or 4.3% compared with the first nine months of 2012. Excluding the effect of changes in the average exchange rates of local currencies against the euro (a loss of €242 million) and the grant and reimbursement mentioned above, the gross operating margin was essentially unchanged compared with the same period of 2012, as the decline in the margin on conventional generation in Italy and abroad was essentially offset by the increase in the margin on generation from renewables and that on the sale of electricity and gas to end users. The gross operating margin for the first nine months of 2013 also reflects the charge taken in respect of agreements with the unions implementing the provisions of Article 4, paragraphs 1-7 *ter*, of Law 92/12 (the Fornero Act), which was offset by the effect of the termination in the 3rd Quarter of 2013 of the transition-to-retirement plan introduced at the end of 2012.

| Millions of euro | First nine months | | | |
|---|---|---|---|---|
| | **2013** | 2012 restated | Change | |
| Sales | 678 | 494 | 184 | 37.2% |
| Generation and Energy Management | 964 | 1,028 | (64) | -6.2% |
| Infrastructure and Networks | 2,897 | 3,264 | (367) | -11.2% |
| Iberia and Latin America | 5,325 | 5,634 | (309) | -5.5% |
| International | 903 | 1,105 | (202) | -18.3% |
| Renewable Energy | 1,311 | 1,124 | 187 | 16.6% |
| Other, eliminations and adjustments | 109 | 87 | 22 | 25.3% |
| **Total** | **12,187** | **12,736** | **(549)** | **-4.3%** |

**Operating income** amounted to €7,478 million, down €708 million or 8.6% compared with the same period of 2012, reflecting an increase of €159 million in depreciation, amortization and impairment losses.

| Millions of euro | First nine months | | | |
|---|---|---|---|---|
| | **2013** | 2012 restated | Change | |
| Sales | 272 | 161 | 111 | 68.9% |
| Generation and Energy Management | 579 | 561 | 18 | 3.2% |
| Infrastructure and Networks | 2,173 | 2,496 | (323) | -12.9% |
| Iberia and Latin America | 3,105 | 3,379 | (274) | -8.1% |
| International | 471 | 826 | (355) | -43.0% |
| Renewable Energy | 848 | 764 | 84 | 11.0% |
| Other, eliminations and adjustments | 30 | (1) | 31 | - |
| **Total** | **7,478** | **8,186** | **(708)** | **-8.6%** |

**Group net income** in the first nine months of 2013 amounted to €2,335 million, compared with €2,784 million in the same period of the previous year (down 16.1%). More specifically, the impact of the decrease in operating income and the rise in the share of net income pertaining to non-controlling interests was only partially offset by the reduction in net financial expense, which in the first nine months of 2012 included the gain on the disposal of 5.1% of Terna (€185 million).

**Net financial debt**, excluding debt in respect of assets held for sale, amounted to €43,990 million at September 30, 2013, up €1,042 million compared with the €42,948 million posted at December 31, 2012. In particular, the borrowing requirement generated by ordinary operations, investments in the period and dividend payments was offset by the positive impact of the capital increase carried out by the Chilean subsidiary Enersis.

**Capital expenditure** amounted to €3,701 million in the first nine months of 2013, a decrease of €676 million compared with the same period of 2012. The decline, common to all the divisions with the exception of the Renewable Energy Division, reflects the investment optimization policy adopted by the Group.

| Millions of euro | First nine months | | | |
|---|---|---|---|---|
| | **2013** | 2012 | Change | |
| Sales | 50 | 53 | (3) | -5.7% |
| Generation and Energy Management | 158 | 232 | (74) | -31.9% |
| Infrastructure and Networks | 723 | 1,011 | (288) | -28.5% |
| Iberia and Latin America (1) | 1,305 | 1,472 | (167) | -11.3% |
| International | 593 | 794 | (201) | -25.3% |
| Renewable Energy (2) | 831 | 714 | 117 | 16.4% |
| Other, eliminations and adjustments (3) | 41 | 101 | (60) | -59.4% |
| **Total** | **3,701** | **4,377** | **(676)** | **-15.4%** |

(1) The figure for the first nine months of 2012 does not include €73 million regarding units classified as "Held for sale".
(2) The figure for the first nine months of 2013 does not include €1 million regarding units classified as "Held for sale".
(3) The figure for the first nine months of 2012 does not include €1 million regarding units classified as "Held for sale".

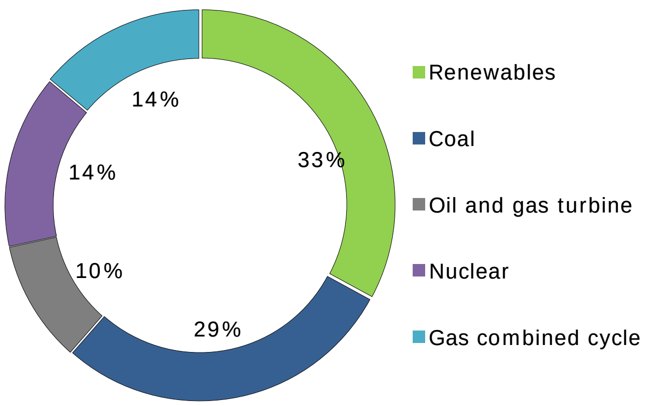
## Operations

| 3rd Quarter | | | | | | | First nine months | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Italy | Abroad | **Total** | Italy | Abroad | **Total** | | Italy | Abroad | **Total** | Italy | Abroad | **Total** |
| **2013** | | | 2012 | | | | **2013** | | | 2012 | | |
| 19.2 | 56.4 | **75.6** | 19.3 | 56.8 | **76.1** | Net electricity generated by Enel (TWh) | 55.3 | 158.6 | **213.9** | 57.4 | 167.0 | **224.4** |
| 58.6 | 45.1 | **103.7** | 62.5 | 45.2 | **107.7** | Electricity transported on the Enel distribution network (TWh) | 171.9 | 130.6 | **302.5** | 180.7 | 132.6 | **313.3** |
| 23.8 | 51.4 | **75.2** | 27.8 | 54.3 | **82.1** | Electricity sold by Enel (TWh) (1) | 69.6 | 151.9 | **221.5** | 77.8 | 160.8 | **238.6** |
| 0.3 | 0.9 | **1.2** | 0.4 | 0.9 | **1.3** | Gas sales to end users (billions of $m^3$) | 2.9 | 3.2 | **6.1** | 3.0 | 3.2 | **6.2** |
| | | | | | | Employees at period-end (no.) (2) | 35,368 | 37,375 | **72,743** | 36,205 | 37,497 | **73,702** (3) |

(1) Excluding sales to resellers.
(2) Of which 37 in units classified as "Held for sale" at September 30, 2013 and at December 31, 2012.
(3) At December 31, 2012.

**Net electricity generated by Enel** decreased by 10.5 TWh or 4.7% in the first nine months of 2013, with falls both in Italy (down 2.1 TWh) and other countries (down 8.4 TWh). More specifically, conventional thermal generation contracted sharply (down 17.0 TWh or 13.1%), with nuclear generation also falling (down 0.9 TWh or 2.8%), mainly due to the decline in demand in a number of the main markets in which Enel operates and the greater weight of renewable resources in the generation mix for those markets. The increase in hydroelectric generation (up 5.2 TWh or 10%) is essentially attributable to favorable water conditions, while the rise in wind generation (up 2.2 TWh or 35%) is mainly attributable to the entry into service of a number of plants operated by the Renewable Energy Division. As a result of these developments, about 33% of the electricity generated by Enel in the first nine months of 2013 was derived from renewable resources (about 28% in the first nine months of 2012).

Net electricity generation by source (first nine months of 2013)

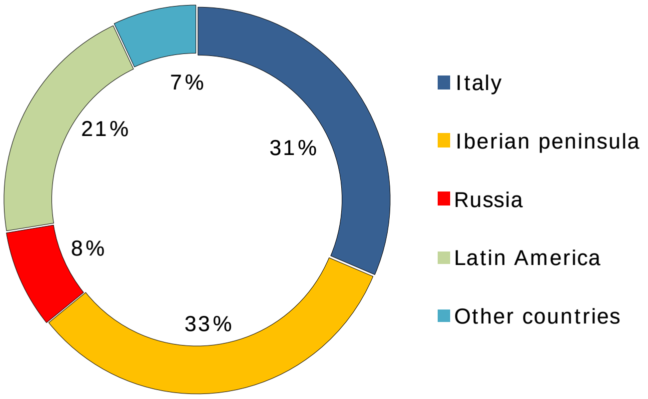



**Electricity transported on the Enel distribution network** in the first nine months of 2013 totaled 302.5 TWh, down 10.8 TWh or 3.4%, essentially reflecting the decline in the demand for electricity in Italy and Spain, only partially offset by the increase in electricity transported in Latin America.

**Electricity sold by Enel** in the first nine months of 2013 declined by 17.1 TWh or 7.2%. More specifically, the decrease was mainly attributable to lower sales in Italy (down 8.2 TWh) and

Spain (down 5.5 TWh), as a result of lower demand, and in France (down 3.8 TWh), due to the decrease in available capacity following the Enel Group's withdrawal from the Flamanville 3 project at the end of 2012. These factors were only partially offset by the rise in sales in Latin America (up 1.3 TWh), especially in Brazil and Chile.

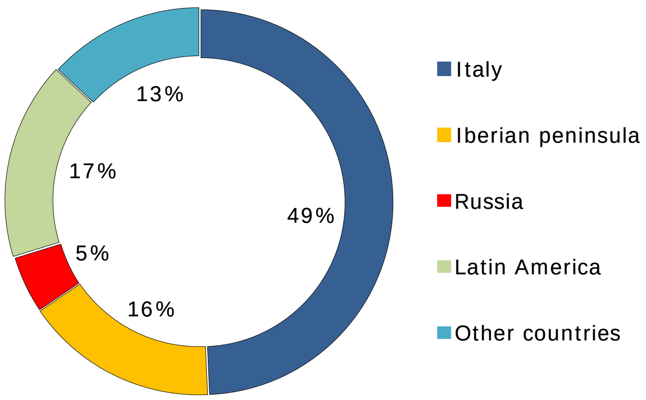
### Electricity sold by geographical area (first nine months of 2013)




**Gas sales** in the first nine months of 2013 totaled 6.1 billion cubic meters, essentially in line with sales in the same period of the previous year.

At September 30, 2013, Enel Group **employees** numbered 72,743, of whom about 51% were employed abroad. The change, a decrease of 959, is essentially due to the negative balance between new hirings and terminations (a reduction of 986), only partially offset by the impact of the change in the scope of consolidation (an increase of 27) with the acquisition of 50% of PowerCrop. In particular, as regard terminations in the period, as from September 2013, the main Italian companies initiated an early termination program under the provisions of Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act).

### Employees by geographical area (at September 30, 2013)



# Results by segment

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

## Results by segment for the 3rd Quarter of 2013 and 2012

### 3rd Quarter of 2013 [(1)]

| Millions of euro | Sales | GEM | Infra & Networks | Iberia & Latin America | Int'l | Renewable Energy | Other, eliminations and adjustments | **Total** |
|---|---|---|---|---|---|---|---|---|
| Revenues from third parties | 3,872 | 4,440 | 807 | 7,632 | 1,713 | 520 | 8 | **18,992** |
| Revenues from other segments | 103 | 1,013 | 1,006 | 12 | 152 | 71 | (2,357) | **-** |
| **Total revenues** | **3,975** | **5,453** | **1,813** | **7,644** | **1,865** | **591** | **(2,349)** | **18,992** |
| Net income/(charges) from commodity risk management | (23) | (102) | - | (9) | 8 | 2 | - | **(124)** |
| **Gross operating margin** | **201** | **297** | **931** | **1,711** | **338** | **338** | **78** | **3,894** |
| Depreciation, amortization and impairment losses | 119 | 136 | 237 | 782 | 129 | 157 | 24 | **1,584** |
| **Operating income** | **82** | **161** | **694** | **929** | **209** | **181** | **54** | **2,310** |

### 3rd Quarter of 2012 [(1)(2)]

| Millions of euro | Sales | GEM | Infra & Networks | Iberia & Latin America | Int'l | Renewable Energy | Other, eliminations and adjustments | **Total** |
|---|---|---|---|---|---|---|---|---|
| Revenues from third parties | 4,396 | 4,652 | 1,157 | 8,628 | 1,886 | 463 | 25 | **21,207** |
| Revenues from other segments | 56 | 1,266 | 1,141 | 17 | 165 | 129 | (2,774) | **-** |
| **Total revenues** | **4,452** | **5,918** | **2,298** | **8,645** | **2,051** | **592** | **(2,749)** | **21,207** |
| Net income/(charges) from commodity risk management | 37 | 79 | - | (16) | 10 | (8) | - | **102** |
| **Gross operating margin** | **166** | **334** | **1,289** | **1,960** | **347** | **317** | **8** | **4,421** |
| Depreciation, amortization and impairment losses | 131 | 158 | 308 | 756 | 117 | 123 | 27 | **1,620** |
| **Operating income** | **35** | **176** | **981** | **1,204** | **230** | **194** | **(19)** | **2,801** |

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

(2) The figures have been restated as a result of the change, with retrospective effect, in the accounting treatment of employee benefits under IAS 19R, and in the accounting policy used for white certificates.

## Results by segment for the first nine months of 2013 and 2012

### First nine months of 2013 (1)

| Millions of euro | Sales | GEM | Infra & Networks | Iberia & Latin America | Int'l | Renewable Energy | Other, eliminations and adjustments | Total |
|---|---|---|---|---|---|---|---|---|
| Revenues from third parties | 12,507 | 13,861 | 2,548 | 23,233 | 5,213 | 1,746 | 41 | **59,149** |
| Revenues from other segments | 180 | 3,744 | 3,049 | 47 | 469 | 347 | (7,836) | **-** |
| **Total revenues** | **12,687** | **17,605** | **5,597** | **23,280** | **5,682** | **2,093** | **(7,795)** | **59,149** |
| Net income/(charges) from commodity risk management | (72) | (146) | - | (187) | 4 | 22 | - | **(379)** |
| **Gross operating margin** | **678** | **964** | **2,897** | **5,325** | **903** | **1,311** | **109** | **12,187** |
| Depreciation, amortization and impairment losses | 406 | 385 | 724 | 2,220 | 432 | 463 | 79 | **4,709** |
| **Operating income** | **272** | **579** | **2,173** | **3,105** | **471** | **848** | **30** | **7,478** |
| **Capital expenditure** | **50** | **158** | **723** | **1,305** | **593** | **831** (2) | **41** | **3,701** |

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €1 million regarding units classified as "Held for sale".

### First nine months of 2012 (1)(2)

| Millions of euro | Sales | GEM | Infra & Networks | Iberia & Latin America | Int'l | Renewable Energy | Other, eliminations and adjustments | Total |
|---|---|---|---|---|---|---|---|---|
| Revenues from third parties | 13,728 | 12,843 | 2,810 | 25,062 | 5,828 | 1,549 | 79 | **61,899** |
| Revenues from other segments | 132 | 4,379 | 3,272 | 78 | 496 | 375 | (8,732) | **-** |
| **Total revenues** | **13,860** | **17,222** | **6,082** | **25,140** | **6,324** | **1,924** | **(8,653)** | **61,899** |
| Net income/(charges) from commodity risk management | 57 | 152 | - | (60) | 64 | (15) | - | **198** |
| **Gross operating margin** | **494** | **1,028** | **3,264** | **5,634** | **1,105** | **1,124** | **87** | **12,736** |
| Depreciation, amortization and impairment losses | 333 | 467 | 768 | 2,255 | 279 | 360 | 88 | **4,550** |
| **Operating income** | **161** | **561** | **2,496** | **3,379** | **826** | **764** | **(1)** | **8,186** |
| **Capital expenditure** | **53** | **232** | **1,011** | **1,472** (3) | **794** | **714** | **101** (4) | **4,377** |

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) The figures have been restated as a result of the change, with retrospective effect, in the accounting treatment of employee benefits under IAS 19R, and in the accounting policy used for white certificates.
(3) Does not include €73 million regarding units classified as "Held for sale".
(4) Does not include €1 million regarding units classified as "Held for sale".

## Sales

### Operations

#### Electricity sales

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| | | | | **Free market:** | | | | |
| 6,700 | 6,931 | (231) | -3.3% | - mass-market customers | 19,353 | 19,717 | (364) | -1.8% |
| 2,430 | 3,434 | (1,004) | -29.2% | - business customers (1) | 6,982 | 10,231 | (3,249) | -31.8% |
| 471 | 561 | (90) | -16.0% | - safeguard market customers | 1,397 | 1,556 | (159) | -10.2% |
| **9,601** | **10,926** | **(1,325)** | **-12.1%** | **Total free market** | **27,732** | **31,504** | **(3,772)** | **-12.0%** |
| **14,012** | **16,699** | **(2,687)** | **-16.1%** | **Regulated market (enhanced protection market customers)** | **41,459** | **45,924** | **(4,465)** | **-9.7%** |
| **23,613** | **27,625** | **(4,012)** | **-14.5%** | **TOTAL** | **69,191** | **77,428** | **(8,237)** | **-10.6%** |

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

Electricity sold in the first nine months of 2013 totaled 69,191 million kWh (23,613 million kWh in the 3rd Quarter of 2013), down 8,237 million kWh (down 4,012 million kWh in the 3rd Quarter of 2013) compared with the same period of 2012. More specifically, this decline in sales to all types of customer reflects the deterioration of economic conditions in Italy and the ongoing shift of customers from the regulated system to the free market. Similar developments occurred in the 3rd Quarter of 2013.

#### Gas sales

| 3rd Quarter | | | | Millions of $^3$ | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 208 | 183 | 25 | 13.7% | Mass-market customers (1) | 2,389 | 2,318 | 71 | 3.1% |
| 117 | 169 | (52) | -30.8% | Business customers | 521 | 715 | (194) | -27.1% |
| **325** | **352** | **(27)** | **-7.7%** | **Total** | **2,910** | **3,033** | **(123)** | **-4.1%** |

(1) Includes residential customers and microbusinesses.

Gas sales in the first nine months of 2013 totaled 2,910 million cubic meters (325 million cubic meters in the 3rd Quarter of 2013), down €123 million cubic meters compared with the same period of the previous year, essentially due to a decrease in quantities sold to business customers, only partly offset by increased sales to mass-market customers.
Similar developments occurred in the 3rd Quarter of 2013.

## Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 3,975 | 4,452 | (477) | Revenues | 12,687 | 13,860 | (1,173) |
| *201* | *166* | *35* | *Gross operating margin* | *678* | *494* | *184* |
| 82 | 35 | 47 | Operating income | 272 | 161 | 111 |
| | | | Employees at period-end (no.) | 3,722 | 3,674 (1) | 48 |
| | | | Capital expenditure | 50 | 53 | (3) |

(1) At December 31, 2012.

### Performance in the 3rd Quarter

**Revenues** for the 3rd Quarter of 2013 amounted to €3,975 million, down €477 million or 10.7% compared with the same period of 2012, as a result of the following main factors:

> a decrease of €365 million in revenues on the regulated electricity market, mainly associated with the decline in quantities sold (down 2.7 TWh) in an environment of falling average sales prices;

> a decrease of €138 million in revenues on the free electricity market, essentially due to lower volumes sold (down 1.3 TWh);

> a decrease of €21 million in revenues from sales to end users on the natural gas market;

> an increase of €30 million related to the change in the scope of the division as a result of the acquisition of Enel.si, a company previously part of the Renewable Energy Division, by Enel Energia on July 1, 2013.

The **gross operating margin** for the 3rd Quarter of 2013 came to €201 million, up €35 million on the same period of 2012. This increase is essentially attributable to the increase in the margin on the regulated electricity market.

**Operating income** in the 3rd Quarter of 2013, after depreciation, amortization and impairment losses of €119 million (€131 million in the same period of 2012), amounted to €82 million, an increase of €47 million compared with the 3rd Quarter of 2012.

### Performance in the first nine months

**Revenues** for the first nine months of 2013 amounted to €12,687 million, down €1,173 million or 8.5% compared with the same period of 2012, as a result of the following main factors:

> a decrease of €1,003 million in revenues on the regulated electricity market, mainly associated with the decrease in quantities sold (a decline of 4.5 TWh) and the decline in rate revenues covering generation costs, the effects of which were only partially offset by the increase in revenues recognized in respect of the sales service. In addition, there was the decline in revenues from services provided to the distributor and reimbursements for service interruptions, pursuant to Authority Resolution no. 333/07 (€61 million);

> a decrease of €51 million in revenues from connection fees;

> a decrease of €244 million in revenues on the free electricity market, essentially due to lower volumes sold (down 3.8 TWh);

> an increase of €21 million in revenues from sales to end users on the natural gas market, mainly due to the increase in average sales prices, which in addition to normal market developments reflects an increase in the rate component for retail sales (QVD);
> an increase of €30 million related to the change in the scope of the division as a result of the acquisition of Enel.si mentioned above.

The **gross operating margin** for the first nine months of 2013 came to €678 million, up €184 million or 37.2% compared with the first nine months of 2012. The increase in attributable to:

> a €100 million increase in the margin on the free market for electricity and gas, due to an increase in unit margins for both commodities, which more than offset the higher costs associated with the acquisition of new customers;
> an €84 million increase in the margin on the regulated electricity market, mainly associated with a number of positive prior-year items, as well as the increase in revenues for the sales service and the reduction in operating expenses, which more than offset the effect of a decline in quantities sold.

**Operating income** in the first nine months of 2013 totaled €272 million, up €111 million compared with the same period of 2012, despite an increase of €73 million in depreciation, amortization and impairment losses, essentially in respect of writedowns of trade receivables, particularly on the regulated electricity market.

### Capital expenditure

**Capital expenditure** amounted to €50 million, in line with the first nine months of 2012.

## Generation and Energy Management

### Operations

#### Net electricity generation

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 11,755 | 13,235 | (1,480) | -11.2% | Thermal | 31,603 | 39,180 | (7,577) | -19.3% |
| 4,595 | 3,866 | 729 | 18.9% | Hydroelectric | 14,489 | 10,532 | 3,957 | 37.6% |
| 3 | 3 | - | - | Other resources | 7 | 8 | (1) | -12.5% |
| **16,353** | **17,104** | **(751)** | **-4.4%** | **Total net generation** | **46,099** | **49,720** | **(3,621)** | **-7.3%** |
| 16,195 | 16,618 | (423) | -2.5% | *- of which: Italy* | 45,114 | 48,917 | (3,803) | -7.8% |
| 158 | 486 | (328) | -67.5% | *- of which: Belgium* | 985 | 803 | 182 | 22.7% |

In the first nine months of 2013, net electricity generation amounted to 46,099 million kWh (16,353 million kWh in the 3rd Quarter of 2013), a decrease of 7.3% (down 4.4% in the 3rd Quarter of 2013) compared with the same period of 2012 (down 3,621 million kWh). This decrease was due to the steep decline in thermal generation in Italy (down 7,759 million kWh or 20.2%), attributable to the decline in demand for electricity and the ever increasing weight of renewables in the energy mix. Specifically, better water availability during the period led to higher hydroelectric output (up 3,957 million kWh). This was only partially offset by the change between the two periods in the contribution to electricity generation of the Marcinelle plant in Belgium, operated under a tolling agreement, following its entry into service in the 2nd Quarter of 2012.

#### Contribution to gross thermal generation

| 3rd Quarter | | | | | | Millions of kWh | First nine months | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | | 2012 | | Change | | | **2013** | | 2012 | | Change | |
| 107 | 0.8% | 330 | 2.4% | (223) | -67.6% | High-sulfur fuel oil (S>0.25%) | 288 | 0.8% | 674 | 1.6% | (386) | -57.3% |
| 52 | 0.4% | 17 | 0.1% | 35 | 205.9% | Low-sulfur fuel oil (S<0.25%) | 160 | 0.5% | 453 | 1.1% | (293) | -64.7% |
| *159* | *1.2%* | *347* | *2.5%* | *(188)* | *-54.2%* | *Total fuel oil* | *448* | *1.3%* | *1,127* | *2.7%* | *(679)* | *-60.2%* |
| 2,513 | 19.9% | 4,212 | 29.9% | (1,699) | -40.3% | Natural gas | 7,193 | 21.1% | 11,423 | 27.2% | (4,230) | -37.0% |
| 9,783 | 77.4% | 9,377 | 66.6% | 406 | 4.3% | Coal | 25,911 | 76.2% | 28,956 | 69.1% | (3,045) | -10.5% |
| 184 | 1.5% | 147 | 1.0% | 37 | 25.2% | Other fuels | 478 | 1.4% | 414 | 1.0% | 64 | 15.5% |
| **12,639** | **100.0%** | **14,083** | **100.0%** | **(1,444)** | **-10.3%** | **Total** | **34,030** | **100.0%** | **41,920** | **100.0%** | **(7,890)** | **-18.8%** |

Gross thermal generation in the first nine months of 2013 came to 34,030 million kWh (12,639 million kWh in the 3rd Quarter of 2013), a decrease of 7,890 million kWh or 18.8% compared with the first nine months of 2012 (down 10.3% in the 3rd Quarter of 2013). The decrease was seen across all the major fuel types and was primarily associated with the decline in weight of

conventional thermal generation in the Italian production mix, along with the lower demand for electricity as a result of the slowdown in the Italian economy.
More specifically, the decline in gas generation was due to the reduction in the use of that fuel in combined-cycle plants, while the decrease in generation from coal is attributable to lower demand from a number of the units at the Brindisi Sud plant and plant unavailability due to maintenance at the Torrevaldaliga Nord plant.

## Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 5,453 | 5,918 | (465) | Revenues | 17,605 | 17,222 | 383 |
| 297 | *334* | (37) | *Gross operating margin* | *964* | *1,028* | *(64)* |
| 161 | 176 | (15) | Operating income | 579 | 561 | 18 |
| | | | Employees at period-end (no.) | 5,753 | 6,043 (1) | (290) |
| | | | Capital expenditure | 158 | 232 | (74) |

(1) At December 31, 2012.

### Performance in the 3rd Quarter

**Revenues** in the 3rd Quarter of 2013 amounted to €5,453 million, down €465 million or 7.9% compared with the same period of 2012, mainly as a result of the following factors:

> a decline of €448 million in revenues from trading on international electricity markets (with a decrease of 3.6 TWh in volumes handled);
> a decrease of €217 million in revenues from green certificates;
> a €175 million increase in revenues from electricity sales, mainly due to higher revenues from sales on the Power Exchange (up €351 million), only partially offset by lower revenues from electricity sales to other Group divisions (€219 million);
> a €34 million increase in revenues from fuel trading, essentially attributable to transactions in natural gas.

The **gross operating margin** for the 3rd Quarter of 2013 amounted to €297 million, a decrease of €37 million or 11.1% compared with the €334 million registered in the 3rd Quarter of 2012. The decrease is essentially attributable to:

> a €66 million decline in the margin on sales and trading of natural gas and other commodities;
> a slight decline in the generation margin;
> operational efficiency gains.

**Operating income** amounted to €161 million (€176 million in the 3rd Quarter of 2012), taking account of a decrease of €22 million in depreciation, amortization and impairment losses.

### Performance in the first nine months

**Revenues** for the first nine months of 2013 amounted to €17,605 million, up €383 million or 2.2% compared with the same period of 2012, mainly as a result of the following factors:

> a €1,207 million increase in revenues from electricity sales, mainly due to higher revenues from sales on the Power Exchange (up €1,666 million, essentially connected with larger volumes handled), only partially offset by lower revenues from electricity sales to the Group's Italian companies (a decrease of €570 million), which were considerably impacted by the broad decline in end-user demand;
> a €315 million increase in revenues from fuel trading, essentially attributable to transactions in natural gas (€317 million);
> a €888 million decline in revenues from trading on international electricity markets (with a decrease of 6.7 TWh in volumes handled);
> a decrease of €219 million in revenues from green certificates.

The **gross operating margin** for the first nine months of 2013 amounted to €964 million, down €64 million or 6.2% compared with €1,028 million reported in the first nine months of 2012. The decrease is essentially attributable to:

> a decline in the generation margin (down €39 million), essentially due to the decline in volumes of electricity sold and the higher costs deriving from environmental restrictions, only partially offset by the increase in unit margins associated with a more advantageous generation mix, characterized by greater utilization of hydroelectric plants, as well as the higher margin on dispatching services;
> a €108 million decline in the margin on sales and trading of natural gas and other commodities;
> lower operating expenses, mainly relating to personnel.

**Operating income** amounted to €579 million, up €18 million or 3.2% (with a decrease of €83 million in depreciation, amortization and impairment losses) compared with the €561 million registered in the same period of 2012. The decrease in depreciation is essentially attributable to the conclusion of the useful life of a number of generation plants and the revision in 2012 of the useful life of assets previously classified as to be relinquished free of charge following the enactment of Law 134/2012.

### Capital expenditure

**Capital expenditure** in the first nine months of 2013 amounted to €158 million, including €142 million for generation plants. The primary capital expenditures in the first nine months of 2013 related to the refurbishing/repowering of existing plants, as well as works required to comply with safety and environmental protection standards.

## Infrastructure and Networks

### Operations

#### Transport of electricity

| 3rd Quarter | | | | | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 58,623 | 62,516 | (3,893) | -6.2% | Electricity transported on Enel's distribution network (millions of kWh) (1) | 171,890 | 180,713 | (8,823) | -4.9% |

(1) The figures for the first nine months of 2012 and the 3rd Quarter of 2012 take account of a more accurate calculation of quantities transported.

Electricity transported on Enel's distribution network in Italy in the first nine months of 2013 decreased by 8,823 million kWh or 4.9%, going from 180,713 million kWh in the first nine months of 2012 to 171,890 million kWh in the first nine months of 2013. The decrease essentially reflects the decline in electricity demand in Italy.

Similar performance was recorded in the 3rd Quarter of 2013, with electricity transported amounting to 58,623 million kWh, down 3,893 million kWh or 6.2% compared with the same period of 2012.

### Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 1,813 | 2,298 | (485) | Revenues | 5,597 | 6,082 | (485) |
| *931* | *1,289* | *(358)* | *Gross operating margin* | *2,897* | *3,264* | *(367)* |
| 694 | 981 | (287) | Operating income | 2,173 | 2,496 | (323) |
| | | | Employees at period-end (no.) | 18,413 | 18,632 (1) | (219) |
| | | | Capital expenditure | 723 | 1,011 | (288) |

(1) At December 31, 2012.

#### Performance in the 3rd Quarter

**Revenues** in the 3rd Quarter of 2013 amounted to €1,813 million, down €485 million or 21.1% compared with the total registered in the same period of the previous year. The change is essentially attributable to:

> the recognition in the 3rd Quarter of 2012 of the reimbursement entitlement for charges incurred following the elimination of the Electrical Worker Pension Fund (FPE), as provided for in Authority Resolution no. 157/12, in the amount of €615 million;

> a €71 million decrease in connection fees.

This was only partially offset by:

> the increase in transmission rates following application of Authority Resolution no. 122/13, as well as the positive impact of equalization mechanisms (€186 million);

- a €23 million increase in grants for energy efficiency certificates.

The **gross operating margin** amounted to €931 million, down €358 million or 27.8%, and is essentially attributable to:

- the effect of the reimbursement by the Authority of the FPE charge noted above (€615 million) under Resolution no. 157/12;
- a decrease of €71 million in the margin on connection fees;
- an increase of €151 million in the margin on the transport of electricity, due primarily to the impact of equalization mechanisms in the two periods compared, reflecting certain prior-year items;
- an increase of €45 million in the margin on energy efficiency certificates;
- a decrease in operating expenses, mainly reflecting lower personnel costs.

**Operating income**, after depreciation, amortization and impairment losses of €237 million (€308 million in the 3rd Quarter of 2012), amounted to €694 million, down €287 million or 29.3% compared with the same period of 2012. The decrease in impairment losses in the 3rd Quarter of 2013 is essentially attributable to the lower net adjustments of trade receivables.

### Performance in the first nine months

**Revenues** in the first nine months of 2013 amounted to €5,597 million, down €485 million or 8.0%) compared with the same period of the previous year. This change is essentially due to:

- the recognition in the first nine months of 2012 of the mentioned reimbursement entitlement for charges incurred following the elimination of the Electrical Worker Pension Fund (FPE), as provided for in Authority Resolution no. 157/12, in the amount of €615 million;
- a €174 million decrease in connection fees;
- an increase of €272 million in rate revenues, attributable to the updating of distribution and transmission rates following application of Authority Resolution no. 122/13, as well as the positive impact of equalization mechanisms that also reflected a number of positive prior-year items. These effects were only partially offset by the impact of the decline in quantities transported;
- an increase of €55 million in revenues from grants from the Electricity Equalization Fund and sales of white certificates.

The **gross operating margin** amounted to €2,897 million, down €367 million or 11.2%, and is essentially attributable to:

- the effect of the reimbursement by the Authority of the FPE charge noted above;
- a decrease of €174 million in connection fees;
- an increase of €191 million in the margin on the transport of electricity, due mainly to the increase in rate revenues following application of Authority Resolution no. 122/13 and the positive impact of equalization mechanisms reflecting certain prior-year items;
- an increase of €76 million in the margin on energy efficiency certificates;
- a decrease in operating expenses, mainly lower net provisions for disputes.

**Operating income**, after depreciation, amortization and impairment losses of €724 million (€768 million in the first nine months of 2012), amounted to €2,173 million, down €323 million or 12.9% compared with the same period of 2012. The decrease in depreciation, amortization and impairment losses is essentially attributable to the net effect of lower writedowns of trade receivables and higher depreciation on plants.

### Capital expenditure

**Capital expenditure** in the first nine months of 2013 amounted to €723 million, a decrease of €288 million compared with the same period of the previous year.
The decline is mainly due to a decrease in investments for connections of customers and generation plants and a selective policy for choosing medium and low-voltage grid projects for improving service quality, in line with the standards set out in Authority Resolution no. 198/11.

## Iberia and Latin America

### Operations

#### Net electricity generation

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 19,547 | 19,098 | 449 | 2.4% | Thermal | 48,418 | 55,962 | (7,544) | -13.5% |
| 7,183 | 7,291 | (108) | -1.5% | Nuclear | 19,959 | 21,025 | (1,066) | -5.1% |
| 10,077 | 10,995 | (918) | -8.3% | Hydroelectric | 30,072 | 30,783 | (711) | -2.3% |
| 39 | 44 | (5) | -11.4% | Wind | 109 | 113 | (4) | -3.5% |
| **36,846** | **37,428** | **(582)** | **-1.6%** | **Total net generation** | **98,558** | **107,883** | **(9,325)** | **-8.6%** |
| *20,468* | *20,055* | *413* | *2.1%* | *- of which Iberian peninsula* | *52,855* | *60,099* | *(7,244)* | *-12.1%* |
| *4,132* | *4,302* | *(170)* | *-4.0%* | *- of which Argentina* | *10,957* | *11,654* | *(697)* | *-6.0%* |
| *1,415* | *1,167* | *248* | *21.3%* | *- of which Brazil* | *3,631* | *3,528* | *103* | *2.9%* |
| *5,305* | *5,554* | *(249)* | *-4.5%* | *- of which Chile* | *14,610* | *14,819* | *(209)* | *-1.4%* |
| *3,207* | *3,840* | *(633)* | *-16.5%* | *- of which Colombia* | *9,573* | *10,220* | *(647)* | *-6.3%* |
| *2,097* | *2,274* | *(177)* | *-7.8%* | *- of which Peru* | *6,290* | *6,853* | *(563)* | *-8.2%* |
| *222* | *236* | *(14)* | *-5.9%* | *- of which other countries* | *642* | *710* | *(68)* | *-9.6%* |

Net electricity generation in the first nine months of 2013 totaled 98,558 million kWh, a decrease of 9,325 million kWh compared with the same period of 2012.
In the first nine months of 2013, net electricity generation in the Iberian peninsula fell by 7,244 million kWh (down 12.1%) mainly as a result of lower thermal generation (down 28.5%) in response to falling demand and as a result of improved water conditions during the period, which benefited the Division's hydroelectric plants.
In Latin America, net electricity generation posted a decline of 2,013 million kWh, mainly as a result of lower hydroelectric generation associated with poorer water conditions over the entire area, only partially offset by the increase in thermal output in Chile and Brazil following the entry into service of the new Bocamina II and Fortaleza plants.
In the 3rd Quarter of 2013 net electricity generation amounted to 36,846 million kWh, a decrease of 582 million kWh or 1.6% compared with the same period of 2012. More specifically, net generation in the Iberian peninsula rose by 413 million kWh (up 2.1%), mainly due to increased hydroelectric generation, which was more than offset by lower generation in Latin America, primarily due to poorer water conditions.

## Contribution to gross thermal generation

| 3rd Quarter | | | | | | Millions of kWh | First nine months | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | | 2012 | | Change | | | **2013** | | 2012 | | Change | |
| 2,394 | 8.3% | 2,573 | 9.2% | (179) | -7.0% | High-sulfur fuel oil (S>0.25%) | 5,995 | 8.4% | 6,723 | 8.3% | (728) | -10.8% |
| 6,338 | 22.0% | 6,833 | 24.7% | (495) | -7.2% | Natural gas | 17,837 | 25.0% | 20,875 | 25.7% | (3,038) | -14.6% |
| 10,123 | 35.2% | 9,026 | 32.4% | 1,097 | 12.2% | Coal | 21,476 | 30.0% | 27,176 | 33.5% | (5,700) | -21.0% |
| 7,500 | 26.0% | 7,638 | 27.4% | (138) | -1.8% | Nuclear fuel | 20,795 | 29.1% | 21,977 | 27.0% | (1,182) | -5.4% |
| 2,447 | 8.5% | 1,761 | 6.3% | 686 | 39.0% | Other fuels | 5,327 | 7.5% | 4,450 | 5.5% | 877 | 19.7% |
| **28,802** | **100.0%** | **27,831** | **100.0%** | **971** | **3.5%** | **Total** | **71,430** | **100.0%** | **81,201** | **100.0%** | **(9,771)** | **-12.0%** |

Gross thermal generation in the first nine months of 2013 totaled 71,430 million kWh (28,802 million kWh in the 3rd Quarter of 2013), a decrease of 9,771 million kWh compared with the same period of the previous year (up 971 million kWh in the 3rd Quarter of 2013) mainly due to decline in coal and gas generation in Spain as a result of the factors mentioned above. In Latin America, although natural gas generation continues to be the dominant technology, there has been an increase in coal generation as a result of the entry into service of the Bocamina II plant.

## Electricity transport

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 26,302 | 27,105 | (803) | -3.0% | Free market | 76,715 | 82,309 | (5,594) | -6.8% |
| 14,220 | 14,517 | (297) | -2.0% | Regulated market | 41,390 | 40,071 | 1,319 | 3.3% |
| **40,522** | **41,622** | **(1,100)** | **-2.6%** | **Total** | **118,105** | **122,380** | **(4,275)** | **-3.5%** |
| *24,957* | *26,596* | *(1,639)* | *-6.2%* | *- of which Iberian peninsula* | *72,453* | *77,985* | *(5,532)* | *-7.1%* |
| *3,988* | *3,901* | *87* | *2.2%* | *- of which Argentina* | *11,104* | *11,053* | *51* | *0.5%* |
| *4,558* | *4,371* | *187* | *4.3%* | *- of which Brazil* | *13,824* | *13,212* | *612* | *4.6%* |
| *3,336* | *3,144* | *192* | *6.1%* | *- of which Chile* | *9,744* | *9,317* | *427* | *4.6%* |
| *2,095* | *2,061* | *34* | *1.6%* | *- of which Colombia* | *6,157* | *6,097* | *60* | *1.0%* |
| *1,588* | *1,549* | *39* | *2.5%* | *- of which Peru* | *4,823* | *4,716* | *107* | *2.3%* |

Electricity sales to end users in the first nine months of 2013 amounted to 118,105 million kWh (40,522 million kWh in the 3rd Quarter of 2013), down 4,275 million kWh compared with the same period of 2012 (down 1,100 million kWh in the 3rd Quarter of 2013). The decrease in volumes sold in the Iberian peninsula (down 5,532 million kWh) as a result of the continuing economic crisis was only partially offset by increased sales in Latin America (up 1,257 million kWh) as a result of the increase in electricity demand, particularly in Brazil and Chile.

## Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 7,644 | 8,645 | (1,001) | Revenues | 23,280 | 25,140 | (1,860) |
| (9) | (16) | 7 | Net income/(charges) from commodity risk management | (187) | (60) | (127) |
| 1,711 | 1,960 | (249) | *Gross operating margin* | *5,325* | *5,634* | *(309)* |
| 929 | 1,204 | (275) | Operating income | 3,105 | 3,379 | (274) |
| | | | Employees at period-end (no.) | 22,977 | 22,807 (1) | 170 |
| | | | Capital expenditure (2) | 1,305 | 1,472 | (167) |

(1) At December 31, 2012.
(2) The figure for the first nine months of 2012 does not include €73 million regarding units classified as “Held for sale”.

### Performance in the 3rd Quarter

The table below shows performance by geographical area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Europe | 5,518 | 5,872 | (354) | 881 | 1,078 | (197) | 415 | 615 | (200) |
| Latin America | 2,126 | 2,773 | (647) | 830 | 882 | (52) | 514 | 589 | (75) |
| **Total** | **7,644** | **8,645** | **(1,001)** | **1,711** | **1,960** | **(249)** | **929** | **1,204** | **(275)** |

**Revenues** in the 3rd Quarter of 2013 decreased by €1,001 million as a result of:

> a decrease of €647 million in revenues in Latin America as a result of:
- a change (retroactive as from February 2013) in the Argentine regulatory framework introduced with *Resolución* no. 95/2013 concerning generation plants, fuel for which is procured from CAMMESA, and the cost of fuel for these plants was recognized as a direct reduction in revenues from electricity sales;
- lower revenues from the sale and transport of electricity due to the impact of unfavorable exchange rate developments and the decline in the average sales prices;

> a decrease of €354 million in revenues in Europe, essentially attributable to the reduction in volumes sold due to the decline in demand for electricity and the decrease in wholesale prices and prices on end-user markets.

The **gross operating margin** amounted to €1,711 million, down €249 million or 12.7% compared with the same period of 2012 due to:

> a decrease of €197 million in the gross operating margin in Europe, essentially the result of the decline in the generation margin mainly related to the increase in the system costs established by the Spanish regulator starting from January 1, 2013;

> a decrease of €52 million in the gross operating margin in Latin America, mainly the result of higher personnel costs in Argentina due to the renewal of union contracts and the negative impact of the appreciation of the euro as against the local currencies.

**Operating income** in the 3rd Quarter of 2013, after depreciation, amortization and impairment losses amounting to €782 million (€756 million in the 3rd Quarter of 2012), totaled €929 million, a decrease of €275 million compared with the same period of 2012.

### Performance in the first nine months

The table below shows performance by geographical area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Europe | 16,009 | 17,113 | (1,104) | 2,737 | 3,244 | (507) | 1,347 | 1,851 | (504) |
| Latin America | 7,271 | 8,027 | (756) | 2,588 | 2,390 | 198 | 1,758 | 1,528 | 230 |
| **Total** | **23,280** | **25,140** | **(1,860)** | **5,325** | **5,634** | **(309)** | **3,105** | **3,379** | **(274)** |

**Revenues** in the first nine months of 2013 fell by €1,860 million due to:

> a decrease of €1,104 million in revenues in Europe, essentially attributable to:
- the decline in demand for electricity, which had a negative effect on volumes generated and sold in the end-user market;
- a decrease in revenues from generation in the extra-peninsular electrical system, reflecting lower volumes generated and the negative effects of the entry into force of Royal Decree Law 20/2012 starting from the 2nd Half of 2012;
- a decrease in revenues associated with the change in the scope of consolidation resulting from the sale of Endesa Ireland on October 1, 2012 and the closure of the Garoña nuclear power plant in December 2012;
- a net increase in electricity distribution rate revenues following the introduction of Ministerial Order no. 221/2013 and later Royal Decree Law 9/2013;

> a decrease of €756 million in revenues in Latin America, mainly due to:
- unfavorable developments in exchange rates between the local currencies and the euro (€654 million);
- a decrease of €129 million in revenues from Brazil related to the entry into force of the provisional *Medida* no. 579/2012 and subsequently of Decree no. 7891/2013, suspending the rebilling of certain costs incurred by distributors to end users;
- a decrease of €347 million caused by the above change in the Argentine regulatory framework concerning fuel used by power plants.

These factors were only partially offset by the effect of the recognition of a government grant of €291 million to the Argentine company Edesur under *Resolución* no. 250/13 relating to the *Mecanismo Monitoreo de Costes*.

The **gross operating margin** amounted to €5,325 million, down €309 million or 5.5% compared with the same period of 2012 due to:

> a decrease of €507 million in the gross operating margin in Europe, essentially the result of:

- the decline in the generation margin (€220 million) in the Spanish extra-peninsular electrical system, reflecting lower volumes generated and the negative effects of the entry into force of Royal Decree Law 20/2012 starting from the 2nd Half of 2012;
- the €262 million in higher taxes on generation imposed in Spain with *Ley* 15/2012 as from January 1, 2013, partially offset by a more favorable generation mix due to improved water conditions and the positive impact of the reduction in fixed costs;
- the decrease in the sales margin, mainly the result of lower volumes sold, the effects of which were partially offset by the reduction in average prices for the provisioning of electricity;

> an increase of €198 million in the gross operating margin in Latin America (which reflects the negative impact of the appreciation of the euro against local currencies, totaling €220 million), essentially attributable to:
  - the effect of the government grant to the Argentine distribution company Edesur;
  - higher generation margins, notably in Chile and Colombia, mainly due to higher sales prices and lower provisioning costs.

**Operating income** in the first nine months of 2013, after depreciation, amortization and impairment losses amounting to €2,220 million (down €35 compared with the same period of 2012), totaled €3,105 million, a decrease of €274 million compared with the same period of 2012.

### Capital expenditure

**Capital expenditure** amounted to €1,305 million, a decrease of €167 million compared with the same period of the previous year. In particular, capital expenditure in the first nine months of 2013 primarily concerned work on the distribution network (€602 million, of which €336 million in Europe and €266 million in Latin America). Investment in generation plants (€454 million) focused primarily on the construction of the El Quimbo hydroelectric plant in Colombia and work on the Bocamina II plant in Chile after it entered service at the end of 2012.

## International

### Operations

#### Net electricity generation

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 11,240 | 11,422 | (182) | -1.6% | Thermal | 32,656 | 34,579 | (1,923) | -5.6% |
| 3,757 | 3,631 | 126 | 3.5% | Nuclear power | 10,914 | 10,722 | 192 | 1.8% |
| 940 | 845 | 95 | 11.2% | Hydroelectric | 3,857 | 3,200 | 657 | 20.5% |
| 14 | 6 | 8 | 133.3% | Other sources | 42 | 22 | 20 | 90.9% |
| **15,951** | **15,904** | **47** | **0.3%** | **Total net generation** | **47,469** | **48,523** | **(1,054)** | **-2.2%** |
| *10,786* | *10,904* | *(118)* | *-1.1%* | *- Russia* | *31,261* | *32,999* | *(1,738)* | *-5.3%* |
| *5,165* | *5,000* | *165* | *3.3%* | *- Slovakia* | *16,208* | *15,524* | *684* | *4.4%* |

Net generation in the first nine months of 2013 totaled 47,469 million kWh (15,951 million kWh in the 3rd Quarter of 2013), a decrease of 1,054 million kWh compared with the same period of 2012 (up 47 million kWh in the 3rd Quarter of 2013). This change is mainly attributable to the decline in output for Enel OGK-5 (down 1,738 million kWh), which was affected by both a drop in demand for electricity in Russia and maintenance work at the Reftinskaya plant. The decrease was only partially offset by an increase in nuclear and hydroelectric generation for Slovenské elektrárne, the latter as a result of more favorable water conditions for the period.

#### Contribution to gross thermal generation

| 3rd Quarter | | | | | | Millions of kWh | First nine months | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2013** | | 2012 | | Change | | | **2013** | | 2012 | | Change | |
| 61 | 0.4% | 66 | 0.4% | (5) | -7.6% | High-sulfur fuel oil (S>0.25%) | 96 | 0.2% | 227 | 0.5% | (131) | -57.7% |
| 6,131 | 38.6% | 6,334 | 39.7% | (203) | -3.2% | Natural gas | 17,373 | 37.6% | 18,224 | 37.9% | (851) | -4.7% |
| 5,660 | 35.6% | 5,648 | 35.4% | 12 | 0.2% | Coal | 17,029 | 36.8% | 18,060 | 37.6% | (1,031) | -5.7% |
| 4,038 | 25.4% | 3,907 | 24.5% | 131 | 3.4% | Nuclear fuel | 11,733 | 25.4% | 11,529 | 24.0% | 204 | 1.8% |
| **15,890** | **100.0%** | **15,955** | **100.0%** | **(65)** | **-0.4%** | **Total** | **46,231** | **100.0%** | **48,040** | **100.0%** | **(1,809)** | **-3.8%** |

Gross thermal generation in the first nine months of 2013 decreased by 1,809 million kWh (down 65 million kWh in the 3rd Quarter of 2013), to 46,231 million kWh (15,890 million kWh in the 3rd Quarter of 2013). The decline is essentially due to lower natural-gas and coal-fired output in Russia.

## Electricity sales

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 8,544 | 10,001 | (1,457) | -14.6% | Free market | 26,352 | 30,206 | (3,854) | -12.8% |
| 2,312 | 2,683 | (371) | -13.8% | Regulated market | 7,479 | 8,184 | (705) | -8.6% |
| **10,856** | **12,684** | **(1,828)** | **-14.4%** | **Total** | **33,831** | **38,390** | **(4,559)** | **-11.9%** |
| *2,137* | *2,300* | *(163)* | *-7.1%* | *- of which Romania* | *6,562* | *6,864* | *(302)* | *-4.4%* |
| *1,915* | *3,072* | *(1,157)* | *-37.7%* | *- of which France* | *5,938* | *9,730* | *(3,792)* | *-39.0%* |
| *5,763* | *6,263* | *(500)* | *-8.0%* | *- of which Russia* | *18,305* | *18,638* | *(333)* | *-1.8%* |
| *1,041* | *1,049* | *(8)* | *-0.8%* | *- of which Slovakia* | *3,026* | *3,158* | *(132)* | *-4.2%* |

Electricity sold by the International Division in the first nine months of 2013 amounted to 33,831 million kWh (10,856 million kWh in the 3rd Quarter of 2013), a decline of 4,559 million kWh attributable to:

> a decrease of 3,792 million kWh in sales by Enel France (down 1,157 million kWh for the 3rd Quarter of 2013) due to a reduction in volumes available as a result of exiting the Flamanville 3 project at the end of 2012;

> a decrease of 333 million kWh in sales in Russia (down 500 million kWh in the 3rd Quarter of 2013) due to the decline in electricity sales, mainly in the regulated market (down 221 million kWh);

> a decrease of 302 million kWh in sales in Romania (down 163 million kWh in the 3rd Quarter of 2013) due to improved weather conditions, which helped reduce consumption during the period;

> a decrease of 132 million kWh in sales in Slovakia (down 8 million kWh in the 3rd Quarter of 2013).

## Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 1,865 | 2,051 | (186) | Revenues | 5,682 | 6,324 | (642) |
| *338* | *347* | *(9)* | *Gross operating margin* | *903* | *1,105* | *(202)* |
| 209 | 230 | (21) | Operating income | 471 | 826 | (355) |
| | | | Employees at period end (no.) | 12,300 | 12,652 (1) | (352) |
| | | | Capital expenditure | 593 | 794 | (201) |

(1) At December 31, 2012.

### Performance in the 3rd Quarter

The table below shows performance by geographic area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Central Europe | 828 | 1,018 | (190) | 133 | 134 | (1) | 78 | 81 | (3) |
| Southeastern Europe | 266 | 268 | (2) | 91 | 83 | 8 | 57 | 59 | (2) |
| Russia | 771 | 765 | 6 | 114 | 130 | (16) | 74 | 90 | (16) |
| **Total** | **1,865** | **2,051** | **(186)** | **338** | **347** | **(9)** | **209** | **230** | **(21)** |

**Revenues** for the 3rd Quarter of 2013 declined by €186 million or 9.1%, going from €2,051 million to €1,865 million. The performance was mainly related to the following factors:

> a decrease of €190 million in revenues in central Europe, essentially attributable to the decline in revenues posted in Slovakia (€128 million) and to the decrease in the amount of available capacity in France (€69 million);

> an increase of €6 million in revenues in Russia as a result of higher revenues posted by RusEnergoSbyt (€12 million), only partially offset by the decline posted by Enel OGK-5 (€6 million).

The **gross operating margin** amounted to €338 million, a decrease of €9 million compared with the 3rd Quarter of 2012. The change is essentially attributable to:

> a decrease of €16 million in gross operating margin in Russia, due the lower margin on sales and generation;

> an increase of €8 million in gross operating margin in southeastern Europe, essentially attributable to an improvement in margins in Romania.

**Operating income** in the 3rd Quarter of 2013 came to €209 million, a decrease of €21 million or 9.1% compared with the same period of 2012, taking account of an increase of €12 million in depreciation, amortization and impairment losses.

### Performance in the first nine months

The table below shows performance by geographic area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Central Europe | 2,550 | 3,299 | (749) | 277 | 540 | (263) | 94 | 374 | (280) |
| Southeastern Europe | 835 | 765 | 70 | 252 | 169 | 83 | 160 | 171 | (11) |
| Russia | 2,297 | 2,260 | 37 | 374 | 396 | (22) | 217 | 281 | (64) |
| **Total** | **5,682** | **6,324** | **(642)** | **903** | **1,105** | **(202)** | **471** | **826** | **(355)** |

**Revenues** in the first nine months of 2013 totaled €5,682 million, down €642 million or 10.2% compared with the same period of the previous year. The performance was related to the following factors:

> a decrease of €749 million in revenues in central Europe, essentially related to a decline in revenues in Slovakia (€536 million), which is essentially attributable to a reduction in volumes generated and in average sales prices, and to a decrease in revenues in France (€217 million) as a result of a decline in quantities sold;

> an increase of €70 million in revenues in southeastern Europe, essentially the result of an increase in average sales prices in Romania, which more than offset the decline in volumes of energy sold;

> an increase of €37 million in revenues in Russia, essentially as a result of higher average sales prices, which more than offset the impact of the lower volumes of energy generated and sold and the effect of the depreciation of the ruble against the euro.

The **gross operating margin** amounted to €903 million, a decrease of €202 million compared with the first nine months of 2012. The change is attributable to:

> a decrease of €263 million in the gross operating margin in central Europe, mainly attributable to:
  - a decline in the margin for Slovenské elektrárne (€113 million), essentially due to a decrease in the energy margin, the change in estimates between the two periods under review with regard to a number of contracts, and the effect of a number of insurance reimbursements recognized in 2012;
  - the recognition by Enel Investment Holding of provisions for risks and charges related to disputes regarding certain investments abroad (€125 million);
  - the reduction in the energy margin of Enel France due to lower volumes traded;

> a decrease of €22 million in gross operating margin in Russia, attributable to the depreciation in the ruble against the euro and the decline in the margin of RusEnergoSbyt due to the entry into force in the Russian electrical system of a number of restrictions on electricity sales;

> an increase of €83 million in the gross operating margin in southeastern Europe, essentially attributable to an improvement in margins in Romania both for electricity distribution and electricity sales.

**Operating income** for the first nine months of 2013 came to €471 million, a decrease of €355 million or 43.0% compared with the same period of 2012. The result reflects an increase of €153 million in depreciation, amortization and impairment losses. The latter essentially reflects the impact of the writeback posted in the first nine months of 2012 on a number of trade receivables in Romania (€94 million) and an increase in depreciation, amortization and impairment losses in Russia in the first nine months of 2013, the latter in respect of trade receivables.

### Capital expenditure

**Capital expenditure** came to €593 million, down €201 million from the same period of the previous year. The change is essentially attributable to lower capital expenditure on conventional thermal and nuclear power plants.

## Renewable Energy

### Operations

#### Net electricity generation

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| 2,471 | 2,183 | 288 | 13.2% | Hydroelectric | 8,466 | 7,218 | 1,248 | 17.3% |
| 1,405 | 1,358 | 47 | 3.5% | Geothermal | 4,141 | 4,109 | 32 | 0.8% |
| 2,429 | 1,899 | 530 | 27.9% | Wind | 8,532 | 6,283 | 2,249 | 35.8% |
| 219 | 212 | 7 | 3.3% | Other sources | 629 | 608 | 21 | 3.5% |
| **6,524** | **5,652** | **872** | **15.4%** | **Total** | **21,768** | **18,218** | **3,550** | **19.5%** |
| *3,041* | *2,686* | *355* | *13.2%* | *- of which Italy* | *10,157* | *8,453* | *1,704* | *20.2%* |
| *932* | *940* | *(8)* | *-0.9%* | *- of which Iberian peninsula* | *3,490* | *3,145* | *345* | *11.0%* |
| *62* | *66* | *(4)* | *-6.1%* | *- of which France* | *232* | *246* | *(14)* | *-5.7%* |
| *135* | *109* | *26* | *23.9%* | *- of which Greece* | *441* | *342* | *99* | *28.9%* |
| *256* | *148* | *108* | *73.0%* | *- of which Romania and Bulgaria* | *791* | *465* | *326* | *70.1%* |
| *1,165* | *751* | *414* | *55.1%* | *- of which United States and Canada* | *3,822* | *2,783* | *1,039* | *37.3%* |
| *607* | *713* | *(106)* | *-14.9%* | *- of which Panama, Mexico, Guatemala and Costa Rica* | *1,997* | *2,073* | *(76)* | *-3.7%* |
| *326* | *239* | *87* | *36.4%* | *- of which Brazil and Chile* | *838* | *711* | *127* | *17.9%* |

Net electricity generation by the Division totaled 21,768 million kWh in the first nine months of 2013 (6,524 million kWh in the 3rd Quarter of 2013), an increase of 3,550 million kWh (up 872 million kWh in the 3rd Quarter of 2013). Of the total increase, 1,846 million kWh is attributable to greater generation abroad, mainly due to greater wind generation in the United States and Canada (up 886 million kWh), Romania (up 320 million kWh), Mexico (up 261 million kWh), and the Iberian peninsula (up 365 million kWh), partly due to the entry into service of new plants. These factors were only partially offset by a decline in hydroelectric generation in Panama.
Power generation in Italy in the first nine months of 2013 increased by 1,704 million kWh compared with the same period of 2012, reflecting an increase in hydroelectric generation (up 1,362 million kWh due to more favorable water condition) and wind power (up 278 million kWh).
Developments in the 3rd Quarter of 2013 were similar, albeit less pronounced.

## Performance

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 591 | 592 | (1) | Revenues | 2,093 | 1,924 | 169 |
| *338* | *317* | *21* | *Gross operating margin* | *1,311* | *1,124* | *187* |
| 181 | 194 | (13) | Operating income | 848 | 764 | 84 |
| | | | Employees at period end (no.) | 3,557 | 3,512 (1) | 45 |
| | | | Capital expenditure (2) | 831 | 714 | 117 |

(1) At December 31, 2012.
(2) The figure for the first nine months of 2013 does not include €1 million in investments regarding units classified as "Held for sale".

### Performance in the 3rd Quarter

The table below shows performance by geographical area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Italy and the rest of Europe | 334 | 366 | (32) | 208 | 206 | 2 | 145 | 148 | (3) |
| Iberia and Latin America | 178 | 180 | (2) | 90 | 92 | (2) | 33 | 41 | (8) |
| North America | 79 | 46 | 33 | 40 | 19 | 21 | 3 | 5 | (2) |
| **Total** | **591** | **592** | **(1)** | **338** | **317** | **21** | **181** | **194** | **(13)** |

**Revenues** decreased by €1 million, going from €592 million to €591 million. The change is due to:

> a decrease of €32 million in revenues in Italy and the rest of Europe, mainly attributable to:
  - the €43 million decline in revenues from the sale of photovoltaic panels as a result of the exit from the scope of consolidation of Enel.si, which was sold to Enel Energia, a Sales Division company, on July 1, 2013;
  - an increase in revenues in the rest of Europe, mainly the result of the rise in wind power capacity in Romania.

> an increase of €33 million in revenues in North America due to higher volumes generated;

The **gross operating margin** for the 3rd Quarter of 2013 totaled €338 million, an increase of €21 million or 6.6% compared with the same period of 2012, primarily due to an increase in volumes generated in North America.

**Operating income** decreased by €13 million to €181 million. The change takes account of an increase of €34 million in depreciation, amortization and impairment losses, mainly related to impairment losses recognized on a number of projects in North America and the Iberian peninsula.

### Performance in the first nine months

The table below shows performance by geographical area.

| Millions of euro | Revenues | | | Gross operating margin | | | Operating income | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change | **2013** | 2012 restated | Change |
| Italy and the rest of Europe | 1,177 | 1,179 | (2) | 766 | 678 | 88 | 554 | 510 | 44 |
| Iberia and Latin America | 641 | 580 | 61 | 361 | 356 | 5 | 189 | 207 | (18) |
| North America | 275 | 165 | 110 | 184 | 90 | 94 | 105 | 47 | 58 |
| **Total** | **2,093** | **1,924** | **169** | **1,311** | **1,124** | **187** | **848** | **764** | **84** |

**Revenues** came to €2,093 million in the first nine months of 2013, an increase of €169 million or 8.8% compared with the same period of the previous year. The performance was related to the following factors:

> an increase of €110 million in revenues in North America. Excluding the gain realized on the sale of the 51% stake in Buffalo Dunes Wind Project (€20 million) and the remeasurement at fair value of the assets and liabilities of this company pertaining to the interest still held by the Group (€20 million), the increase in revenues would have been €70 million, attributable to an increase in volumes generated;

> an increase of €61 million in revenues in Iberia and Latin America, mainly attributable to the increase in quantities produced;

> a decrease of €2 million in revenues in Italy and the rest of Europe, essentially attributable to:
>
> - a €103 million decline in revenues from the sale of photovoltaic panels, of which €43 million is due to the change in the scope of consolidation following the sale of Enel.si to Enel Energia;
> - a €52 million increase in revenues from the sale of green certificates in Italy;
> - an increase of €53 million in revenues in the rest of Europe, mainly as a result of the increase in wind power capacity in Romania.

The **gross operating margin** came to €1,311 million in the first nine months of 2013, an increase of €187 million or 16.6% compared with the same period of 2012. The increase can be attributed to the following factors:

> an increase of €94 million in the margin posted in North America. Excluding the non-recurring items discussed above under revenues, the margin increased by €54 million, essentially attributable to an increase in quantities produced;

> an increase of €88 million in the margin posted in Italy and the rest of Europe due to the increase in volumes generated as a result of greater water and wind availability and an increase in the number of plants operating;

> an increase of €5 million in the margin posted in the Iberian peninsula and Latin America, essentially reflecting the increase in volumes generated within an environment of increasing average sales prices.

**Operating income** increased by €84 million to €848 million for the first nine months of 2013. This change takes account of an increase of €103 million in depreciation, amortization and impairment losses, mainly related to an increase in impairment losses recognized on the photovoltaic panel manufacturing facilities in Italy, on a number of geothermal power plants in Nicaragua and on a number of specific projects in North America and the Iberian peninsula.

### Capital expenditure

**Capital expenditure** in the first nine months of 2013 totaled €831 million, up €117 million compared with the same period of the previous year. Investments mainly regarded wind farms in Latin America (€358 million), Italy and Europe (€77 million) and North America (€75 million); geothermal plants in Italy (€100 million) and North America (€29 million); photovoltaic plants in Romania (€52 million), and hydroelectric plants in Italy (€29 million) and Latin America (€21 million).

## Other, eliminations and adjustments

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| (2,349) | (2,749) | 400 | Revenues | (7,795) | (8,653) | 858 |
| 462 | 450 | 12 | Revenues (net of eliminations) | 1,371 | 1,380 | (9) |
| *78* | *8* | *70* | *Gross operating margin* | *109* | *87* | *22* |
| 54 | (19) | 73 | Operating income | 30 | (1) | 31 |
| | | | Employees at period end (no.) | 6,021 | 6,382 (1) | (361) |
| | | | Capital expenditure (2) | 41 | 101 | (60) |

(1) At December 31, 2012.
(2) The figure for the first nine months of 2012 does not include €1 million regarding units classified as "Held for sale"".

### Performance in the 3rd Quarter

**Revenues** net of eliminations in the 3rd Quarter of 2013 amounted to €462 million, an increase of €12 million or 2.7% compared with the same period of the previous year, essentially attributable to an increase in revenues from engineering activities due mainly to the start of new activities involving the International Division, only partially offset by a decline in revenues from information and communication technology (ICT) services and from staff and support activities of the holding company.

The **gross operating margin** came to €78 million in the 3rd Quarter of 2013, an increase of €70 million compared with the same period of 2012. This improvement is mainly attributable to lower personnel costs associated with the reversal of provisions for the defined-benefit transition-to-retirement plan following its termination in September 2013, the effect of which was only partially offset by the provision recognized in respect of the agreements activating the measures provided for under Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act).

**Operating income** came to €54 million in the 3rd Quarter of 2013, an increase of €73 million compared with the same period of 2012, in line with the rise in the gross operating margin.

### Performance in the first nine months

**Revenues** net of eliminations in the first nine months of 2013 totaled €1,371 million, a decrease of €9 million or 0.7% compared with the same period of 2012, essentially due to:

> a decline of €37 million in revenues, mainly attributable to ICT services and staff and support activities of the holding company provided to the other Group companies;

> an increase in revenues from engineering activities, essentially attributable to the construction of the conventional island at the nuclear plant in Mochovce, Slovakia, and to activities related to the Porto Empedocle terminal for the regasification of liquefied natural gas.

The **gross operating margin** for the first nine months of 2013 came to €109 million, increasing by €22 million. The decline in the margin of a number of services provided to the other divisions of the Group was more than offset by lower operating costs resulting from the reduction in personnel costs mentioned above.

**Operating income** for the first nine months of 2013 came to €30 million, up €31 million compared with the same period of the previous year, a result which takes account of a decrease of €9 million in depreciation, amortization and impairment losses.

### Capital expenditure

**Capital expenditure** in the first nine months of 2013 totaled €41 million, a decrease of €60 million related mainly to the acquisition of mineral interests by the Upstream Gas function in the first nine months of 2012.

# Significant events in the 3rd Quarter of 2013

## Sale of Enel.si by Enel Green Power to Enel Energia

Following the agreement signed on June 17, 2013, between Enel Green Power and Enel Energia, on July 1, 2013, the sale to the latter of the entire share capital of Enel.si Srl took effect. Enel.si operates in Italy, offering products and integrated solutions in the retail market for the installation of distributed renewable generation systems and for energy savings and efficiency for end users, working through a network of franchises, composed of more than 700 specialized installers.

The price paid by Enel Energia for the entire share capital of Enel.si amounted to about €81 million and was set, net of a price adjustment, on the basis of the enterprise value as of December 31, 2012 and the net financial position of the company at the same date.

The sale of the business forms part of the medium/long-term strategy of the Renewable Energy Division, which is increasingly focused on expanding its business of developing, building and operating renewable generation plants. For the Sales – Italy sector, which has a leading position in the sale of electricity and gas to households and businesses in the free and regulated market in Italy, the acquisition is part of its strategy of broadening its commercial product range to the energy efficiency sector, covering the entire spectrum of retail and business customers' electricity use needs.

## Capital contribution agreement between Enel Green Power and EFS Buffalo Dunes with a syndicate headed by J.P. Morgan

On July 9, 2013, Enel Green Power North America Development (EGPD), a US subsidiary of Enel Green Power, and EFS Buffalo Dunes, a GE Capital subsidiary, signed a capital contribution agreement with a syndicate led by J.P. Morgan. Under the agreement, the syndicate will provide about $260 million in financing for the Buffalo Dunes wind project in Kansas, which will have an installed capacity of 250 MW.

The syndicate also includes Wells Fargo Wind Holdings, Metropolitan Life Insurance Company and State Street Bank and Trust Company.

When the syndicate disburses the financing in the 4th Quarter of 2013 – subject to compliance with the specific requirements in the capital contribution agreement – the parties will enter into a tax equity agreement for the Buffalo Dunes wind plant. The project is supported by a long-term power purchase agreement.

EFS Buffalo Dunes holds 51% of the wind project and EGPD holds the remaining 49%, as well as an option to acquire an additional 26% on specified dates in 2013 and 2014.

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

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

## Regulatory changes introduced in Spain with Royal Decree Law 9/2013

On July 12, 2013**,** the Spanish government approved Royal Decree Law 9/2013, which introduces a series of measures for ensuring the financial stability of the Spanish electrical system. Among the new measures contained in the legislation, which was published in the *Boletin Oficial del Estado* (BOE) on July 13, 2013 and approved by the Spanish Parliament on July 17, 2013, are those for new legal and financial rules for power generation from renewable resources, a revision of the remuneration for peninsular and extra-peninsular generation, a change in the remuneration for electricity distribution and transmission, a modification of the capacity payment system and, finally, the reintroduction of the *bono social* to be borne by integrated electricity operators.
The measures contained in Royal Decree Law 9/2013 will inevitability have an impact on the profitability achievable by the Enel Group in Spain, in particular that of the Endesa-Iberian peninsula cash generating unit (CGU). Moreover, the effect of these measures are cumulative with those already adopted in 2012, which contributed to the impairment loss of €2,392 million pertaining to the Group on the goodwill of that CGU.
Only after the implementing regulations have been approved will it be possible to obtain a reliable estimate of the associated financial impact. In any event, these adverse impacts are occurring in an environment in which the performance of the CGU for the current year fully

confirms and exceeds the forecasts contained in the most recent Business Plan approved by Enel's Board of Directors.
At present, a preliminary and provisional best estimate of the effect that the measures contained in the Royal Decree Law could have, without taking account of management actions that the Group will be forced to take to contain the adverse impact of these measures, is that the annual gross cash flows generated by the Endesa-Iberian peninsula CGU will be lowered by up to about €275 million in 2013 and about €400 million in 2014. Given the considerable uncertainties connected with both the completion of the approval of the implementing regulations for Royal Decree Law 9/2013 and the absence of guidance on a number of key elements of regulation as from 2015 (which makes it impossible to produce a reliable estimate of the impact of the measures) and taking account of the need to determine the mitigating effects of the actions to be taken by management that the Enel Group is already considering but that will only be finalized in the coming months, the conditions currently do not exist for determining the potential impact of the measures on the recoverability of the value of Endesa's assets in Spain as recognised in the Group's condensed half-year consolidated financial statements.
As soon as possible Enel will update its Business Plan to take account of the net effect of the negative impact on future cash flows of the measures and of the actions to be adopted by management in response. Only once that has been completed, will it be possible to update the impairment test of the CGU to determine whether any further impairment losses have occurred.

## Conversion of Finale Emilia sugar beet refinery

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

## Enel Green Power awarded contracts for the supply of renewable energy in Brazil

On August 29, 2013, following the 2013 Brazilian Reserve Auction, Enel Green Power was awarded the right to enter into three 20-year electricity supply contracts with the Brazilian *Camara de Comercialização da Energia Elétrica* (CCEE) to deliver power produced by three wind projects with a total capacity of 88 MW. The plants are located in the state of Bahia, where the company already has more than 146 MW of capacity under construction. These new contracts represent an extension of the projects the company was already awarded in 2010 and 2012 public auctions in the same region. Once completed, the three new wind projects, requiring a total investment of about $163 million, will be able to generate more than 400 GWh per year.
On September 4, 2013, Enel Green Power was awarded energy supply contracts with three hydro projects with a total capacity of 102 MW in Brazil's first "New Energy Auction" in 2013 for "A-5" power. The three plants, denominated Salto Apiacás, Cabeza de Boi and Fazenda, are located close together in the state of Mato Grosso in mid-western Brazil. Once operational, the hydro projects, whose completion will require a total investment of about $248 million, will be able to generate around 490 GWh per year. Enel Green Power was awarded 30-year energy supply contracts providing for the sale of a specified amount of power generated by the three hydro plants to a pool of distribution companies operating in the Brazilian regulated market.
Enel Green Power will adopt a highly innovative and sustainable approach to the construction of the new plants, supplying the worksites with renewable energy from the very start of the works. The company will build a thin-film photovoltaic system of about 1.2 MW, which will supply part of the power required for the construction works. Once the three plants are completed, the photovoltaic plant continue to operate, adding its own renewable power to the green energy produced by the new hydro plants.

## Issues of hybrid financial instruments

On the evening of 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 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 524.20 basis points and interest rate step-up of 25 basis points from January 10, 2024 and a further 75 basis points from January 10, 2039;

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

The offering is being led by a syndicate of banks comprising, for the euro tranche: Banca Imi, Banco Bilbao Vizcaya Argentaria SA, BNP Paribas, Crédit Agricole-CIB Deutsche Bank, ING, J.P. Morgan, Mediobanca, Natixis, Société Générale Corporate & Investment Banking, UniCredit Bank, and, for the sterling tranche: Barclays, BNP Paribas, Deutsche Bank, HSBC, J.P. 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 in the amount of $1,250 million, equal to about €936 million on the issue date.
The transaction involves the issue of a $1,250 million bond maturing on September 24, 2073, at a price of 99.183 with a semi-annual fixed coupon of 8.75% (hedged with a euro swap at a rate of around 7.50%) until the first early redemption date scheduled for September 24, 2023. As from that date and until maturity, the rate will be equal to the 5-year USD swap rate plus a spread of 588 basis points 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., J.P. Morgan Securities LLC, Merrill Lynch Pierce Fenner & Smith Incorporated, Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., and Morgan Stanley & Co. LLC.

Both issues were carried out in execution of the resolution of the Board of Directors of Enel of May 7, 2013. They form part of the measures to strengthen the financial structure of the Enel Group set out in the business plan presented to the financial community on March 13, 2013. The bonds, which have been listed on the Irish Stock Exchange, have been assigned provisional ratings of “BB+” by Standard & Poor’s, “Ba1” by Moody’s and “BBB-“ by Fitch.

## Company-level agreements with unions implementing Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act) in the Enel Group

On September 6, 2013, the main Italian companies of the Group signed an agreement with the representatives of the FILCTEM, FLAEI and UILTEC unions implementing the framework agreement of May 9, 2013, with which Enel and the unions had laid out the approach to be taken in activating the measures provided for in Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act) in order to achieve an appropriately sized workforce without disruption. More specifically, in June 2013 the Group began a survey of its employees whose personal situation and contribution histories might qualify them for the Article 4 mechanism, collecting expressions of interest from them. The survey was completed on August 31, 2013. The implementing agreements, which were signed after each Group company had assessed the adequacy of the expressions of interest by number and geographical and organizational distribution, identify the number of interested employees for each company, subject to verification by the competent authorities that they in fact meet the eligibility requirements for participation.

## Agreement for the supply of gas from Azerbaijan

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

## Agreement for the sale of SeverEnergia to Rosneft

On September 24, 2013 Enel Investment Holding reached an agreement with Itera, a wholly-owned subsidiary of the Russian oil and gas company Rosneft, for the sale of its 40% stake in Artic Russia BV, which in turn owns 49% of the share capital of SeverEnergia, giving Enel a weighted stake of 19.6% in the latter. The price for the interest amounted to $1.8 billion, which will be paid in cash upon closing. The completion of the transaction is subject to antitrust clearance and other normal conditions precedent, including waivers from the other parties involved in the transaction.

# Reference scenario

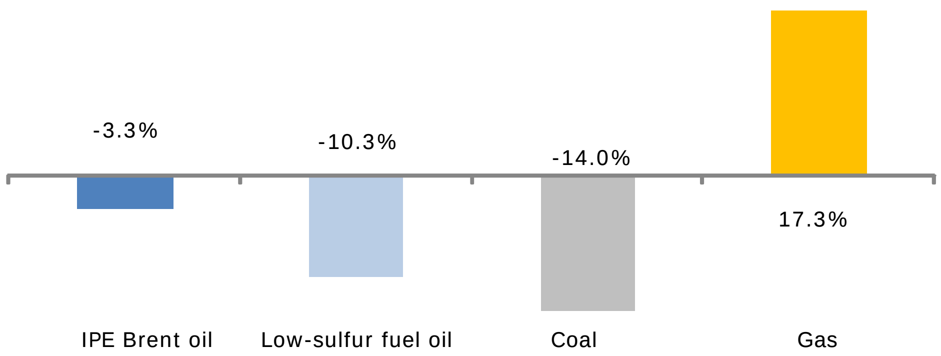
## Developments in the main market indicators

| | First nine months | |
|---|---|---|
| | **2013** | 2012 |
| **Market indicators** | | |
| Average IPE Brent oil price ($/bbl) | 108.5 | 112.2 |
| Average price of low-sulfur fuel oil ($/t) [1] | 630.6 | 703.3 |
| Average price of coal ($/t CIF ARA) [2] | 80.8 | 93.9 |
| Average price of gas (Gbpence/therm) [3] | 67.9 | 57.9 |
| Average dollar/euro exchange rate | 1.32 | 1.28 |
| Three-month Euribor (average for the period) | 0.33% | 0.70% |

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

Developments in the euro/dollar exchange rate in the 3rd Quarter of 2013 showed the US currency depreciating overall, albeit with fluctuations, essentially due to the weakness of the economy and the difficulty of establishing a sound footing for the recovery. The crisis afflicting the more mature economies and the impact of the actions taken by the governments and central banks of the countries involved to spark a recovery made a major contribution to lowering interest rates in the European market.

Change in average fuel prices in the first nine months of 2013 compared with the first nine months of 2012




The broad decline in commodity prices continued in the 3rd Quarter of 2013, with the sole exception of natural gas, whose price remains affected by supply uncertainties.

# Electricity markets

## Electricity demand

| TWh | First nine months | | | |
|---|---|---|---|---|
| | **2013** | 2012 | Change | |
| **Italy** | **239.0** | **248.2** | **(9.2)** | **-3.7%** |
| Spain | 184.7 | 190.6 | (5.9) | -3.1% |
| Romania (1) | 37.1 | 39.2 | (2.1) | -5.3% |
| Russia | 560.3 | 559.9 | 0.4 | 0.1% |
| Slovakia | 21.2 | 21.2 | - | - |
| Brazil | 344.3 | 333.9 | 10.4 | 3.1% |
| Chile | 36.0 | 34.5 | 1.5 | 4.3% |
| Colombia | 45.4 | 44.4 | 1.0 | 2.3% |

Source: National TSOs.
(1) Enel estimates the first nine months of 2013.

In Europe, the peripheral countries saw electricity demand contract, primarily due to the slowdown in industrial consumption and the uncertainty of macroeconomic conditions. More specifically, in the first nine months of 2013 Italy posted a decrease of 3.7% and Spain one of 3.1% compared with the same period of 2012. Demand was flat in Eastern Europe (Russia and Slovakia). Conversely, the Latin American countries continued to register strong growth in consumption, with substantial increases in Chile (4.3%), Brazil (3.1%) and Colombia (2.3%).

## Spot electricity prices

| | Average baseload price first nine months 2013 (€/MWh) | Change in average baseload price first nine months 2013 – first nine months 2012 | Average peakload price first nine months 2013 (€/MWh) | Change in average peakload price first nine months 2013 – first nine months 2012 |
|---|---|---|---|---|
| **Italy** | **62.3** | **-20.9%** | **64.8** | **-22.7%** |
| Spain | 41.6 | -14.6% | 45.7 | -12.0% |
| Russia | 25.0 | 6.0% | 28.8 | 6.3% |
| Slovakia | 37.1 | -14.0% | 48.1 | -10.0% |
| Brazil | 91.1 | 88.4% | 208.6 | 126.5% |
| Chile | 131.3 | -11.3% | 213.7 | -15.8% |
| Colombia | 70.3 | 73.3% | 166.4 | 49.9% |

## Italy

### Domestic electricity generation and demand

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| | | | | **Net electricity generation:** | | | | |
| 47,954 | 55,213 | (7,259) | -13.1% | - thermal | 135,816 | 159,750 | (23,934) | -15.0% |
| 13,378 | 11,696 | 1,682 | 14.4% | - hydroelectric | 40,695 | 31,548 | 9,147 | 29.0% |
| 2,510 | 2,429 | 81 | 3.3% | - wind | 11,447 | 9,242 | 2,205 | 23.9% |
| 1,363 | 1,316 | 47 | 3.6% | - geothermal | 3,962 | 3,937 | 25 | 0.6% |
| 7,919 | 6,523 | 1,396 | 21.4% | - photovoltaic | 18,772 | 15,631 | 3,141 | 20.1% |
| **73,124** | **77,177** | **(4,053)** | **-5.3%** | **Total net electricity generation** | **210,692** | **220,108** | **(9,416)** | **-4.3%** |
| 8,715 | 8,257 | 458 | 5.5% | Net electricity imports | 30,099 | 30,222 | (123) | -0.4% |
| **81,839** | **85,434** | **(3,595)** | **-4.2%** | **Electricity delivered to the network** | **240,791** | **250,330** | **(9,539)** | **-3.8%** |
| (415) | (698) | 283 | 40.5% | Consumption for pumping | (1,744) | (2,084) | 340 | 16.3% |
| **81,424** | **84,736** | **(3,312)** | **-3.9%** | **Electricity demand** | **239,047** | **248,246** | **(9,199)** | **-3.7%** |

Source: Terna – Rete Elettrica Nazionale (September 2013 monthly report).

Domestic *electricity demand* in the first nine months of 2013 decreased by 3.7% from its level in the year-earlier period, falling to 239.0 TWh (81.4 TWh in the 3rd Quarter of 2013). Of the total electricity demand for the period, 87.4% was met by net domestic electricity generation for consumption (87.8% in the first nine months of 2012) with the remaining 12.6% being met by net electricity imports (12.2% in the first nine months of 2012).

*Net electricity imports* in the first nine months of 2013 were essentially in line with the first nine months of the previous year, while there was an increase of 5.5% in the 3rd Quarter (up 0.5 TWh).

*Net electricity generation* in the first nine months of 2013 fell by 4.3% (or 9.4 TWh) to 210.7 TWh (73.1 TWh in the 3rd Quarter of 2013). More specifically, in a context of lower demand for electricity, the rise in hydroelectric generation (up 9.1 TWh) as a result of improved water conditions and the increase in generation from other renewable resources (photovoltaic generation for 3.1 TWh and wind generation for 2.2 TWh) due to the increase in installed capacity in Italy led to a reduction in thermal generation of 23.9 TWh. A similar pattern was seen in the 3rd Quarter of 2013.

## Spain

### Electricity generation and demand in the peninsular market

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| | | | | **Gross electricity generation – ordinary regime:** | | | | |
| 22,114 | 24,198 | (2,084) | -8.6% | - thermal | 45,322 | 71,704 | (26,382) | -36.8% |
| 15,633 | 16,646 | (1,013) | -6.1% | - nuclear | 43,839 | 46,992 | (3,153) | -6.7% |
| 6,000 | 4,021 | 1,979 | 49.2% | - hydroelectric | 27,356 | 13,750 | 13,606 | 99.0% |
| **43,747** | **44,865** | **(1,118)** | **-2.5%** | **Total gross electricity generation – ordinary regime** | **116,517** | **132,446** | **(15,929)** | **-12.0%** |
| (1,968) | (2,056) | 88 | 4.3% | Consumption for auxiliary services | (4,641) | (6,023) | 1,382 | 22.9% |
| 23,901 | 23,695 | 206 | 0.9% | Electricity generation – special regime | 83,292 | 76,062 | 7,230 | 9.5% |
| **65,680** | **66,504** | **(824)** | **-1.2%** | **Net electricity generation** | **195,168** | **202,485** | **(7,317)** | **-3.6%** |
| (2,816) | (2,502) | (314) | -12.5% | Net electricity exports [1] | (5,724) | (8,213) | 2,489 | 30.3% |
| (700) | (1,106) | 406 | 36.7% | Consumption for pumping | (4,723) | (3,676) | (1,047) | -28.5% |
| **62,164** | **62,896** | **(732)** | **-1.2%** | **Electricity demand** | **184,721** | **190,596** | **(5,875)** | **-3.1%** |

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

*Electricity demand* in the peninsular market in the first nine months of 2013 declined by 3.1% compared with the level in the same period of 2012 (a decrease of 1.2% in the 3rd Quarter of 2013), falling to 184.7 TWh (62.2 TWh in the 3rd Quarter of 2013). Demand was entirely met by net domestic generation for consumption.

*Net electricity exports* in the first nine months of 2013 decreased by 30.3% compared with the same period of 2012, but increased by 12.5% in the 3rd Quarter of 2013.

*Net electricity generation* in the first nine months of 2013 amounted to 195.2 TWh (65.7 TWh in the 3rd Quarter of 2013), down 3.6% or 7.3 TWh. More specifically, developments in net generation were similar to those seen in Italy, with a sharp fall in conventional thermal generation (down 26.4 TWh) and nuclear generation (down 3.1 TWh), essentially due to the rise in hydroelectric output (up 13.6 TWh) as a result of improved water conditions in the period, the increase in generation under the special regime (up 7.2 TWh) and the decline in market demand for electricity.
The pattern was similar in the 3rd Quarter of 2013, although the percentage changes were less pronounced.

## Electricity generation and demand in the extra-peninsular market

| 3rd Quarter | | | | Millions of kWh | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| | | | | **Gross electricity generation – ordinary regime:** | | | | |
| 3,600 | 3,972 | (372) | -9.4% | - thermal | 9,896 | 11,071 | (1,174) | -10.6% |
| **3,600** | **3,972** | **(372)** | **-9.4%** | **Total gross electricity generation – ordinary regime** | **9,896** | **11,071** | **(1,174)** | **-10.6%** |
| (209) | (233) | 24 | 10.2% | Consumption for auxiliary services | (591) | (662) | 72 | 10.8% |
| 312 | 322 | (10) | -3.0% | Electricity generation – special regime | 832 | 831 | 1 | 0.1% |
| **3,703** | **4,061** | **(358)** | **-8.8%** | **Net electricity generation** | **10,138** | **11,240** | **(1,101)** | **-9.8%** |
| 418 | 178 | 240 | - | Net electricity imports | 986 | 341 | 645 | - |
| **4,120** | **4,238** | **(118)** | **-2.8%** | **Electricity demand** | **11,124** | **11,581** | **(456)** | **-3.9%** |

Source: Red Eléctrica de España (*Balance eléctrico diario Extrapeninsulares* – September 2013 report). Volumes for the first nine months of 2012 are updated from October 2012 through August 2013.

*Electricity demand* in the extra-peninsular market in the first nine months of 2013 decreased by 3.9% compared with the same period of 2012, falling to 11.1 TWh (4.1 TWh, a decrease of 2.8%, in the 3rd Quarter of 2013). Demand was largely (91.1%) met by net generation for consumption, with the remainder covered by trade with the Iberian peninsula

*Net electricity generation* in the first nine months of 2013 contracted by 9.8% (or 1.1 TWh), the result of a decline in thermal generation (down 10.6%), while generation under the special regime was essentially unchanged. Developments in the 3rd Quarter of 2013 were similar, with the exception of generation under the special regime, which contracted by 3.0%.

# Natural gas markets

## Natural gas demand

| 3rd Quarter | | | | Billions of m$^3$ | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 | Change | | | **2013** | 2012 | Change | |
| | | | | **Italy:** | | | | |
| 1.8 | 1.9 | (0.1) | -5.3% | Residential and civil | 20.7 | 20.6 | 0.1 | 0.5% |
| 3.7 | 4.0 | (0.3) | -7.5% | Industrial and services | 12.4 | 12.9 | (0.5) | -3.9% |
| 5.4 | 6.7 | (1.3) | -19.4% | Thermal generation | 15.1 | 19.2 | (4.1) | -21.4% |
| 0.5 | 0.6 | (0.1) | -16.7% | Other (1) | 1.6 | 1.7 | (0.1) | -5.9% |
| **11.4** | **13.2** | **(1.8)** | **-13.6%** | **Total Italy** | **49.8** | **54.4** | **(4.6)** | **-8.5%** |
| **5.9** | **6.5** | **(0.6)** | **-9.2%** | **Spain** | **20.8** | **22.9** | **(2.1)** | **-9.2%** |

(1) Includes other consumption and losses.
Source: Enel based on data from the Ministry for Economic Development and Snam Rete Gas.

The first nine months of 2013 were characterized by a sharp contraction in the demand for natural gas in Italy and in Spain, with decreases of 8.5% and 9.2% respectively compared with the same period of 2012. The fall is primarily attributable to the recession and developments in the mix of generation sources, with increasing use of renewables generation.

# Regulatory and rate issues

Compared with the consolidated financial statements at December 31, 2012, which readers are invited to consult for a more detailed discussion of developments, the following section reports the main changes in the first nine months of 2013 with regard to regulatory and rate issues in the countries in which the Group operates.

## The European regulatory framework

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

The main Regulatory Technical Standards implementing the European Market Infrastructure Regulation (EMIR) were published by the European Commission as Delegated Regulations on February 23, 2013. A number of the EMIR requirements came into effect starting from March 15, 2013 (the date on which the above standards came into force). These include certain risk mitigation techniques for OTC derivatives that are not subject to centralized clearing obligations and a requirement for non-financial institutions to monitor their OTC derivatives positions to ensure that they do not exceed the clearing thresholds. Additional risk mitigation requirements took effect on September 15, 2013.

### Regulation on the submission and publication of data in electricity markets

Following the comitology process, on June 15, 2013, the Regulation on the submission and publication of data in electricity markets (Commission Regulation (EU) no. 543/2013) was published. The regulation determines the minimum set of data on generation, transportation, consumption and balancing that must be made available by electricity market participants for subsequent central collection and publication. The European Network of Transmission System Operators for Electricity (ENTSO-E) will be responsible for establishing a central information transparency platform, which will aggregate and publish the data received from TSOs and other data providers.

### Emissions trading

In response to the excess supply of allowances on the EU ETS market, the European Commission decided to postpone the sale of a portion of the allowances to be auctioned to the end of phase 3 in order to reduce short-term supply (the back-loading option). The European Parliament and Council were asked to amend the EU ETS Directive to formally enable the Commission to take such a step. On July 3, 2013 the European Parliament, meeting in plenary session, approved the proposed amendment authorizing back-loading and asked the trilogue to begin negotiations for a shared text with the Council. Once the amendment of the EU ETS Directive is completed, the Commission may adopt the back-loading proposal through the comitology procedure. Discussions are also under way to revise the structure of the EU ETS system. The inclusion of international flights under the EU ETS has been temporarily suspended pending the meeting of the International Civil Aviation Organization (ICAO) general assembly to discuss the possibility of a global solution for reducing emissions in the aviation sector.

## Generation, Energy Management and Sales Italy

### Electricity

#### Wholesale market

With Resolution no. 231/2013, the Authority for Electricity and Gas (the Authority) introduced, with effect as from April 1, 2014, a remuneration mechanism for the primary frequency regulation service performed by schedulable plants with a capacity of more than 10 MVA. The resolution sets out the criteria for remunerating the service, as well as the procedures for measuring and controlling the effective contribution of the plants.

A decree of the Minister for Economic Development of September 13, 2013, defined the competitive procedure for selecting thermal generation plants operating on fuel oil or other fuels other than natural gas that can be activated to cope with emergencies in the natural gas supply system for 2014 (January-March). Following the auction organized by Terna, and having obtained the opinion of the Natural Gas Emergency and Monitoring Committee and the Authority for Electricity and Gas (the Authority), the Ministry determined a gas consumption reduction requirement of 13 million cubic meters/day, which was entirely met by Enel plants (Montalto di Castro, Rossano and Piombino). For their availability to enter into service in the case of emergency at administered prices, the plants selected are entitled to received reimbursement of fixed costs incurred in the 2013/2014 gas year.

#### Retail market

With a ruling of March 14, 2013, the Regional Administrative Court of Lombardy, acting on a petition of Edison, voided the rules governing the Indemnity System, introduced by the Authority, finding that the latter was jurisdictionally incompetent. The rules were designed to limit opportunistic conduct on the part of customers who, in changing supplier, did not pay the final invoices from their previous supplier. Following an appeal by the Authority, on July 9, 2013, the Council of State suspended the judgment of the Regional Administrative Court and set a hearing to address the substance of the issue for February 4, 2014.

With Resolution no. 456/2013, the Authority revised, with effect as from January 1, 2014, the rules for the award and performance of safeguard services. Specifically, the measure provides for a reduction in the number of geographical areas to be assigned (from 12 to 10), the introduction of more stringent requirements for admission to the tenders and a mechanism for covering the costs of customers who cannot be disconnected.

### Gas

#### Wholesale market

Following the approval of the Parliamentary committees and the positive opinion of the Authority, on March 6, 2013, the ministerial decree approving the rules for the natural gas forward market was signed. With a decree of the Ministry for Economic Development of August 9, 2013, the starting date for the market was set for September 2, 2013.

With a ruling of April 19, 2013, the Regional Administrative Court of Lombardy voided the measures concerning the setting of gas transport rates for 2010 and 2011. The Authority has appealed the ruling.

### Retail market

With Resolution no. 196/2013/R/gas, the Authority approved the reform of the financial terms and conditions of the safeguard service with effect as from October 1, 2013. Among other issues, the measure establishes that:

> the raw material component (QE), which is currently mainly indexed to oil prices, shall be 100% indexed to spot market prices;

> the component covering retail sales costs (QVD) shall be increased in order to remunerate customer management costs and costs associated with payment arrears;

> new graduality components will be introduced for all sellers in respect of the costs and risk associated with adjustments of provisioning policies.

The financial conditions of safeguard services will continue to be determined (on a temporary basis) by the Authority for residential customers only, owing to the narrowing of the range of customers with price protection established with Decree Law 69 of June 21, 2013. With regard to the raw material component (QE), on March 13, 2013, the Regional Administrative Court of Lombardy, in the course of an action brought by A2A, voided (for all operators) the resolutions by which the Authority changed the formula for determining (and thereby reducing) the QE component for the 2010/2011 and 2011/2012 gas years. The Authority has appealed the ruling.

# Infrastructure and Networks

## Electricity

### Distribution and metering

With Resolution no. 122/13, the Authority published the reference rates for distribution and sales activities for 2013 and updated the rates for 2012 to be used in determining, for each operator, the level of revenues to be recognized to cover grid infrastructure costs.
The new reference rates are set in a manner that ensures the operator will be neutral with respect to unexpected changes in the volumes of power distributed.

### White certificates

With Resolution no. 348/2013, the Authority ordered the Equalization Fund to pay, by September 30, 2013, the rate subsidy due to each distributor involved that had totally or partially achieved its specific energy savings objective for 2012. Enel Distribuzione received about €256 million.

# Iberia and Latin America

## Spain

### Law 17/2013 concerning the security of supply and the promotion of competition in the island and extra-peninsular electrical systems

On March 15, 2013, the Council of Ministers approved the submission to Parliament of a bill containing a variety of measures for promoting security of supply and competition. The main features of the bill are:

> promotion of more efficient generation capacity: new plants may be admitted to the remuneration regime for the extra-peninsular electrical system (SEIE) for reasons of procurement efficiency and security, a status previously limited to cases where the demand coverage ratio was not satisfied;
> promotion of the entry of new operators: operators that hold more than 40% of the installed capacity will not be able to benefit from the SEIE remuneration system or from incentives for new plants. Exceptions are established for renewable power plants that have successfully passed through the competitive process, that hold a license or that are entered in the pre-assignment registry, or investments in modernization and efficiency enhancement that do not involve an increase in capacity or for which no other agent has demonstrated an interest;
> ownership of pumping stations used to ensure the security of supply and the system as a whole, as well as the integration of unschedulable renewables generators, shall pass to system operators without prejudice to the ownership structure of plants already in operation. In other cases, projects will be approved using competitive procedures. As with the electrical system, regasification plants will be transferred to the system operator within six months;
> the new remuneration mechanism for new plants will be established by the Ministry of Energy in order to reduce generation costs and congestion;
> modification of the calculation mechanism for fuel costs: the cost will be calculated on a competitive basis in accordance with the criteria of transparency, objectivity and non-discrimination;
> oversight by the Ministry and the system operator: the *Dirección General de Política energética y Minas* (DGPE) may reduce the remuneration due to operators if it should find a substantial reduction in plant availability or in the plant quality indices.

The passage of the bill through Parliament was completed with its approval in the Congress of Deputies on October 17, 2013. The law entered force the day after its publication in the official journal on October 30, 2013.

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

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

### Royal Decree Law 9/2013 and Energy Reform

On July 12, 2013, the Spanish government issued Royal Decree Law 9/2013. This measure, which was published in the Boletin Oficial del Estado (BOE) of July 13, 2013, and approved by Parliament on July 17, 2013, contains urgent measures to ensure the financial stability of the electrical system in Spain. The main changes introduced with the measure concern:

> the modification of the remuneration of transport and distribution. For the latter, the remuneration for the 1st Half of 2013 is deemed final and transitional arrangements have been introduced for the 2nd Half of 2013 and for 2014, based on a methodology that

provides for an implicit regulatory asset base (RAB) and a rate of return equal to the average yield on 10-year Spanish government bonds registered during the three months preceding the entry into force of the decree, increased by 100 and 200 basis points, respectively, for the two periods noted above;

> the reduction of the remuneration of investment in capacity (capacity payments), which has been cut from 26,000 €/MW to 10,000 €/MW per year, with a doubling of the remaining period for receiving the benefit. In addition, the incentive has been eliminated for plants entering service after January 1, 2016;
> the reintroduction, with costs borne by vertically integrated electricity companies, of the "*bono social*" whose percentage allocation will be calculated annually by the *Comisión Nacional de los Mercados y la Competencia* (CNMC);
> the redefinition of the share of extra costs of operations in the Iberian peninsular and extra-peninsular systems, of which 50% will be financed from the state budget, compared with the 100% previously envisaged;
> the introduction of a new legal and financial regime for renewable energy resources, cogeneration and waste, whose remuneration will be determined by prices in the energy market, with additional compensation to cover the investment costs of an efficient enterprise that cannot be recovered through the market. This compensation is granted if the return on the project does not reach that considered reasonable, which has been deemed to be the yield 10-year Spanish government bonds, increased by 300 basis points;
> the granting of a state guarantee of €4,000 million for the rate deficit produced in 2012 and the option of assigning it to the FADE (the deficit amortization fund).

The implementation of the measures contained in the Royal Decree Law, which entered force immediately as from the date of publication in Spain's official journal, requires the approval of a series of decrees and ministerial orders that will set out the implementation procedures. Under Spanish law, such regulatory measures must undergo a public consultation and be accompanied by specific reports of the competent authorities, representing implementation of the law. The conclusion of the procedure, with the enactment of all the regulatory measures, should come by the end of the year.

The remainder of the announced measures are still being discussed and developed:

> a bill reforming the basic law of the electrical sector, containing, among various other measures, framework legislation to prevent the creation of new annual imbalances. On September 20, 2013, the bill was submitted to Parliament, with approval expected by the end of the year;
> numerous decree laws amending and designing the regulation of transmission, distribution, renewables generation and cogeneration, distributed generation and net metering, interruptibility, capacity payments and the wholesale market, remuneration of the island and extra-peninsular systems, supply and sales.

As regards developments in the period following the announcement of the reform, on August 2, 2013, ministerial order IET/1491/2013 was published in the official journal. It contains an extraordinary revision of access rates for 2013, increasing then by 6.8%, and the pricing structure was modified in favor of the capacity component over that for energy.

Finally, on October 18, 2013, Law 15/2013 was published in the official journal. It provides for the financing through the state budget of a series of costs of the electrical system associated with the promotion of renewables electricity generation, granting a special credit in the budget of the Ministry of Energy in the maximum amount of €2.2 billion. That amount, together with the non-recurring revenues from the tax measures introduced with Law 15/2012 and the proceeds of the auctions of $CO_2$ emissions allowances, will help achieve system balance in 2013.

## Argentina

### Resolution no. 95 – New remuneration for generation

On March 22, 2013, the *Secretaría de Energía* approved Resolution no. 95, which establishes a new methodology for remunerating generation companies. The new model should allow operators to recover fixed costs and variable costs and ensure a return on investment. The new regulatory framework also establishes that CAMMESA will manage the procurement of fuels and the forward market once the existing contracts expire. The new regulations are applicable starting from February 2013.

### Resolution no. 250/2013 – Approval of MMC revenues and offsetting against debts from the PUREE mechanism

On May 7, 2013 the *Secretaría de Energía* approved Resolution no. 250/2013, which determines the residual value of the MMC receivable (rate update scheduled for 2006 and only partially implemented) and allows it to be offset (until February 2013) against the corresponding debt in respect of the PUREE program (a mechanism of bonuses and penalties to encourage energy efficiency created with Resolution no. 745/2005) and other debts of Edesur in respect of the system. The resulting balance will be allocated to a specific fund created in November 2012 to finance investment in the distribution network. The *Secretaría de Energía* has retained the power to extend, either partially or entirely, the provisions of the resolution on the basis of information received from the energy regulator (ENRE) and from CAMMESA.

## Brazil

### Presidential Decree 7.945/2013

Presidential Decree 7.945/2013 was published on March 8, 2013, authorizing the transfer of government funds to distribution companies for payment of a portion of the extra costs incurred by distributors arising from the dispatching of power from thermal generation and from contractual exposure to the spot markets. The extra costs that are not immediately compensated by the government will be recovered through the electricity rate. In any case, the regulator, ANEEL, decided that distributors can recover these extra costs through rates when rate adjustments are made or through the transfer of new resources.

## Chile

### Electrical Concessions Act

On June 6, 2013, Parliament approved a law simplifying the process for the issue of electrical concessions for the development of the transmission grid. On September 27, 2013, the law received final approval and is awaiting promulgation.

### Peru

#### Edelnor rate revision

On October 16, 2013, the regulator published a resolution with the new parameters for the next rate period. The revision had a positive impact for Edelnor, increasing revenues by 1.2%.

## International

### Russia

#### Reform of the electricity market

At the start of 2013, a proposed amendment to the plan for the electricity market was put forth envisioning a transition from a centralized capacity and energy market to a system based on bilateral contracts without separate remuneration for capacity, while maintaining existing DPM contracts (list of new plants identified by the government as excluded from the capacity market). The first version of this reform was discussed by the government in March 2013, with a second analysis expected sometime between the 3rd and 4th Quarters of 2013. If approved, the reform would take effect starting from 2015.

#### Financial guarantees in the wholesale market

An order of February 21, 2013, approved by the Market Council, introduced the use of financial guarantees in the wholesale market (day-ahead market and balancing market) conditional on monitoring conducted by a central authority (ZFR) to ensure the governance and timing of payments. Consequently, market operators that fail to meet the payment requirements for the March-May 2013 period will be required to provide a financial guarantee starting from July 1, 2013. Thereafter, monitoring would be performed in an ongoing basis.

#### Grid expansion strategy approved

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

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

#### New law for the promotion of renewable energy resources

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

### Approval of amendments to the tax code

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

## Slovakia

### Decree on the regulation of the electricity industry

URSO decree no. 221/2013 on the regulation of the electricity industry received final approval in July 2013. The main issues addressed can be summarized as follows:

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

## France

### Law 2013-312 – Energy transition and progressive tariffs

In March 2013 the government approved a law aimed at introducing progressive rates for residential water, electricity and heat consumption. The proposed progressive rate mechanism was based on a “bonus-malus” system applicable as from January 1, 2015. However, in reviewing the law, the Constitutional Court rejected the mechanism, finding that it violates the principle of equality. The Ecology and Energy Minister announced that the government does not plan to abandon progressive rates and that a new solution would be proposed in the energy transition planning bill expected in October.

On April 15, 2013, Law 2013-312 was published. It contains a variety of measures for preparing for the energy transition, including, among others, simplifying the authorization procedures for wind plants and certain measures for managing electricity demand.

# Renewable Energy

## Italy

### Unbalancing fees

With rulings of June 24, 2013, the Regional Administrative Court of Lombardy voided the part of Resolution no. 281/12 establishing that as from January 1, 2013, fees for unbalancing (the difference between actual power delivered to the grid and planned power deliveries defined on the basis of energy markets) charged to owners of plants powered with unschedulable resources.

After an appeal by the Authority, the Council of State, which postponed any decision on the substance of the resolution, denied the Authority's request for a suspension, specifying that the provisions of Resolution no. 281/12 necessary to ensure system security remained in force. In implementation of the order of the Council of State, with Resolution no. 462 of October 17, 2013, the Authority clarified that as from October 2013, unbalancing fees shall apply to actual imbalancing exceeding the deductible of 20% of the delivery program. For imbalances in previous months, settlement will be defined only after the Council of State has ruled on legitimacy of Resolution no. 281/12, which is expected to be issued in 2014.

## Bulgaria

### Revocation of the grid connection fee

In March 2013, acting on an appeal filed by numerous private operators, the Supreme Administrative Court of Bulgaria revoked the measure of September 2012 that introduced a new grid access fee applicable to all renewable energy generation plants. However, the regulator has appealed this decision to the Court of Appeals, thereby rendering the decision inapplicable until the judicial process has been completed. In June 2013, the Supreme Court rendered the initial decision final, eliminating the grid access fee. Renewables operators, including Enel Green Power Bulgaria, have asked for reimbursement of amounts paid in respect of grid access.

## Romania

### Modification of the green certificates incentive mechanism

Following the announcement of the Romanian government that it intended to revise the renewable energy support mechanism to contain the cost for end users, in June 2013 it issued an ordinance (EGO 57/2013) temporarily modifying the green certificates mechanism. Among the various measures, the Ordinance establishes:

> the suspension for a limited period (from July 1, 2013 to March 31, 2017) of the issue of part of the green certificates due to renewables generators. The retained green certificates will be gradually be released as from April 1, 2017 (for photovoltaic and mini-hydro) and as from January 1, 2018 (for wind) through December 2020;
> the limitation or suspension of the right to obtain green certificates for new plants that not yet received final certification;
> the non-recognition of green certificates for electricity generated in excess of the volumes set out in the daily hourly production plan notified to the market by generators (positive unbalancing);

> a prohibition on entering into bilateral contracts for the sale of electricity and green certificates. All contracts must necessarily be entered into on the public OPCOM platform.

ANRE order 56/2013 approved in July 2013 clarified one of the issues concerning implementation of the suspension of green certificate awards. Specifically, generators will receive the normal number of green certificates, but they will not be able to sell the suspended portion. The remaining issues have not yet been clarified.

## Greece

### New measures for the renewable generation sector

In April 2013, with the adoption of Law 4152/13, the Greek Parliament approved a number of measures applicable to the renewable generation sector. The new measures, which entered force on May 9, 2013 following publication in the official journal, include:

> an increase in the tax on the profits of photovoltaic plants introduced with Law 4093/12, which rises from 30% to 37% or 42% depending on the date of entry into service;

> a change in conditions regarding authorization procedures for new plants and the calculation methods used to determine the tax;

> a reduction of about 40% in feed-in tariffs applicable to new photovoltaic plants compared with the last revision in August 2012;

> the suspension until the end of 2013 of the issue to photovoltaic plants of permits for connecting to the grid and power purchase agreements.

## United States

### American Taxpayer Relief Act

On January 2, 2013, President Obama signed the American Taxpayer Relief Act into law, which extends the Production Tax Credit (PTC) for wind power by a year. In addition, the law amends the conditions for all technologies to qualify for the incentive: plants no longer have to be in operation but rather are those "the construction of which begins" by January 1, 2014. On May 13, 2013, the general outline of the requirements for the definition of "begin construction" for the purposes of qualifying for the Production Tax Credit was determined. Compliance with those criteria allows qualified projects to receive the credit if physical construction activities begin before January 1, 2014 and if construction proceeds on a continuous basis until the entry into service of the plant (the commercial operation date). On September 20, 2013, additional operating details concerning the definition of "begin construction" for the purposes of qualifying for the Production Tax Credit were established.

## Central America

### Regional Electricity Market

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

## Mexico

### National Energy Strategy

On April 9, 2013, the Mexican Congress approved the National Energy Strategy for 2013-2027, confirming the drive to boost renewables through the involvement of private-sector investors and the intention to reduce emissions of green-house gases (35% of generation from non-fossil sources by 2024). The document has been submitted to the government for formalization.

### Amendment of the renewable energy law

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

## Panama

### Solar incentives

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

## Chile

### Rules on geothermal power

On March 8, 2013, *Decreto Supremo* no. 114 of the Energy Ministry was published in Chile's official journal. The decree governs a number of aspects of Law 19.657 concerning geothermal power. The decree establishes a number of departures from the provisions of the previous Decree no. 32, with improvements in a number of aspects, including the granting of "exclusive rights" in obtaining a production concession once exploration activities have been completed, creating greater legal certainty and protection for investors.

### Law supporting renewable energy

On September 3, 2013, the Senate approved Law no. 20257 supporting renewable energy, which requires that a certain percentage of power under contract delivered to the grid come from renewable generation. More specifically, the law confirms the target of 10% by 2024 for all energy sold through contracts signed between 2007 and 2013 and increases the target to 20% by 2025 for all energy sold through contracts signed after 2013. On October 14, President Pinera signed the law as enacted by the Senate, thereby completing the legislative process.

## Costa Rica

### Voluntary carbon trading system

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

# Outlook

In the first nine months of 2013, the contraction in electricity demand in the euro-area countries, notably Italy (down 3.7%) and Spain (down 2.8%) underscored the persistence of the adverse economic climate in these two countries, although both of them saw the pace of the decline ease in the 2nd and 3rd Quarters. The growth trend in some Latin America countries and Russia was confirmed.

In this context, Enel will continue, in line with the 2013-2017 Business Plan, to pursue the global efficiency-enhancement program launched last March and which at September 30, 2013, had already exceeded the targets for the year as a whole. Enel is also continuing to optimize its investments, giving priority to development in emerging markets and in the renewable energy sector.

The continuation of these programs, together with actions undertaken to reduce debt, enable us to confirm the targets announced to the market for 2013, despite the adverse macroeconomic situation and the current uncertainty of the regulatory system in Spain.

# Consolidated financial statements

# Condensed Consolidated Income Statement

| 3rd Quarter | | | | Millions of euro | First nine months | | | |
|---|---|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | | **2013** | 2012 restated | Change | |
| 18,992 | 21,207 | (2,215) | -10.4% | Total revenues | 59,149 | 61,899 | (2,750) | -4.4% |
| 14,975 | 16,888 | (1,913) | -11.3% | Total costs | 46,584 | 49,361 | (2,777) | -5.6% |
| (123) | 102 | (225) | - | Net income/(charges) from commodity risk management | (378) | 198 | (576) | - |
| **3,894** | **4,421** | **(527)** | **-11.9%** | **GROSS OPERATING MARGIN** | **12,187** | **12,736** | **(549)** | **-4.3%** |
| 1,584 | 1,620 | (36) | -2.2% | Depreciation, amortization and impairment losses | 4,709 | 4,550 | 159 | 3.5% |
| **2,310** | **2,801** | **(491)** | **-17.5%** | **OPERATING INCOME** | **7,478** | **8,186** | **(708)** | **-8.6%** |
| 431 | 443 | (12) | -2.7% | Financial income | 1,877 | 1,940 | (63) | -3.2% |
| 1,180 | 1,268 | (88) | -6.9% | Financial expense | 3,893 | 4,266 | (373) | -8.7% |
| **(749)** | **(825)** | **76** | **-9.2%** | **Total financial income/(expense)** | **(2,016)** | **(2,326)** | **310** | **-13.3%** |
| **14** | **20** | **(6)** | **-30.0%** | **Share of income/(expense) from equity investments accounted for using the equity method** | **69** | **65** | **4** | **6.2%** |
| **1,575** | **1,996** | **(421)** | **-21.1%** | **INCOME BEFORE TAXES** | **5,531** | **5,925** | **(394)** | **-6.6%** |
| 605 | 794 | (189) | -23.8% | Income taxes | 2,078 | 2,309 | (231) | -10.0% |
| **970** | **1,202** | **(232)** | **-19.3%** | **Net income from continuing operations** | **3,453** | **3,616** | **(163)** | **-4.5%** |
| **-** | **-** | **-** | **-** | **Net income from discontinued operations** | **-** | **-** | **-** | **-** |
| **970** | **1,202** | **(232)** | **-19.3%** | **NET INCOME FOR THE PERIOD (shareholders of the Parent Company and non-controlling interests)** | **3,453** | **3,616** | **(163)** | **-4.5%** |
| 655 | 949 | (294) | -31.0% | Pertaining to the shareholders of the Parent Company | 2,335 | 2,784 | (449) | -16.1% |
| 315 | 253 | 62 | 24.5% | Pertaining to non-controlling interests | 1,118 | 832 | 286 | 34.4% |
| | | | | *Earnings pertaining to the shareholders of the Parent Company per share (euro)* [1] | *0.25* | *0.30* | *(0.05)* | *-16.7%* |

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

# Statement of Comprehensive Income

| Millions of euro | First nine months | |
|---|---|---|
| | **2013** | 2012 restated |
| **Net income for the period (shareholders of the Parent Company and non-controlling interests)** | **3,453** | **3,616** |
| **Other comprehensive income recyclable to profit or loss:** | | |
| Effective portion of change in the fair value of cash flow hedges | (148) | (319) |
| Share of income recognized in equity by companies accounted for using the equity method | (12) | (4) |
| Change in the fair value of financial investments available for sale | (81) | (329) |
| Exchange rate differences | (2,168) | 468 |
| **Income/(Loss) recognized directly in equity** | **(2,409)** | **(184)** |
| **Comprehensive income for the period** | **1,044** | **3,432** |
| **Pertaining to:** | | |
| - shareholders of the Parent Company | 1,267 | 2,225 |
| - non controlling interests | (223) | 1,207 |

# Condensed Consolidated Balance Sheet

Millions of euro

| | **at September 30, 2013** | at December 31, 2012 restated | Change |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| - Property, plant and equipment and intangible assets | 100,703 | 103,388 | (2,685) |
| - Goodwill | 15,812 | 15,918 | (106) |
| - Equity investments accounted for using the equity method | 717 | 1,115 | (398) |
| - Other non-current assets (1) | 12,851 | 13,134 | (283) |
| **Total** | **130,083** | **133,555** | **(3,472)** |
| **Current assets** | | | |
| - Inventories | 3,472 | 3,338 | 134 |
| - Trade receivables | 12,939 | 11,719 | 1,220 |
| - Cash and cash equivalents | 8,152 | 9,891 | (1,739) |
| - Other current assets (2) | 15,461 | 13,274 | 2,187 |
| **Total** | **40,024** | **38,222** | **1,802** |
| **Assets held for sale** | **636** | **317** | **319** |
| **TOTAL ASSETS** | **170,743** | **172,094** | **(1,351)** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| - Equity pertaining to the shareholders of the Parent Company | 35,604 | 35,775 | (171) |
| - Non-controlling interests | 17,413 | 16,312 | 1,101 |
| **Total shareholders' equity** | **53,017** | **52,087** | **930** |
| **Non-current liabilities** | | | |
| - Long-term loans | 55,236 | 55,959 | (723) |
| - Provisions and deferred tax liabilities | 23,722 | 24,973 | (1,251) |
| - Other non-current liabilities | 3,543 | 3,704 | (161) |
| **Total** | **82,501** | **84,636** | **(2,135)** |
| **Current liabilities** | | | |
| - Short-term loans and current portion of long-term loans | 9,307 | 8,027 | 1,280 |
| - Trade payables | 10,426 | 13,903 | (3,477) |
| - Other current liabilities | 15,470 | 13,433 | 2,037 |
| **Total** | **35,203** | **35,363** | **(160)** |
| **Liabilities held for sale** | **22** | **8** | **14** |
| **TOTAL LIABILITIES** | **117,726** | **120,007** | **(2,281)** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **170,743** | **172,094** | **(1,351)** |

(1) Of which long-term financial receivables and other securities at September 30, 2013 equal to €3,507 million (€3,430 million at December 31, 2012) and €153 million (€146 million at December 31, 2012), respectively.
(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2013 equal to €6,320 million (€5,318 million at December 31, 2012), €2,390 million (€2,211 million at December 31, 2012) and €31 million (€42 million at December 31, 2012), respectively.

# Statement of Changes in Consolidated Shareholders' Equity

| | Share capital and reserves pertaining to the shareholders of the Parent Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Millions of euro | Share capital | Share premium reserve | Legal reserve | Other reserves | Reserve from translation of financial statements in currencies other than euro | Reserve from measurement of financial instruments | Reserve from disposal of equity interests without loss of control | Reserve from transactions in non-controlling interests | Reserve from equity investments accounted for using equity method | Reserve for employee benefits | Net income for the period | **Equity pertaining to the shareholders of the Parent Company** | **Non-controlling interests** | **Total shareholders' equity** |
| **at January 1, 2012** | **9,403** | **5,292** | **1,881** | **2,262** | **120** | **(49)** | **749** | **78** | **15** | **-** | **19,039** | **38,790** | **15,650** | **54,440** |
| Effect of application of IAS 19/R | - | - | - | - | - | - | - | - | - | (131) | (7) | **(138)** | **(61)** | **(199)** |
| Effect of change in accounting policy for white certificates | - | - | - | - | - | - | - | - | - | - | (140) | **(140)** | **-** | **(140)** |
| **at January 1, 2012 restated** | **9,403** | **5,292** | **1,881** | **2,262** | **120** | **(49)** | **749** | **78** | **15** | **(131)** | **18,892** | **38,512** | **15,589** | **54,101** |
| Dividends and interim dividends | - | - | - | - | - | - | - | - | - | - | (1,505) | **(1,505)** | **(557)** | **(2,062)** |
| Change in scope of consolidation | - | - | - | - | - | - | - | - | - | - | - | **-** | **35** | **35** |
| Comprehensive income for the period | - | - | - | - | *130* | *(685)* | - | - | *(4)* | - | *2,784* | ***2,225*** | ***1,207*** | ***3,432*** |
| *of which:* | | | | | | | | | | | | | | |
| *- Income/(Loss) recognized directly in equity* | - | - | - | - | *130* | *(685)* | - | - | *(4)* | - | - | ***(559)*** | ***375*** | ***(184)*** |
| *- Net income/(loss) for the period* | - | - | - | | - | - | - | - | - | - | *2,784* | ***2,784*** | ***832*** | ***3,616*** |
| **at September 30, 2012** | **9,403** | **5,292** | **1,881** | **2,262** | **250** | **(734)** | **749** | **78** | **11** | **(131)** | **20,171** | **39,232** | **16,274** | **55,506** |
| **at January 1, 2013** | **9,403** | **5,292** | **1,881** | **2,262** | **92** | **(1,253)** | **749** | **78** | **8** | **-** | **18,259** | **36,771** | **16,387** | **53,158** |
| Effect of application of IAS 19/R | - | - | - | - | - | - | - | - | - | (367) | (629) | **(996)** | **(84)** | **(1,080)** |
| Effect of Renewable Energy Division PPA | - | - | - | - | - | - | - | - | - | - | - | **-** | **9** | **9** |
| **at January 1, 2013 restated** | **9,403** | **5,292** | **1,881** | **2,262** | **92** | **(1,253)** | **749** | **78** | **8** | **(367)** | **17,630** | **35,775** | **16,312** | **52,087** |
| Dividends and interim dividends | - | - | - | - | - | - | - | - | - | - | (1,410) | **(1,410)** | **(501)** | **(1,911)** |
| Change in scope of consolidation | - | - | - | - | - | - | - | (22) | - | - | - | **(22)** | **85** | **63** |
| Sale of equity interests without loss of control | - | - | - | - | - | - | (20) | 6 | - | 8 | - | **(6)** | **1,740** | **1,734** |
| Comprehensive income for the period | - | - | - | - | (851) | (209) | - | - | (8) | - | 2,335 | **1,267** | **(223)** | **1,044** |
| *of which:* | | | | | | | | | | | | | | |
| *- Income/(Loss) recognized directly in equity* | - | - | - | - | *(851)* | *(209)* | - | - | *(8)* | - | - | ***(1,068)*** | ***(1,341)*** | ***(2,409)*** |
| *- Net income/(loss) for the period* | - | - | - | - | - | - | - | - | - | - | *2,335* | ***2,335*** | ***1,118*** | ***3,453*** |
| **at September 30, 2013** | **9,403** | **5,292** | **1,881** | **2,262** | **(759)** | **(1,462)** | **729** | **62** | **-** | **(359)** | **18,555** | **35,604** | **17,413** | **53,017** |

# Condensed Consolidated Statement of Cash Flows

| Millions of euro | First nine months | | |
|---|---|---|---|
| | **2013** | 2012 restated | Change |
| **Net income before taxes** | **5,531** | **5,924** | **(393)** |
| *Adjustments for:* | | | |
| Depreciation, amortization and impairment losses of property, plant and equipment and intangible assets | 4,186 | 4,146 | 40 |
| Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents) | (153) | 182 | (335) |
| Financial (income)/expense | 1,619 | 1,902 | (283) |
| Change in inventories, trade receivables and trade payables | (4,831) | (2,737) | (2,094) |
| Interest income/expense and other financial income/expense collected/paid | (2,014) | (2,055) | 41 |
| Other changes | (1,839) | (2,324) | 485 |
| **Cash flows from operating activities (A)** | **2,499** | **5,038** | **(2,539)** |
| Investments in property, plant and equipment and intangible assets | (3,702) | (4,451) | 749 |
| Investments in entities (or business units) less cash and cash equivalents acquired | (182) | (170) | (12) |
| Disposals of entities (or business units) less cash and cash equivalents sold | 68 | 8 | 60 |
| (Increase)/Decrease in other investing activities | 29 | 132 | (103) |
| **Cash flows from (investing)/disinvesting activities (B)** | **(3,787)** | **(4,481)** | **694** |
| Change in net financial debt | (135) | 1,637 | (1,772) |
| Net collection of proceeds from sale of equity holdings without loss of control | 1,740 | - | 1,740 |
| Dividends and interim dividends paid | (1,866) | (2,083) | 217 |
| **Cash flows from financing activities (C)** | **(261)** | **(446)** | **185** |
| **Impact of exchange rate fluctuations on cash and cash equivalents (D)** | **(200)** | **30** | **(230)** |
| **Increase/(Decrease) in cash and cash equivalents (A+B+C+D)** | **(1,749)** | **141** | **(1,890)** |
| Cash and cash equivalents and short-term securities at beginning of the period (1) | 9,933 | 7,072 | 2,861 |
| Cash and cash equivalents and short-term securities at the end of the period (2) | 8,184 | 7,213 | 971 |

(1) Of which cash and cash equivalents equal to €9,891 million at January 1, 2013 (€7,015 million at January 1, 2012), short-term securities equal to €42 million at January 1, 2013 (€52 million at January 1, 2012) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €0 million at January 1, 2013 (€5 million at January 1, 2012).

(2) Of which cash and cash equivalents equal to €8,152 million at September 30, 2013 (€7,143 million at September 30, 2012), short-term securities equal to €31 million at September 30, 2013 (€69 million at September 30, 2012) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €1 million at September 30, 2013 (€1 million at September 30, 2012).

# Operating performance and financial position

## Group performance

### Revenues

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 16,765 | 18,212 | (1,447) | Electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies | 50,554 | 53,126 | (2,572) |
| 630 | 634 | (4) | Gas sold and transported to end users | 3,238 | 3,095 | 143 |
| - | - | - | Remeasurement at fair value after changes in control | 21 | 5 | 16 |
| 1 | - | 1 | Gains on disposal of assets | 22 | 2 | 20 |
| 1,596 | 2,361 | (765) | Other services, sales and revenues | 5,314 | 5,671 | (357) |
| **18,992** | **21,207** | **(2,215)** | **Total** | **59,149** | **61,899** | **(2,750)** |

In the first nine months of 2013, revenues from **electricity sales and transport and contributions from the Electricity Equalization Fund and similar bodies** amounted to €50,554 million (€16,765 million in the 3rd Quarter of 2013), down €2,572 million (€1,447 million in the 3rd Quarter of 2013) compared with the corresponding period of the previous year (down 4.8% in the first nine months and down 7.9% in the 3rd Quarter of 2013). The decrease can be attributed to the following factors:

> a decrease of €2,693 million (€991 million in the 3rd Quarter of 2013) in revenues from electricity sales to end users, mainly associated with the decline in revenues from regulated markets (totaling €1,519 million in the first nine months of 2013 and €671 million in the 3rd Quarter of 2013) and from free markets (totaling €1,174 million in the first nine months of 2013 and €320 million in the 3rd Quarter of 2013), essentially due to decreased volumes sold as a result of the fall in demand for electricity. In addition, there was a decrease of €129 million in revenues from taxes rebilled to end users as established by the Brazilian regulator with the provisional *Medida* no. 579/2012 and the subsequent Decree no. 7891/2013;

> a decrease of €243 million (€134 million in the 3rd Quarter of 2013) in revenues from contributions from the Electricity Equalization Fund and similar bodies, mainly attributable to lower contributions received for generation in the Spanish extra-peninsular electrical system, reflecting lower volumes generated and the negative effects of the entry into force of Royal Decree Law 20/2012 starting from the 2nd Half of 2012;

> a decrease of €937 million (€471 million in the 3rd Quarter of 2013) in revenues from electricity trading as a result of a fall in volumes handled, partially offset by the increase of €835 million in revenues from the sale of electricity to wholesale buyers in the first nine months of 2013 (down €75 million in the 3rd Quarter of 2013). This latter change reflects the negative impact of a change (retroactive as from February 2013) in the

Argentine regulatory framework concerning generation plants, fuel for which is procured from CAMMESA, and therefore the cost of fuel for these plants is recognized directly as a reduction in revenues;

> an increase of €466 million (€224 million in the 3rd Quarter of 2013) in revenues from the transport of electricity, due essentially to the increase in revenues from the transport of electricity in Italy for other operators (€488 million in the first nine months of 2013 and €279 million in the 3rd Quarter of 2013).

The above changes relating to countries in which the Group operates that use a currency other than the euro also reflect an overall net negative impact of the appreciation of the euro against the local currencies of €646 million.

Revenues from **gas sold and transported to end users** amounted to €3,238 million in the first nine months of 2013, up €143 million or 4.6% on the year-earlier period (€630 million in the 3rd Quarter of 2013, essentially unchanged from the same period of 2012). This performance essentially reflects both the increase in quantities transported and the increase in average sales prices due to developments in the international energy market and the revision of a number of rate components.

The gain from **remeasurement at fair value after changes in control** came to €21 million in the first nine months of 2013 (€5 million in the first nine months of 2012). The rise is mainly attributable to the adjustment to fair value of the net assets attributable to the Group (totaling 49% of the company) following the loss of control of the Buffalo Dunes Wind Project, in accordance with the provisions of IFRS 3/R. In the first nine months of 2012, €4 million of the gain was attributable to the acquisition of a further 10% interest in Sociedad Eólica de Los Lances, which resulted in obtaining full control over the company, and €1 million regarded the remeasurement at fair value of the net assets of Enel Stoccaggi held by the Group prior to acquiring an additional 50% interest, making the company a wholly owned subsidiary.

**Gains on disposal of assets** in the first nine months of 2013 amounted to €22 million (€2 million in the first nine months of 2012) and mainly regard the gain on the disposal of 51% of the Buffalo Dunes Wind Project.

Income from **other sales, services and revenues** in the first nine months of 2013 came to €5,314 million, a decrease of €357 million or 6.3% compared with the first nine months of 2012 (€5,671 million). In the 3rd Quarter of 2013, revenues amounted to €1,596 million, down €765 million or 32.4% compared with the same period of the previous year (€2,361 million).

The decrease in both periods examined is mainly attributable to the recognition in the 3rd Quarter of 2012 by the Authority for Electricity and Gas (the Authority) (Resolution no. 157/12) of the right to be reimbursed for charges incurred by the Group as a result of the termination of the Electrical Worker Pension Fund (FPE) as from January 1, 2000, in the amount of €615 million, a decline in revenues from connection fees (€265 million in the first nine months and €60 million in the 3rd Quarter of 2013), mainly as a result of the decrease in the number of connections made, as well as the decrease in green certificate sales (€156 million in the first nine months of 2013 and €214 million in the 3rd Quarter of 2013).

These factors were only partially offset by the increase (€504 million in the first nine months and €131 million in the 3rd Quarter of 2013) in revenues from the sale of fuels for trading, including revenues for shipping services, essentially due to the increase in average sales prices for natural gas, as well as the receipt in the 2nd Quarter of 2013 of €291 million in respect of a government grant to the Argentine distribution company Edesur under the provisions of *Resolución* no. 250/13 concerning the *Mecanismo Monitoreo de Costes*.

## Costs

| 3rd Quarter | | | Millions of euro | First nine months | | |
|---|---|---|---|---|---|---|
| **2013** | 2012 restated | Change | | **2013** | 2012 restated | Change |
| 6,987 | 7,653 | (666) | Electricity purchases | 21,110 | 22,256 | (1,146) |
| 1,760 | 2,230 | (470) | Consumption of fuel for electricity generation | 5,224 | 6,622 | (1,398) |
| 849 | 1,024 | (175) | Fuel for trading and natural gas for sale to end users | 3,741 | 3,513 | 228 |
| 142 | 322 | (180) | Materials | 651 | 953 | (302) |
| 1,031 | 1,172 | (141) | Personnel | 3,419 | 3,489 | (70) |
| 3,721 | 3,940 | (219) | Services, leases and rentals | 11,118 | 11,410 | (292) |
| 830 | 948 | (118) | Other operating expenses | 2,325 | 2,262 | 63 |
| (345) | (401) | 56 | Capitalized costs | (1,004) | (1,144) | 140 |
| **14,975** | **16,888** | **(1,913)** | **Total** | **46,584** | **49,361** | **(2,777)** |

Costs for **electricity purchases** decreased by €1,146 million or 5.1% in the first nine months of 2013 compared with the same period of 2012 (down €666 million or 8.7% in the 3rd Quarter of 2013). In both periods, the development mainly reflected a decline in purchases through bilateral contracts (€889 million, essentially concentrated in the 1st Half of 2013) and lower costs for electricity purchases on domestic and foreign markets, largely connected with the decrease in demand (€875 million in the first nine months of 2013 and €404 million in the 3rd Quarter of 2013). These factors were partially offset by an increase in purchases on electricity exchanges (€618 million, mainly in the 1st Half of 2013).

Costs for the **consumption of fuel for electricity generation** in the first nine months of 2013 amounted to €5,224 million, down €1,398 million or 21.1% on the same period of the previous year, while in the 3rd Quarter of 2013 they amounted to €1,760 million, a decrease of €470 million or 21.1%. The fall in both periods reflected both the decrease in volumes of electricity from thermal generation and an improvement in the fuel mix, associated with a decrease in the unit prices of raw materials.

Costs for the purchase of **fuel for trading and natural gas for sale to end users** came to €3,741 million in the first nine months of 2013 (€849 million in the 3rd Quarter), up €228 million compared with the first nine months of 2012, but down €175 million compared with the 3rd Quarter of 2012. Developments in the two periods, which show a marked decline in costs over the 3rd Quarter of 2013, are mainly attributable to the decline in volumes of fuel handled (especially gas).

Costs for **materials** amounted to €651 million in the first nine months of 2013, down €302 million. They decreased by €180 million in the 3rd Quarter of 2013, to €142 million. The decrease in both periods is chiefly the result of a reduction in purchases of materials that would be capitalized and the change in stocks of $CO_2$ emission allowances.

**Personnel** costs in the 3rd Quarter of 2013 totaled €1,031 million, down €141 million or 12.0%. In the first nine months of 2013, personnel costs totaled €3,419 million, down €70 million or 2.0% compared with the same period of the previous year. Both of these changes reflect the recognition, in the 3rd Quarter of 2013, of the charge associated with application of the company-level union agreements for the introduction at a number of Italian companies of the measures provided for in Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act), the effect of which was more than offset (€134 million) by the release of the provision for the transition-to-retirement plan introduced at the end of 2012 following the termination of the latter.
More specifically:

> the agreements signed on September 6, 2013 implementing the framework agreement of May 9, 2013, laying out the approach to be taken in activating the measures provided for in Article 4 led to the recognition of a net expense of €894 million (taking account of the partial reversal of certain liabilities in respect of other benefits previously awarded such employees in the amount of €38 million);

> the termination of the transition-to-retirement plan, after no employees opted to participate and the fact that a significant number of those entitled to participate in that plan instead have opted to participate in the mechanism provided for under Article 4 of Law 92/2012 (the Fornero Act), as the latter offers better financial and organizational conditions, making the earlier plan no longer attractive, resulted in the reversal of the liability associated with the plan totaling €1,028 million.

The Enel Group's workforce at September 30, 2013 numbered 72,743 employees, 37,375 of whom were employed abroad. The Group's workforce decreased by 959 employees during the first nine months of 2013, mainly accounted for by the balance between new hirings and terminations and the change in the scope of consolidation following the acquisition of PowerCrop (27 employees) by the Renewable Energy Division.
The change compared with December 31, 2012, breaks down as follows:

| **Balance at December 31, 2012** (1) | **73,702** |
|---|---:|
| Hirings | 1,863 |
| Terminations | (2,849) |
| Change in scope of consolidation | 27 |
| **Balance at September 30, 2013** (1) | **72,743** |

(1) Includes 37 in units classified as "Held for sale".

Costs for **services, leases and rentals** in the first nine months of 2013 amounted to €11,118 million, down €292 million compared with the same period of 2012, while in the 3rd Quarter of

2013 they totaled €3,721 million, down €219 million compared with the 3rd Quarter of 2012. The change is essentially related to the decrease in electricity transport costs (€79 million in the first nine months and €104 million in the 3rd Quarter of 2013) related to the decline in consumption in the main markets in which the Group operates. Another factor was the decrease in operating costs of electrical systems (€115 million in the first nine months and €36 million in the 3rd Quarter of 2013), including fees for transport capacity use rights in respect of the Energy Markets Operator (EMO), the decrease in which was connected with the decline in sales through bilateral contracts and the corresponding rise in sales on the Power Exchange.

**Other operating expenses** in the first nine months of 2013 amounted to €2,325 million, a rise of €63 million on the same period of 2012, while in the 3rd Quarter of 2013 they totaled €830 million, down €118 million compared with the same period of the previous year. The increase registered in the first nine months of 2013 is mainly attributable to an increase in taxes on emissions in Spain following the entry into force of Law 15/2012 in that country (€248 million), which was only partially offset by the reduction in taxes borne by electricity market operators as established by the Brazilian regulator with the provisional *Medida* no. 579/2012 and the subsequent Decree no. 7891/2013 (€129 million). Costs for the purchase of green certificates also fell (€194 million). By comparison, in the 3rd Quarter del 2013, the decrease in costs for the purchase of green certificates (totaling €226 million) more than offset the higher taxes and duties for the period (totaling €121 million), resulting in the net decrease for the period.

**Capitalized costs** came to €345 million in the 3rd Quarter of 2013 and €1,004 million in the first nine months of 2013, with a decrease mainly attributable to the reduction in capital expenditure.

**Net income/(charges) from commodity risk management** showed net charges of €123 million in the 3rd Quarter of 2013 (net income of €102 million in the 3rd Quarter of 2012) and net charges of €378 million in the first nine months of 2013 (net income of €198 million in the same period of the previous year). More specifically, net charges for the 3rd Quarter of 2013 are essentially attributable to net realized charges for the period of €35 million (€263 million in the first nine months of 2013) and net unrealized charges from the fair value measurement of derivatives positions open at September 30, 2013, in the amount of €88 million (€115 million in the first nine months of 2013).

**Depreciation, amortization and impairment losses** in the first nine months of 2013 amounted to €4,709 million, up €159 million, while in the 3rd Quarter of 2013 they came to €1,584 million, down €36 million. The rise in the first nine months is attributable to an increase in impairment losses (€242 million, of which €118 million in respect of trade receivables), which more than offset the decrease in depreciation and amortization (down €83 million).

**Operating income** in the 3rd Quarter of 2013 amounted to €2,310 million, down €491 million or 17.5% compared with the year-earlier period, while in the first nine months of 2013 it totaled €7,478 million, down €708 million or 8.6% compared with the same period of 2012.

**Net financial expense** decreased by €310 million in the first nine months of 2013 and by €76 million in the 3rd Quarter. More specifically, in the first nine months of 2013 financial income amounted to €1,877 million, down €63 million compared with the same period of 2012, attributable to:

> the decrease in income from equity investments, which in the first nine months of 2013 included the recognition of the gain of €64 million on the disposal of the stake in Medgaz, while in the same period of 2012 it included the recognition of the gain of €185 million on the disposal of the stake in Terna SpA;

> the €75 million increase in other income, essentially attributable to the recognition of higher financial income (€50 million) increasing the value of financial assets in Brazil under IFRIC 12 and to interest (€41 million) paid to the Argentine company Edesur under *Resolución* no. 250/13 relating to the *Mecanismo Monitoreo de Costes*.

Financial expense for the first nine months of 2013 amounted to €3,893 million, down €373 million compared with the first nine months of 2012. The decrease is mainly attributable to the decline in financial expense in respect of the accretion of provisions for risks and charges and employee benefits (€144 million), the decrease in interest and other expense in respect of financial debt (€126 million), as well as the decrease in other financial expense, including the writeback of €66 million in the value of the receivable in respect of the National Nuclear Fund of Slovakia.

The **share of income/(expense) from equity investments accounted for using the equity method** showed net income of €14 million in the 3rd Quarter of 2013 and net income of €69 million in the first nine months of the year.

**Income taxes** for the first nine months of 2013 amounted to €2,078 million, equal to 37.6% of taxable income, compared with 39.0% in the first nine months of 2012. The tax liability for the 3rd Quarter of 2013 was an estimated €605 million. The change in the tax burden reflects the positive impact of the adjustment of income taxes for previous years (including the positive adjustment of the receivable in respect of the application for reimbursement of IRES/IRAP in accordance with Article 4, paragraph 12, of Decree Law 16 of March 2, 2012), the effects of which were partially offset by the impact of the permanent non-deductibility of certain accruals to provisions for risks and the fact that, with regard to the first nine months of 2012, the gain from the disposal of the interest in Terna was essentially tax exempt.

## Analysis of the Group's financial position

### **Non-current assets** - *€130,083 million*

*Property, plant and equipment and intangible assets* (including investment property) amounted to €100,703 million at September 30, 2013, a decrease of €2,685 million. The decline is reflected in depreciation, amortization and impairment losses (€4,156 million) and in exchange rate differences for the period (a loss of €2,639 million). These factors were partially offset by investments in the period (€3,701 million) and the change in the scope of consolidation and other minor changes totaling €409 million. There were no significant changes in the scope of consolidation in the 3rd Quarter of 2013.

*Goodwill* amounted to €15,812 million, down €106 million compared with December 31, 2012. The reduction is essentially ascribable to exchange rate losses on the goodwill of the Russian companies as a result of the depreciation of the ruble against the euro in the period.

*Equity investments accounted for using the equity method* amounted to €717 million, down €398 million compared with December 31, 2012. The change is essentially attributable to the reclassification of the assets held for sale in respect of the equity investment in SeverEnergia (following the classification to this item of the assets of Artic Russia, which holds 49% of SeverEnergia), Enel Rete Gas and several minor equity investments held by Enel Green Power España.

*Other non-current assets* came to €12,851 million and include:

Millions of euro

| | **at Sept. 30, 2013** | at Dec. 31, 2012 restated | Change |
|---|---|---|---|
| Deferred tax assets | 6,691 | 6,816 | (125) |
| Non-current financial assets | 5,377 | 5,518 | (141) |
| Receivables due from the Electricity Equalization Fund and similar bodies | 42 | 51 | (9) |
| Other long-term receivables | 741 | 749 | (8) |
| **Total** | **12,851** | **13,134** | **(283)** |

The €283 million decrease for the period is essentially due to:

- a decrease of €141 million in non-current financial assets, relating to the decline in the fair value of financial derivatives (down €271 million) and to the decrease in other equity investments (down €68 million), which reflects, among other things, the adjustments to the fair value of the investments in Echelon and Bayan Resources. These negative effects were only partly offset by the rise in financial assets included in the net financial debt (€84 million, a change that also takes account of the writeback of the value of the receivable in respect of the National Nuclear Fund of Slovakia), by the increase in prepaid financial expense (€78 million) and in assets for services provided under concession arrangements (€36 million);
- a decrease of €125 million in deferred tax assets.

## **Current assets** - *€40,024 million*

*Inventories* totaled €3,472 million, an increase of €134 million mainly associated with gas and other fuel inventories as a result of the decrease in generation.

*Trade receivables* amounted to €12,939 million, an increase of €1,220 million, due mainly to a decrease in assignments to factoring companies.

*Other current assets* came to €15,461 million and break down as follows:

Millions of euro

| | **at Sept. 30, 2013** | at Dec. 31, ,2012 restated | Change |
|---|---|---|---|
| Current financial assets | 10,972 | 9,381 | 1,591 |
| Tax receivables | 2,130 | 1,631 | 499 |
| Receivables due from the Electricity Equalization Fund and similar bodies | 750 | 936 | (186) |
| Other short-term receivables | 1,609 | 1,326 | 283 |
| **Total** | **15,461** | **13,274** | **2,187** |

The increase for the period, totaling €2,187 million, is attributable to:

> a €1,591 increase in current financial assets, related mainly to the change in the financial receivable in respect of the deficit of the Spanish electrical system, which came to €5,216 million at September 30, 2013 (€4,839 million at December 31, 2012). More specifically, the change reflects the new receivables accrued during the first nine months of 2013 (€2,765 million) net of collections during the period (€2,388 million, including reimbursements related to extra-peninsular generation, of which €2,233 million through assignment to the dedicated securitization fund in accordance with the measures issued by the Spanish government). These changes were in addition to the increase in financial assets in respect of derivatives (totaling €405 million) and other short-term financial receivables, which include €624 million in respect of the capital increase of Enersis, which is temporarily invested in short-term securities;

> a €499 million increase in tax receivables resulting from the first payment on account for 2013 of IRES (corporate income tax) and IRAP (regional business tax) and the payment on account of the corporate income surtax, net of the settlement of taxes for 2012;

> a €186 million decrease in receivables due from the Electricity Equalization Fund and similar bodies;

> a €283 million increase in other short-term receivables, mainly attributable to the increase in prepaid expenses and other tax receivables.

## **Assets held for sale** - *€636 million*

The item essentially includes the net assets at their estimated realizable value as determined on the basis of the status of negotiations for the sale of Marcinelle Energie, Artic Russia (including the value of the interest in SeverEnergia), Enel Rete Gas and other minor positions that, based upon management's decisions, meet the requirements of IFRS 5 for such classification.

## **Equity pertaining to the shareholders of the Parent Company** - *€35,604 million*

The decrease of €171 million in the first nine months of 2013 in equity pertaining to the shareholders of the Parent Company largely reflects the recognition of net income for the period (€2,335 million), which more than offset dividends approved (€1,410 million), and the result for the first nine months of 2013 recognized directly in equity (a negative €1,068 million).

## **Non-current liabilities** - *€82,501 million*

*Long-term loans* totaled €55,236 million (€55,959 million at December 31, 2012), consisting of bonds in the amount of €42,492 million (€41,509 million at December 31, 2012) and bank and other loans in the amount of €12,744 million (€14,450 million at December 31, 2012).

*Provisions and deferred tax liabilities* came to €23,722 million at September 30, 2013 (€24,973 million at December 31, 2012) and include:

> provisions for post-employment and other employee benefits totaling €3,439 million, down €1,103 million compared with December 31, 2012. The change reflects the termination of the transition-to-retirement plan after no employees opted to participate and the fact that a significant number of those entitled to participate in that plan instead have opted to participate in the mechanism provided for under Article 4 of Law 92/2012 (the Fornero Act), as the latter offers better financial and organizational conditions, making the earlier plan no longer attractive;

> provisions for risks and charges totaling €9,021 million (€8,648 million at December 31, 2012). More specifically, the change as compared with the end of 2012 was essentially due to the increase of €902 million in the early retirement incentive provision as a result of the company-level union agreements signed in implementation of the framework agreement of May 9, 2013, laying out the approach to be taken in activating the measures provided for in Article 4, paragraphs 1-7 *ter*, of Law 92/2012. This effect was partially offset by the reduction of €307 million in the provision for nuclear decommissioning with respect to the Spanish and Slovakian plants, in particular the remeasurement of the liability following recent regulatory changes in Spain;

> deferred tax liabilities totaling €11,262 million (€11,783 million at December 31, 2012).

*Other non-current liabilities* came to €3,543 million, down €161 million (€3,704 million at December 31, 2012), due to the decrease in the fair value of derivative instruments recognized as liabilities, partially offset by the increase in other payables.

## **Current liabilities** - *€35,203 million*

*Short-term loans and current portion of long-term loans* increased by €1,280 million, going from €8,027 million of the end of 2012 to €9,307 million at September 30, 2013. The change takes account of the reduction in short-term bank debt in the amount of €902 million (especially the current portion of long-term loans that has fallen due) and in commercial paper in the amount of €2,145 million, partially offset by an increase in the current portion of bonds and preference shares in the amount of €1,276 million and in other financial liabilities (€491 million).

*Trade payables* came to €10,426 million (€13,903 million at December 31, 2012), down €3,477 million.

*Other current liabilities*, which came to €15,470 million, break down as follows:

Millions of euro

| | **at Sept. 30, 2013** | at Dec. 31, 2012 restated | Change |
|---|---|---|---|
| Payables due to customers | 1,666 | 1,637 | 29 |
| Payables due to the Electricity Equalization Fund and similar bodies | 3,340 | 3,371 | (31) |
| Current financial liabilities | 3,524 | 3,138 | 386 |
| Social security contributions payable and payables to employees | 545 | 745 | (200) |
| Tax payables | 3,165 | 1,309 | 1,856 |
| Other | 3,230 | 3,233 | (3) |
| **Total** | **15,470** | **13,433** | **2,037** |

The change for the period, €2,037 million, was mainly due to the following:

> an increase of €386 million in current financial liabilities attributable mainly to the increase in the fair value of derivative instruments recognized as liabilities, partially offset by the decrease in accrued financial liabilities;

> an increase of €1,856 million in tax payables, attributable essentially to the estimate for income taxes for the period, net of tax payments made.

## **Liabilities held for sale** - *€22 million*

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

## Net capital employed and related funding

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

Millions of euro

| | **at Sept. 30, 2013** | at Dec. 31, 2012 restated | Change |
|---|---|---|---|
| **Net non-current assets:** | | | |
| - property, plant and equipment and intangible assets | 100,703 | 103,388 | (2,685) |
| - goodwill | 15,812 | 15,918 | (106) |
| - equity investments accounted for using the equity method | 717 | 1,115 | (398) |
| - other net non-current assets/(liabilities) | (1,043) | (962) | (81) |
| **Total** | **116,189** | **119,459** | **(3,270)** |
| **Net current assets:** | | | |
| - inventories | 3,472 | 3,338 | 134 |
| - trade receivables | 12,939 | 11,719 | 1,220 |
| - net receivables due from the Electricity Equalization Fund and similar bodies | (2,590) | (2,435) | (155) |
| - other net current assets/(liabilities) | (6,160) | (5,295) | (865) |
| - trade payables | (10,426) | (13,903) | 3,477 |
| **Total** | **(2,765)** | **(6,576)** | **3,811** |
| **Gross capital employed** | **113,424** | **112,883** | **541** |
| **Provisions:** | | | |
| - post-employment and other employee benefits | (3,439) | (4,542) | 1,103 |
| - provisions for risks and charges and net deferred taxes | (13,592) | (13,615) | 23 |
| **Total** | **(17,031)** | **(18,157)** | **1,126** |
| **Net assets held for sale** | **614** | **309** | **305** |
| **Net capital employed** | **97,007** | **95,035** | **1,972** |
| **Total shareholders' equity** | **53,017** | **52,087** | **930** |
| **Net financial debt** | **43,990** | **42,948** | **1,042** |

**Net capital employed** at September 30, 2013, amounted to €97,007 million and is funded by equity pertaining to the shareholders of the Parent Company and non-controlling interests in the amount of €53,017 million and net financial debt of €43,990 million. The debt-to-equity ratio at September 30, 2013, came to 0.83 (0.82 at December 31, 2012).

## Net financial debt

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

Millions of euro

| | at Sept. 30, 2013 | at Dec. 31, 2012 | Change |
|---|---|---|---|
| **Long-term debt:** | | | |
| - bank loans | 11,365 | 13,282 | (1,917) |
| - bonds and preference shares | 42,492 | 41,509 | 983 |
| - other loans | 1,379 | 1,168 | 211 |
| *Long-term debt* | *55,236* | *55,959* | *(723)* |
| Long-term financial receivables and securities | (3,660) | (3,576) | (84) |
| **Net long-term debt** | **51,576** | **52,383** | **(807)** |
| **Short-term debt:** | | | |
| Bank loans: | | | |
| - short-term portion of long-term debt | 1,829 | 714 | 1,115 |
| - other short-term bank debt | 70 | 283 | (213) |
| *Short-term bank debt* | *1,899* | *997* | *902* |
| Bonds and preference shares (short-term portion) | 1,839 | 3,115 | (1,276) |
| Other loans (short-term portion) | 266 | 228 | 38 |
| Commercial paper | 5,059 | 2,914 | 2,145 |
| Cash collateral and other financing on derivatives | 125 | 691 | (566) |
| Other short-term financial payables | 119 | 82 | 37 |
| *Other short-term debt* | *7,408* | *7,030* | *378* |
| Long-term financial receivables (short-term portion) | (6,320) | (5,318) | (1,002) |
| Factoring receivables | (193) | (288) | 95 |
| Cash collateral | (1,823) | (1,402) | (421) |
| Other short-term financial receivables | (374) | (521) | 147 |
| Cash with banks and short-term securities | (8,183) | (9,933) | 1,750 |
| *Cash and cash equivalents and short-term financial receivables* | *(16,893)* | *(17,462)* | *569* |
| **Net short-term debt** | **(7,586)** | **(9,435)** | **1,849** |
| **NET FINANCIAL DEBT** | **43,990** | **42,948** | **1,042** |
| **Financial debt of "Assets held for sale"** | **13** | **(10)** | **23** |

**Net financial debt** was equal to €43,990 million at September 30, 2013, up €1,042 million on December 31, 2012.

More specifically, **net long-term debt** decreased by €807 million, the net effect of an increase in long-term financial receivables in the amount of €84 million and a decrease in gross long-term debt of €723 million.
More specifically, bank loans, in the amount of €11,365 million, decreased by €1,917 million due mainly to the decline in the use of long-term revolving credit lines (€245 million by Endesa, €100 million by Enel SpA ), to the reclassification by Slovenské elektrárne of €650

million to short-term debt and the early repayment of the 2009 credit facility in the amount of €617 million, falling due in 2014.
The €10 billion five-year revolving credit line established in April 2010 by Enel SpA and Enel Finance International was undrawn at September 30, 2013. At the same date, the committed credit lines obtained by Enel SpA and Enel Finance International were drawn in the amount of €3,550 million.
Bonds totaled €42,492 million, an increase of €983 million compared with the end of 2012, mainly due to private placements totaling €479 million by Enel Finance International and issues of the following hybrid financial instruments by Enel SpA:
> €1,250 million in respect of a 6.50% fixed-rate bond issued maturing on January 10, 2074 with a call option exercisable at January 10, 2019;
> £400 million (equal to €478 million) in respect of a 7.75% fixed-rate bond issued maturing on September 10, 2075 with a call option exercisable at September 10, 2020;
> $1,250 million (equal to €926 million) in respect of a 8.75% fixed-rate bond issued maturing on September 24, 2073 with a call option exercisable at September 24, 2023.
These effects were partially offset by the reclassification to short term of the current portion of a bond issued by Enel SpA in 2007 in the amount of €1,000 million and bonds issued by Endesa totaling €577 million.

**Net short-term debt** showed a net creditor position of €7,586 million at September 30, 2013, a decrease of €1,849 million compared with the end of 2012, as a result of an increase in short-term bank debt in the amount of €902 million, a €378 million increase in other short-term debt and a decrease of €569 million in cash and cash equivalents and short-term financial receivables.
The following bond repayments were made in the period:
> $1,000 million in respect of a fixed-rate bond issued by Enel Finance International, which matured in January 2013;
> €700 million in respect of fixed-rate bonds issued by International Endesa, which matured in February 2013;
> €181 million in respect of the early repayment of the Endesa Capital Finance preference shares in March 2013;
> €750 million in respect of a fixed-rate bond issued by Enel SpA, which matured in June 2013;
> $400 million in respect of a fixed-rate bond issued by Endesa Chile, which matured in August 2013.

Specifically, short-term bank debt rose by €902 million compared with the end of 2012, mainly due to the reclassification of the current portion of long-term bank loans in respect of revolving lines of credit extended to Slovenské elektrárne totaling €650 million. Other short-term debt, equal to €7,408 million, includes commercial paper issued by Enel Finance International, International Endesa and Endesa Capital in the total amount of €5,059 million, and bonds and preference shares falling due within the next 12 months totaling €1,839 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,823 million, while cash collateral received amounted to €125 million.

Cash and cash equivalents and short-term financial receivables came to €16,893 million, down €569 million from the end of 2012, mainly attributable to the decrease in liquidity held with banks and short-term securities in the amount of €1,750 million, partially offset by the increase of €421 million in cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities.

Significant funding transactions carried out during the 3rd Quarter of 2013 included:

> on July 30, 2013, Enel Latin America (Chile) signed a 5-year loan agreement for $100 million;

> on July 18, 2013, Enel SpA paid off in advance a bilateral revolving credit line in the amount of €500 million falling due in 2014 and renegotiated a bilateral revolving credit line totaling €800 million in the following tranches: €400 million falling due in 2015 and €400 million due in 2016.

## Cash flows

**Cash flows from operating activities** in the first nine months of 2013 totaled €2,499 million, down €2,539 million compared with the same period of the previous year. The decrease is mainly the result of the increased use of cash connected with the change in net current assets between the two periods and the decrease in the gross operating margin, the effects of which were only partially offset by changes in the amount of non-monetary elements.

**Cash flows from investing/disinvesting activities** in the first nine months of 2013 show funds absorbed in the amount of €3,787 million, while in the first nine months of 2012 cash used totaled €4,481 million.
In particular, investments in property, plant and equipment and in intangible assets totaled €3,702 million, down €749 million on the same period of the previous year.
In the first nine months of 2013, investments in entities or business units, net of cash and cash equivalents acquired, amounted to €182 million and are accounted for by the acquisition of 100% of Parque Eólico Talinay Oriente, a company operating in the wind generation sector in Chile, the acquisition of 50% of PowerCrop, which operates in the Italian biomass generation sector, the acquisition of an additional 26% of Chisholm View Wind Project and Prairie Rose Wind, both operating in wind generation in the United States, in which the Group previously held an interest of 49%, and other smaller acquisitions.
The disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €68 million in the first nine months of 2013 and was entirely accounted for by the sale of 51% of Buffalo Dunes Wind Project.
Cash generated by other investing activities in the first nine months of 2013, equal to €29 million, is essentially attributable to the proceeds from the sale of the investment in Medgaz (€84 million) and other smaller disposals (€54 million). These factors were partially offset by the cash outflow associated with the capital increase at Buffalo Dunes Wind Project after its sale, in proportion to the remaining stake held in that company (€85 million) and other minor equity investments.

**Cash flows from financing activities** show cash used in the amount of €261 million, while in the same period of 2012 they showed cash use of €446 million. In the first nine months of 2013, the positive impact of the capital increase at the Chilean subsidiary Enersis by non-controlling shareholders and the issue of hybrid financial instruments was more than offset by loan repayments made and the payment of smaller dividends to non-controlling interests.

Therefore, in the first nine months of 2013, cash flows from operating activities in the amount of €2,499 million only partly covered the cash needs of investing activities in the amount of €3,787 million and financing activities in the amount of €261 million. The difference is reflected in the decrease in cash and cash equivalents, which at September 30, 2013 totaled €8,184 million compared with €9,933 million at the end of 2012. This decrease also reflects the negative effect of exchange rate fluctuations on cash and cash equivalents, equal to €200 million.

# Other information

## Related parties

As an operator in the field of generation, distribution, transport and sale of electricity, as well as the sale of natural gas, Enel engages in transactions with a number of companies controlled directly or indirectly by the Italian State, Enel's controlling shareholder.

The following table summarizes transactions with such related parties.

| Related party | Relationship | Nature of main transactions |
|---|---|---|
| Single Buyer | Fully controlled (indirectly) by the Ministry for the Economy and Finance | Purchase of electricity for the enhanced protection market |
| EMO – Energy Markets Operator | Fully controlled (indirectly) by the Ministry for the Economy and Finance | Sale of electricity on the Power Exchange<br>Purchase of electricity on the Power Exchange for pumping and plant planning |
| ESO – Energy Services Operator | Fully controlled (directly) by the Ministry for the Economy and Finance | Sale of subsidized electricity<br>Payment of A3 component for renewable resource incentives |
| Terna | Indirectly controlled by the Ministry for the Economy and Finance | Sale of electricity on the Ancillary Services Market<br>Purchase of transport, dispatching and metering services |
| Eni Group | Directly controlled by the Ministry for the Economy and Finance | Sale of electricity transport services<br>Purchase of fuels for generation plants, storage services and natural gas distribution |
| Finmeccanica Group | Directly controlled by the Ministry for the Economy and Finance | Purchase of IT services and supply of goods |
| Poste Italiane Group | Fully controlled (directly) by the Ministry for the Economy and Finance | Purchase of postal services |

Finally, Enel also maintains relationships with the pension funds Fopen and Fondenel, and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.
All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity and Gas.

The following table summarizes the relationships:

| | Balance sheet | | Income statement | |
|---|---|---|---|---|
| Millions of euro | Receivables | Payables | Revenues | Costs |
| | **At Sept. 30, 2013** | | **First nine months of 2013** | |
| Single Buyer | 5 | 850 | 13 | 3,847 |
| Energy Markets Operator | 543 | 557 | 5,281 | 3,637 |
| Terna | 429 | 465 | 1,081 | 1,688 |
| Eni | 43 | 180 | 561 | 189 |
| Energy Services Operator | 383 | 1,080 | 281 | 2 |
| Italian Post Office | - | 110 | - | 89 |
| Other | 62 | 35 | 41 | 19 |
| **Total** | **1,465** | **3,277** | **7,258** | **9,471** |

The following table shows transactions with associated companies outstanding at September 30, 2013 and carried out during the first nine months of the year, respectively.

| | Balance sheet | | Income statement | |
|---|---|---|---|---|
| Millions of euro | Receivables | Payables | Revenues | Costs |
| | **At Sept. 30, 2013** | | **First nine months of 2013** | |
| Enel Rete Gas | 22 | 34 | 27 | 209 |
| SeverEnergia | 1 | - | - | - |
| Elica 2 | 2 | - | - | - |
| CESI | 1 | 3 | - | 9 |
| GNL Chile | 1 | 1 | 45 | 137 |
| Other companies | 206 | 16 | 47 | 30 |
| **Total** | **233** | **54** | **119** | **385** |

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/it-IT/group/governance/principles/related_parts/) was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the first nine months of 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 no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

## Contractual commitments and guarantees

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

Millions of euro

| | **at Sept. 30, 2013** | at Dec. 31, 2012 | Change |
|---|---|---|---|
| **Guarantees given:** | | | |
| - sureties and other guarantees granted to third parties | 6,756 | 5,586 | 1,170 |
| **Commitments to suppliers for:** | | | |
| - electricity purchases | 44,819 | 50,634 | (5,815) |
| - fuel purchases | 52,445 | 62,576 | (10,131) |
| - various supplies | 2,058 | 2,120 | (62) |
| - tenders | 2,389 | 1,922 | 467 |
| - other | 2,192 | 2,315 | (123) |
| **Total** | **103,903** | **119,567** | **(15,664)** |
| **TOTAL** | **110,659** | **125,153** | **(14,494)** |

The increase in sureties and other guarantees granted to third parties is essentially due to new guarantees for Group VAT granted by Enel SpA.

Commitments for electricity amounted to €44,819 million at September 30, 2013, of which €22,098 million refer to the period October 1, 2013-2017, €9,174 million to the period 2018-2022, €4,667 million to the period 2023-2027 and the remaining €8,880 million beyond 2027.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at September 30, 2013, was €52,445 million, of which €26,594 million refer to the period October 1, 2013-2017, €20,651 million to the period 2018-2022, €4,088 million to the period 2023-2027 and the remaining €1,112 million beyond 2027.

## Contingent liabilities and assets

Compared with the consolidated financial statements at December 31, 2012 which the reader is invited to consult, the following main changes have occurred in contingent assets and liabilities.

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

As regards the case before the Court of Rovigo, the Ministry of the Environment, the Ministry of Health and numerous other actors, mainly local authorities (including the regional governments) of Emilia Romagna and Veneto, as well as park agencies in the area have joined the case as injured parties asking for unspecified damages. Evidence was submitted at the hearing of June 6, 2013. The proceedings are under way and a number of hearings are being held to question witnesses and the prosecutor's expert consultants, with the witnesses and expert consultants of the defense to be heard subsequently.

### Dispute with Electrica

On July 5, 2013, the Romanian state-controlled company Electrica SA notified Enel SpA, Enel Investment Holding, Enel Distributie Muntenia and Enel Energie Muntenia of a request for arbitration, setting out a series of demands for damages for alleged breach of contractual obligations contained in the agreements between the parties on the occasion of the disposal of a controlling interest in Electrica Muntenia Sud (which was subsequently split into Enel Distributie Muntenia and Enel Energie Muntenia).

The interest was acquired by Enel in 2008 in the privatization of Electrica Muntenia Sud and other companies operating in the Romanian electrical industry. Following the operation, Electrica nevertheless retained a non-controlling interest.

The demands for damages advanced by Electrica are based on its application of penalties in the amount of about €715 million plus interest and additional unspecified damages. As provided for in the contractual documentation, the arbitration proceeding will be held in Paris and will be governed by the rules of the International Chamber of Commerce. The proceeding is currently in the initial stages and the arbitration board has not yet been appointed. On October 1, 2013, Enel filed its response to the Electrica demands.

# Subsequent events

## Memorandum of understanding with Huaneng for cooperation in power generation

On October 14, 2013, Enel signed a memorandum of understanding with the China Huaneng Group (CHNG), which operates in the energy sector, aimed at strengthening cooperation on clean coal technologies, flue gas purification, enhancing the efficiency and performance of coal plants, renewable energy and distributed generation. The memorandum is a product of the cooperation program between Enel, the Chinese Ministry of Science and Technology and the Italian Ministry for the Environment launched in 2008 to boost the use of environmentally sustainable technologies in power generation. More specifically, the memorandum is the follow-up to the signing in 2012 of another agreement between Enel and CHNG's Clean Energy Research Institute that launched cooperation between the two groups on research in clean coal, renewables and distributed generation.
Under the new agreement, Enel's contribution will mainly apply to the areas of flue gas purification, carbon capture and storage, pilot project analysis of distributed power generation in urban areas with innovative environmentally sustainable technologies, renewable energy generation and the implementation of a regulatory framework to foster pilot cap and trade programs in China.

## Award of right to contract renewable energy in South Africa

On October 31, 2013, Enel Green Power (EGP) was awarded the right to enter into energy supply contracts with the South African utility Eskom in the amount of 314 MW of solar projects and 199 MW of wind projects (for a total of 513 MW) in the third round of the renewable energy tender sponsored by the South African government.
In accordance with the rules of the tender, EGP participated with vehicle companies, retaining a controlling 60% stake, in partnership with major local players. The four photovoltaic projects (Aurora, Tom Burke, Paleisheweul and Pulida) will be in the Northern Cape, Western Cape, Free State and Limpopo regions, in areas boasting the highest concentration of solar radiation in the country. The two wind projects (Gibson Bay and Cookhouse) will be located in the Eastern Cape region in areas with abundant wind resources.
Once completed in 2016, the six projects, which will require a total investment of about €630 million, will generate more than 1,300 GWh per year, making an environmentally sustainable contribution to meeting the country's rising energy demand.

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

The officer responsible for the preparation of the company's financial reports, Luigi Ferraris, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at September 30, 2013 corresponds with that contained in the accounting documentation, books and records.

*Disclaimer*

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has been translated into
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of international readers

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