Annual Report 2014

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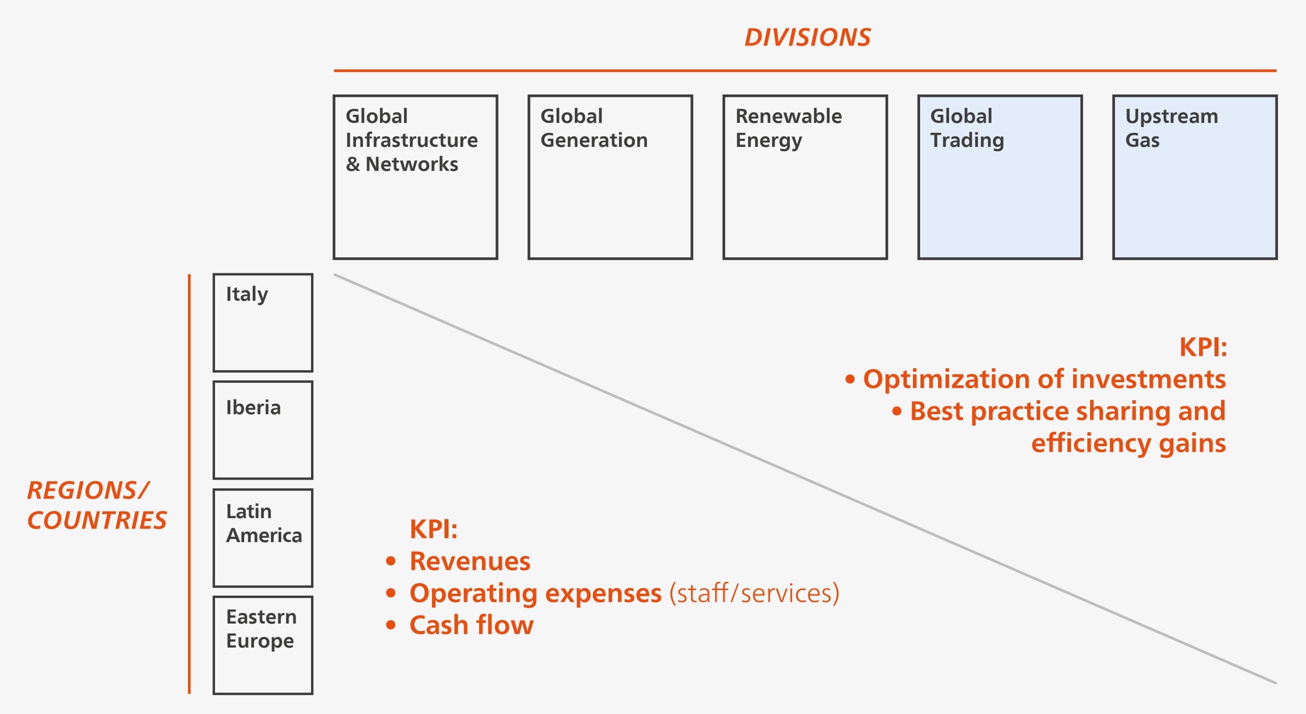
Report
on operations

Enel organizational model

On July 31, 2014, the Enel Group adopted a new organizational structure, based on a matrix of divisions and geographical areas, focused on the industrial objectives of the Group, with clear specification of roles and responsibilities in order to:

> pursue and maintain technological leadership in the sectors in which the Group operates, ensuring operational excellence;
> maximize the level of service offered to customers in local markets.

Thanks to this organization, the Group can benefit from reduced complexity in the execution of management actions and the analysis of key factors in value creation.



More specifically, the new Enel Group structure is organized into:

> *Divisions* (Global Infrastructure and Networks, Global Generation, Global Trading, Renewable Energy, and Upstream Gas), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group can benefit from a centralized industrial vision of projects in the various business areas. Each project will be assessed not only on the basis of its financial return, but also on the basis of the best technologies available at the Group level;
> *Regions and countries* (Italy, Iberia, Latin America, Eastern Europe), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Divisions;
> *Global service functions* (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;
> *Holding company functions* (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Union Affairs, and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.

The **new organization will modify** the reporting structure, the analysis of the Group's performance and financial position and, accordingly, **the representation of consolidated results only from the start of 2015**. Consequently, in this Annual Report 2014, in line with practice in previous periods, the results by business area are discussed using the previous organizational structure, taking account of the provisions of IFRS 8 concerning the "management approach".

More specifically, the **previous operational model**, adopted in early 2012, provided for the organization of the Group on the basis of:

> *Holding 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 pursued 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 operated 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 and other smaller companies);
  - trading on international and Italian markets, primarily through Enel Trade;
> 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);
> 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 power generation in Slovakia and Belgium (Slovenské elektrárne and Marcinelle Energie) and electricity sales in France (Enel France);
> south-eastern Europe, mainly with the development of generation capacity (Enel Productie) and electricity distribution and sales in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia and Enel Energie Muntenia);
> Russia, with power generation and electricity sales activities (Enel Russia OJSC).

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, which in 2014 were modified with regard to operations in the Iberian peninsula, are:

> 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), Bulgaria (Enel Green Power Bulgaria) and Spain and Portugal (Enel Green Power España);
> Latin America, with power generation from renewable sources (various companies);
> 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 is responsible for coordinating nuclear technology operations, providing independent monitoring of the Group's nuclear activities with regard to safety issues. Finally, it manages research activities identified in the process of managing innovation, with a focus on strategic research and technology scouting.

Finally, on the basis of the criteria set out by IFRS 8, 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 structure of internal reporting to top management. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, the Services and Other Activities area and the Engineering and Research Division, as well as the Upstream Gas function.

Corporate Boards

Board of Directors

Chairman

Patrizia Grieco

Chief Executive Officer and General Manager

Francesco Starace

Directors

Alessandro Banchi
Alberto Bianchi
Paola Girdinio
Alberto Pera
Anna Chiara Svelto
Angelo Taraborrelli

Secretary

Claudio Sartorelli

Board of Auditors

Chairman

Sergio Duca

Auditors

Lidia D'Alessio
Gennaro Mariconda

Alternate auditors

Giulia De Martino
Pierpaolo Singer
Franco Luciano Tutino

Independent auditors

Reconta
Ernst & Young SpA

Powers

Board of Directors

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

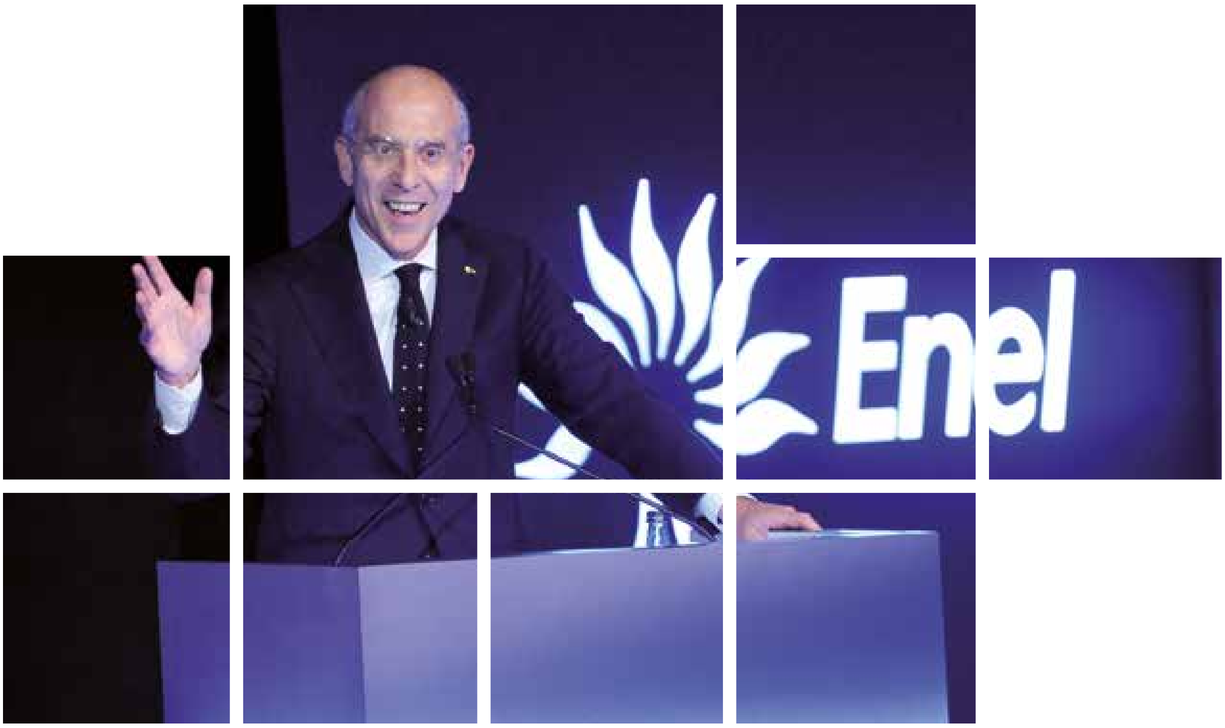
Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of May 23, 2014, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company and to sign on its behalf, and in addition is vested by a Board resolution of May 23, 2014 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders



Dear shareholders and stakeholders,

the year 2014 was one of great change for the Enel Group. We launched a series of strategic and managerial initiatives to rise to the challenges of an increasingly dynamic and complex environment. In the 1st Half of the year, we focused on the buyout of minority shareholders in Latin America and the launch of the disposal of assets in Eastern Europe. In the 2nd Half, after the appointment of the new Board of Directors and top management, we launched the new organizational structure, a key element in enhancing our efficiency and accelerating our refocusing.

In line with the reorganization effort, we undertook a corporate restructuring by separating Endesa from the Enersis subsidiary, which is in charge of operations in five Latin American countries. Finally, we sold a stake of about 22% of Endesa, increasing its liquidity on the market.

Thanks to these steps we brought debt to our target level, and we can now turn to face the new challenges of the coming years.

The macroeconomic environment

The global macroeconomic environment in the past year has been marked by uneven, halting economic performance. Among the mature markets, the United States has established itself as the locomotive of global growth, while Europe has once again demonstrated the difficulties it is facing in sparking a real and lasting recovery. The emerging markets showed the first signs of a slowdown, while maintaining relatively strong levels of growth. The fall in oil prices, the depreciation of the euro as a result of both the expectations of rising interest rates in the US and the quantitative easing in the euro area, the violent Russian currency crisis and tensions in Ukraine all had a major impact last year. In the coming months, some of these factors will help foster a revival of growth of the European economies, such as Italy and Spain, where the Enel Group is present, stimulating household consumption through increased access to credit and increasing current levels of industrial production. The expected economic recovery will then generate a rise in electricity consumption from the trough reached this year, albeit partially contained by the development of energy efficiency. The countries of Latin America, after a decade of strong expansion, showed some signs of slowing down. The decrease in the pace of growth in world trade, the fall in commodity prices and the excessive volatility of certain currencies have all impacted current economic performance, but have not diverted the medium-term trend in development, which remains based on fundamentals such as high rates of population growth, increasing consumption and spreading urbanization, all of which will lead to strong growth in demand for electricity and gas.

Management initiatives

Despite such a complex environment, the Group managed to achieve the objectives announced to the market thanks to the soundness of its strategy, the technological leadership developed over the years and the swift implementation of management initiatives in 2014. The buyback of non-controlling interests in Latin America enabled Enersis, the Enel company heading Group operations in South America, to increase its stake in the capital of a number of companies in which it already held a significant interest, such as Coelce, Edegel and Gas Atacama. These transactions are part of a broader plan for reorganization and corporate restructuring in Latin America, in which we have decided to separate our activities in the Iberian peninsula from those in Latin America, enabling Enersis to report directly to Enel SpA and simultaneously increasing our stake in that Chilean company by about 5%. As part of the process of reducing our debt, we continued to implement the disposal program, previously announced to investors. In particular, the public offering of 21.92% of Endesa, carried out after the separation from Enersis, and other smaller operations enabled us to achieve our targets.

Last but not least, the Group reorganization, which saw the creation of five global business lines (Infrastructure and Networks, Generation, Renewable Energy, Trading and Upstream Gas), which are responsible for the allocation of investments in their respective areas and the sharing of best practices at the Group level, and four geographical areas (Italy, Iberia, Latin America and Eastern Europe), whose primary task is to sustain revenue and the generation of cash flow.

This new and more responsive structure has also simplified and streamlined the units of the Parent Company, which enters 2015 with a more simple and agile form.

Performance in 2014

Revenue in 2014 totaled €75.8 billion, down 3.7% compared with €78.7 billion in 2013, mainly due to the reduction in revenue from electricity sales, itself a consequence of a decline in quantities sold, compounded by the adverse impact of developments in the exchange rates of the currencies of some of the countries in which the Group operates (particularly in Latin America and Russia). EBITDA amounted to €15.7 billion, down 5.6% from €16.7 billion in 2013, mainly due to the different contribution of disposals to performance in the two years. Excluding these items, EBITDA amounted to €15.5 billion (€15.8 billion in 2013), a reduction of 1.9%, essentially due to changes in exchange rates. This factor was partially offset by the improvement in the margin on electricity sales on the Italian market. Net financial debt at the end of 2014 amounted to €37.4 billion (excluding €0.6 billion regarding net assets classified as "held for sale"), a decrease of €2.3 billion from €39.7 billion at the end of 2013. The decline reflects the positive effects of ordinary operations, which were particularly significant in the 4th Quarter of the year, as well as cash flow generated by extraordinary transactions. These positive effects were partially offset by the cash requirements of the payment of dividends and investments for the period, as well as exchange rate losses (€1.1 billion), primarily in respect of medium- and long-term debt denominated in currencies other than the euro.

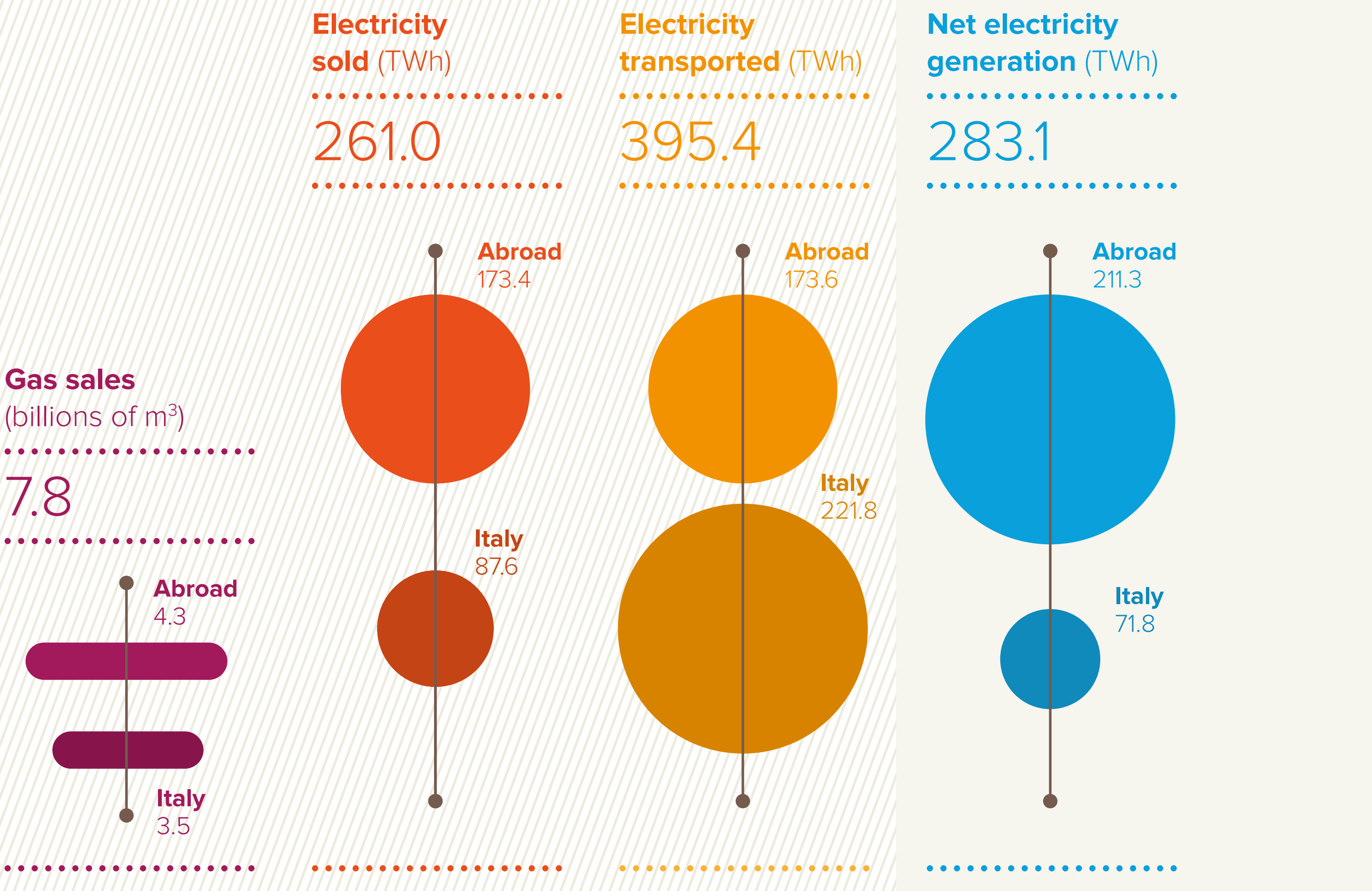
Future strategy and forecasts for 2015

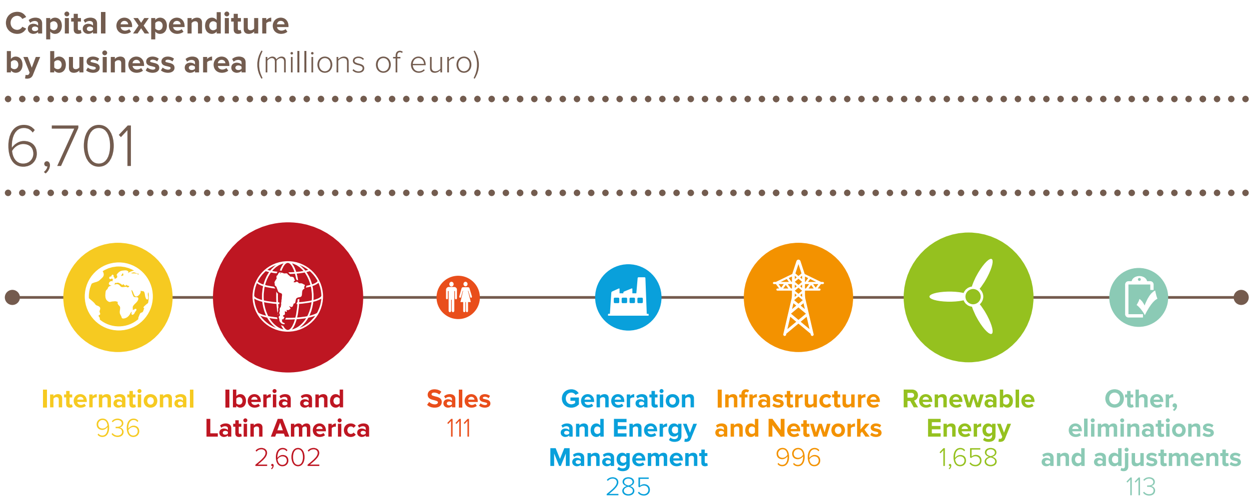
In order to compete effectively in the macroeconomic environment of today and tomorrow and, at the same time, seize new business opportunities in the energy industry, the Enel Group is shifting to a new industrial strategy based on four key pillars: i) achieving high levels of operating efficiency through the optimal management of the costs and maintenance capex of our assets; ii) reviving the Group's "industrial" growth with a sharp increase in growth capex; iii) actively managing our portfolio with a view to creating value; and iv) the Group's new dividend policy. The Enel Group's new business plan therefore sets out the priorities and action plans necessary to pursue these objectives. In order to boost operating efficiency, we will leverage our new Global Business Lines in order to share internal best practices for optimizing operating expenses and managing assets efficiently. The new path to industrial growth will be sustained by major investment in promising markets and businesses, beginning with renewables, by expanding our positioning in areas where we are already operating, such as in Latin America, and entering new countries, partly with a view to subsequently positioning ourselves in other businesses. Other growth areas will include new smart distribution grids and expanding our range of value-added products and services in retail markets. The active management of our portfolio will be targeted at the disposal of non-strategic assets and subsequent reinvestment of the proceeds in order to create value and rationalize the Group structure. Finally, the introduction of a new dividend policy is designed to lend certainty to the pay-out in the near term, with the potential for significant growth in the medium to long term.
The Group has a unique presence in the world utilities market, thanks both to its size, its technological diversification, its presence along the entire value chain and its geographical diversification. Our new organizational structure gives management a tool to leverage these characteristics to create even more value in a rapidly evolving global environment.

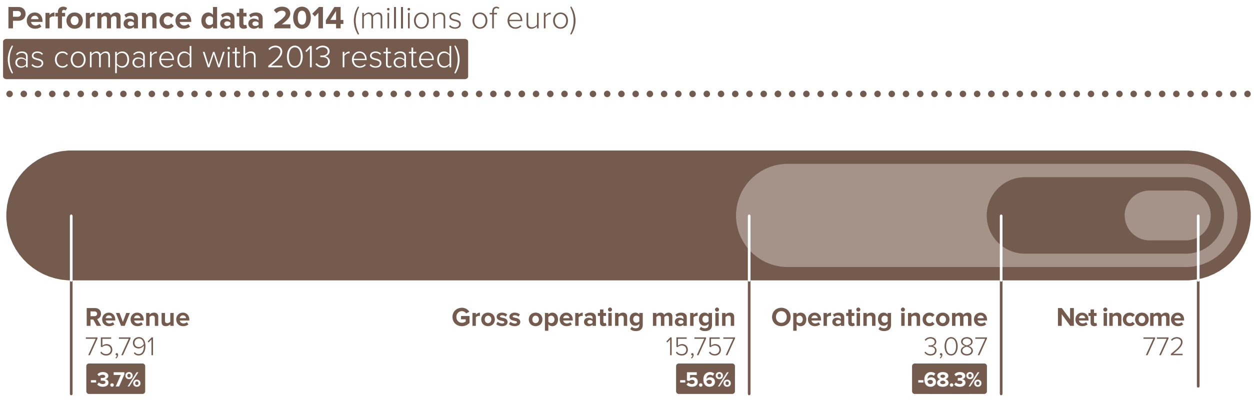
The Chairman of the Board of Directors
Patrizia Grieco

The Chief Executive Officer
Francesco Starace

Summary of results

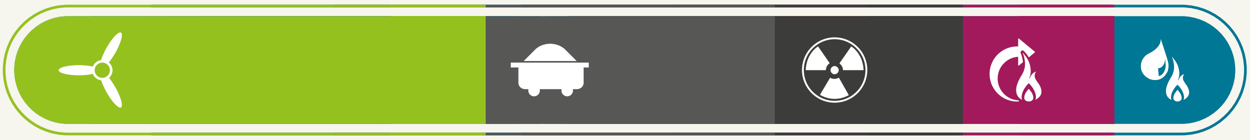






Net electricity generation by source (TWh)

283.1



Renewables 34%

Coal 29%

Nuclear 14%

Gas combined cycle 13%

Oil and gas turbine 10%

Net electricity generation by renewable resource (TWh)

94.9

Hydroelectric 78%

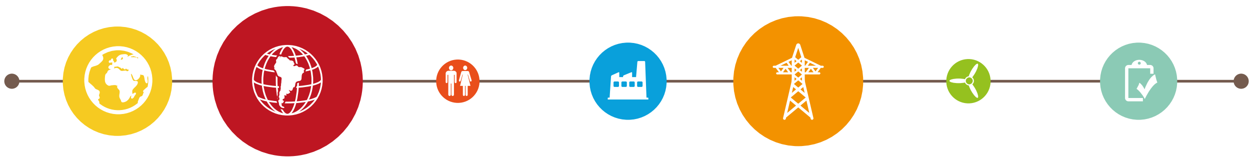
Wind 15%

Geothermal 6%

Biomass and solar 1%

Employees by business area

68,961



International 10,403

Iberia and Latin America 22,801

Sales 3,633

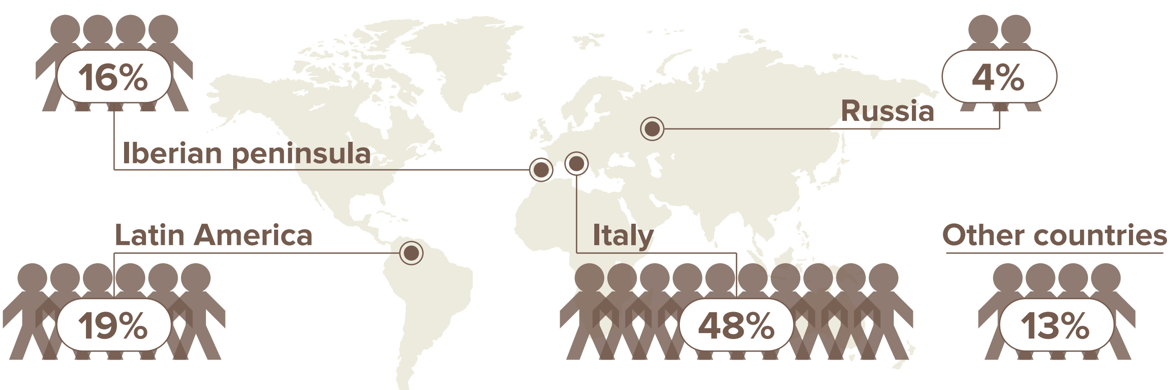
Generation and Energy Management 5,314

Infrastructure and Networks 17,398

Renewable Energy 3,609

Other, eliminations and adjustments 5,803

Employees by geographical area

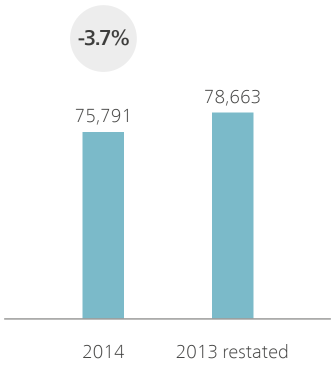


Performance data

Revenue

Revenue in 2014 amounted to €75,791 million, a decrease of €2,872 million (-3.7%) on 2013. The decline is essentially attributable to the decrease in revenue from the sale of electricity, largely due to a fall in amounts sold, the adverse impact of changes in the exchange rates of the currencies of a number of the countries in which the Group operates against the euro, and the smaller contribution to performance of disposal of strategic equity interests. These factors were only partly offset by an increase in revenue from the sale of fuels.

Millions of euro



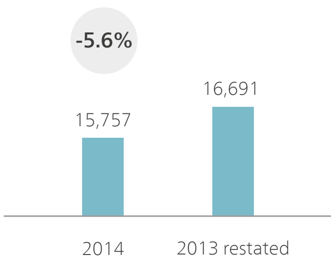
Millions of euro

	2014	2013 restated	Change	
Sales	15,226	16,921	(1,695)	-10.0%
Generation and Energy Management	22,606	22,798	(192)	-0.8%
Infrastructure and Networks	7,366	7,698	(332)	-4.3%
Iberia and Latin America	30,547	30,674	(127)	-0.4%
International	5,278	6,296	(1,018)	-16.2%
Renewable Energy	2,921	2,769	152	5.5%
Other, eliminations and adjustments	(8,153)	(8,493)	340	4.0%
Total	**75,791**	**78,663**	**(2,872)**	**-3.7%**

Gross operating margin

The **gross operating margin** in 2014 amounted to €15,757 million, down 5.6% compared with 2013. Excluding the impact of non-recurring transactions, the gross operating margin came to €15,502 million (€15,769 million in 2013), a decline of €267 million (-1.7%). The change reflected the adverse effects of changes in exchange rates, the impact of which was offset by the improvement in the margin on sales of electricity on the domestic market.

Millions of euro



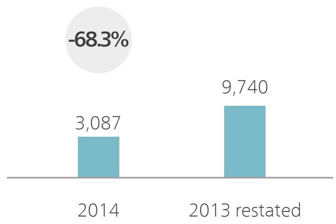
Millions of euro

	2014	2013 restated	Change	
Sales	1,081	866	215	24.8%
Generation and Energy Management	1,163	1,084	79	7.3%
Infrastructure and Networks	3,979	4,009	(30)	-0.7%
Iberia and Latin America	6,294	6,638	(344)	-5.2%
International	1,204	1,293	(89)	-6.9%
Renewable Energy	1,938	1,780	158	8.9%
Other, eliminations and adjustments	98	1,021	(923)	-90.4%
Total	**15,757**	**16,691**	**(934)**	**-5.6%**

Operating income

Operating income in 2014 amounted to €3,087 million, a decrease of 68.3% compared with 2013 (€9,740 million). In addition to the decline in the gross operating margin, the contraction is attributable to an increase in impairment losses in 2014 compared with 2013. More specifically, while in 2013 the item was entirely accounted for by the writedown of part of the goodwill of the Enel Russia cash generating unit (formerly Enel OGK-5), in 2014 impairment losses were recognized after impairment testing in the total amount of €6,427 million. The impairment included adjustments to fair value of the net assets held for sale pertaining to Slovenské elektrárne (€2,878 million), conventional generation assets in Italy (€2,108 million), and water use rights for a number of rivers in the Aysén region of Chile (€589 million).

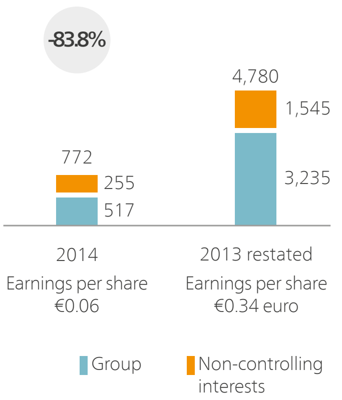
Millions of euro



Millions of euro

	2014	2013 restated	Change	
Sales	455	362	93	25.7%
Generation and Energy Management	(1,539)	493	(2,032)	-
Infrastructure and Networks	2,943	3,029	(86)	-2.8%
Iberia and Latin America	2,789	3,767	(978)	-26.0%
International	(2,682)	(23)	(2,659)	-
Renewable Energy	1,124	1,205	(81)	-6.7%
Other, eliminations and adjustments	(3)	907	(910)	-
Total	**3,087**	**9,740**	**(6,653)**	**-68.3%**

Millions of euro

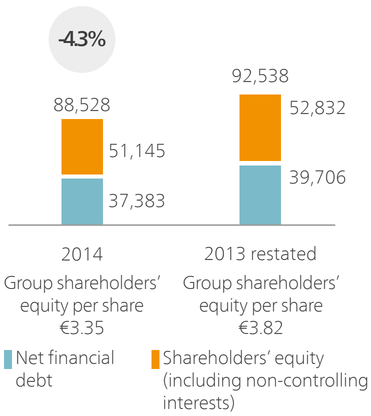


Net income

Net income pertaining to shareholders of the Parent Company amounted to €517 million in 2014, compared with €3,235 million the previous year. The decrease is essentially attributable to the decline in operating income, the increase in net financial expense and impairment losses on a number of minority interests held by the Group. These factors were partly offset by lower taxes for 2014, which reflected the recognition of a tax credit of €1,392 million in respect of dividends distributed by Endesa following major corporate operations carried out in the last Quarter of 2014, and the impact on deferred taxation of impairment losses.

Financial data

Millions of euro



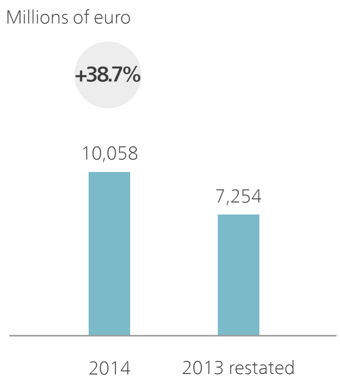
Net capital employed

Net capital employed, including net assets held for sale of €1,488 million (mainly related to Slovenské elektrárne), amounted to €88,528 million at December 31, 2014 and was financed by equity pertaining to shareholders of the Parent Company and non-controlling interests of €51,145 million and net financial debt of €37,383 million. At December 31, 2014, the debt/equity ratio came to 0.73 (0.75 at December 31, 2013).

Net financial debt came to €37,383 million, a decrease of €2,323 million compared with December 31, 2013. More specifically, cash flows from operations, the disposal of a number of non-strategic assets and the proceeds of the disposal of 21.92% of Endesa in November in a public offer more than covered capital expenditure in the period and the payment of dividends.

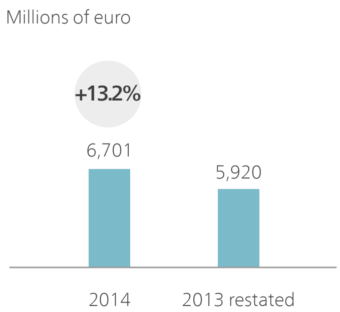
Cash flows from operations

Cash flows from operations amounted to €10,058 million in 2014, up €2,804 million on the previous year.



Capital expenditure

Capital expenditure amounted to €6,701 million in 2014 (of which €6,019 million in respect of property, plant and equipment), an increase of €781 million on 2013.



Millions of euro

	2014	2013 restated	Change	
Sales	111	99	12	12.1%
Generation and Energy Management	285	313	(28)	-8.9%
Infrastructure and Networks	996	1,046	(50)	-4.8%
Iberia and Latin America	2,602	2,160	442	20.5%
International	936	924	12	1.3%
Renewable Energy	1,658	1,294 (1)	364	28.1%
Other, eliminations and adjustments	113	84	29	34.5%
Total	**6,701**	**5,920**	**781**	**13.2%**

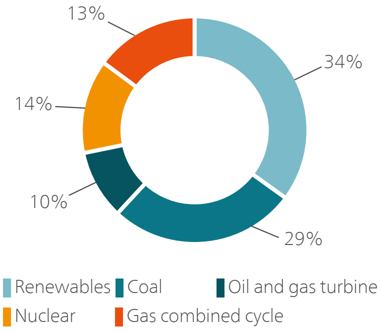
(1) The figure for 2013 does not include €1 million regarding units classified as "held for sale".

Operations

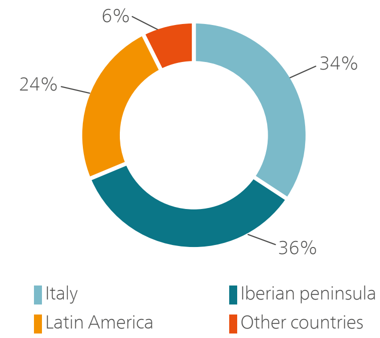
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2014			2013	
Net electricity generated by Enel (TWh)	71.8	211.3	**283.1**	71.2	210.6	**281.8**
Electricity transported on the Enel distribution network (TWh)	221.8	173.6	**395.4**	228.9	173.7	**402.6**
Electricity sold by Enel (TWh) (1)	87.6	173.4	**261.0**	92.2	178.3	**270.5**
Gas sold to end users (billions of m^3)	3.5	4.3	**7.8**	4.1	4.5	**8.6**
Employees at year-end (no.) (2)	33,405	35,556	**68,961**	34,246	36,096	**70,342**

(1) Excluding sales to resellers.
(2) Includes 4,430 in units classified as "held for sale" at December 31, 2014 (37 at December 31, 2013 restated).

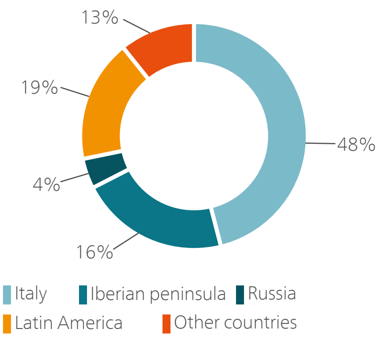
Net electricity generation by source (2014)



Electricity sold by geographical area (2014)



Employees by geographical area (at December 31, 2014)



Net electricity generated by Enel in 2014 rose by 1.3 TWh (+0.5%), with an increase in generation abroad (+0.7 TWh) and in Italy (+0.6 TWh). More specifically, the increase in renewables generation (+3.6 TWh), thanks to an expansion of installed capacity and more favorable weather conditions, was more than offset by a reduction in nuclear generation (-1.3 TWh), with an especially sharp contraction in Spain, and in thermal generation (-1.0 TWh), attributable to the shut-down of a number of plants in Latin America.

Electricity transported on the Enel distribution network came to 395.4 TWh, a decrease of 7.2 TWh (-1.8%), essentially due to the decline in electricity demand in Italy and Spain, only partly offset by the growth posted in Latin America, especially Brazil.

Electricity sold by Enel decreased by 9.5 TWh (-3.5%), mainly reflecting a decrease in quantities sold in Italy (-4.6 TWh), France (-4.6 TWh) and the Iberian peninsula (-2.2 TWh), only partly offset by higher sales in Latin America (+1.9 TWh).

At December 31, 2014, Enel Group **employees** numbered 68,961 (-1,381 on the end of 2013). The contraction in the Group workforce is attributable to the balance between new hirings and terminations (for a net decrease of 1,404) and the change in the scope of consolidation (an increase of 23).

	Employees (no.)	
	2014	2013 restated
Sales	3,633	3,687
Generation and Energy Management (1)	5,314	5,621
Infrastructure and Networks	17,398	17,689
Iberia and Latin America (2)	22,801	22,541
International (3)	10,403	11,439
Renewable Energy	3,609	3,469
Other, eliminations and adjustments	5,803	5,896
Total	**68,961**	**70,342**

(1) Includes 41 in units classified as "held for sale" at December 31, 2014.
(2) Includes 15 in units classified as "held for sale" at December 31, 2014.
(3) Includes 4,374 in units classified as "held for sale" at December 31, 2014 (37 at December 31, 2013 restated).

Restatement of the income statement and the balance sheet

The figures in the income statement and the balance sheet at December 31, 2013, reported here for comparative purposes only, have been restated to reflect:

> the application of the new IFRS 11, applicable since January 1, 2014 with retrospective effect, under which the only permissible method for accounting for joint ventures is the equity method. This change eliminated the option, permitted under the previous IAS 31 and utilized previously by the Group, of consolidating such interests on a proportionate basis, resulting in the restatement of all the income statement and balance sheet figures, although this did not change the Group's net result or consolidated shareholders' equity;

> the application of the new provisions of IAS 32, applicable since January 1, 2014 with retrospective effect, concerning the offsetting of financial assets and liabilities under certain conditions, which led to the restatement of several items in the consolidated balance sheet at December 31, 2013. These changes did not have an impact on consolidated shareholders' equity;

> the definitive allocation of the purchase prices for a number of companies in the Renewable Energy Division (including Parque Eólico Talinay Oriente) in transactions that had been completed after December 31, 2013. As a result, a number of items in the balance sheet at that date were restated.

For more detail, please see note 4 to the consolidated financial statements in this Annual Report 2014.

The following tables show the impact of the restatement on revenue, the gross operating margin and operating income in 2013, by business area.

Revenue

Millions of euro

	2013	Effect of IFRS 11	2013 restated
Sales	16,921	-	16,921
Generation and Energy Management	22,919	(121)	22,798
Infrastructure and Networks	7,698	-	7,698
Iberia and Latin America	30,935	(261)	30,674
International	7,737	(1,441)	6,296
Renewable Energy	2,827	(58)	2,769
Other, eliminations and adjustments	(8,502)	9	(8,493)
Total	**80,535**	**(1,872)**	**78,663**

Gross operating margin

Millions of euro

	2013	Effect of IFRS 11	2013 restated
Sales	866	-	866
Generation and Energy Management	1,176	(92)	1,084
Infrastructure and Networks	4,008	-	4,008
Iberia and Latin America	6,746	(108)	6,638
International	1,405	(112)	1,293
Renewable Energy	1,788	(8)	1,780
Other, eliminations and adjustments	1,022	-	1,022
Total	**17,011**	**(320)**	**16,691**

Operating income

Millions of euro

	2013	Effect of IFRS 11	2013 restated
Sales	362	-	362
Generation and Energy Management	554	(61)	493
Infrastructure and Networks	3,028	-	3,028
Iberia and Latin America	3,836	(69)	3,767
International	85	(108)	(23)
Renewable Energy	1,171	34	1,205
Other, eliminations and adjustments	908	-	908
Total	**9,944**	**(204)**	**9,740**

Sustainability indicators

	2014	2013 restated	Change	
ISO 14001-certified net efficient capacity (% of total)	94.3	93.9	0.4	0.4%
Average efficiency of thermal plants (%)	40.3	39.8	0.5	1.3%
Total specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (1)	395	396	(1)	-0.3%
"Zero-emission" generation (% of total)	47.4	46.8	0.6	1.3%
Enel injury frequency rate (2)	1.32	1.43	(0.1)	-7.8%
Enel injury severity rate (3)	0.07	0.07	-	-
Serious and fatal injuries at Enel	4	13	(9)	-69.2%
Serious and fatal injuries at contractors	38	26	12	46.2%
Average hours of training per employee	42.3	40.0	2.3	5.8%
Verified violations of the Code of Ethics (4)	27	36	(9)	-25.0%

(1) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).
(2) The indicator is calculated as the ratio between the total number of injuries and the number of hours worked, in millions (INAIL standard).
(3) The indicator is calculated as the ratio between the number of days lost for injuries and the number of hours worked, in thousands (INAIL standard).
(4) The analysis of reports received in 2013 was completed in 2014. For that reason, the number of verified violations for 2013 was restated from 27 to 36.

The proportion of ISO 14001-compliant capacity was equal to 94.3% at December 31, 2014. The rise reflects the new installed capacity of Enel Green Power.
In 2014 the average efficiency of thermal plants increased from the 39.8% posted in 2013 to 40.3%, the result of greater operation of the most efficient thermal plants.
Specific emissions of CO_2 were unchanged compared with 2013.
In 2014, 47.4% of Enel's generation came from zero-emissions resources, an increase of 1.3% compared with 2013. The percentage rise is due to the increase in installed renewables generation capacity in 2014, which amounted to 630 MW, confirming the Group's commitment to developing carbon-free generation, which will continue in the years to come.
The Enel injury frequency rate declined by 7.8%, while the injury severity rate was unchanged, thanks to constant and intensive information, training and awareness-raising activities conducted in order to disseminate a culture of safety at all levels and to promote the adoption of safe behavior, as well as the ongoing implementation of measures to enhance workplace health and safety standards and management processes.
Serious and fatal injuries involving Enel personnel decreased by about 70% compared with 2013, even though there were 3 fatal workplace accidents. Serious and fatal injuries involving the employees of contractors working for Enel increased by 12 compared with 2013.
The average number of hours of training per employee showed an increase of 5.8%, on the previous year, underscoring Enel's constant commitment to this area.
As regards the Code of Ethics, the number of verified violations declined by 25%, essentially in line with the reduction in the number of reports received during the year.

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

Definition of performance indicators

In order to present the results of the Group and the Parent Company 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 Enel SpA and presented in the consolidated and separate financial statements, respectively. These reclassified schedules contain different performance indicators from those obtained directly from the consolidated and separate financial statements, which management feels are useful in monitoring Group and Parent Company performance and representative of the financial performance of our business. In accordance with Recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

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

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

> Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
- "Deferred tax assets";
- "Securities held to maturity", "Financial investments in funds or portfolio management products at fair value through profit or loss", "Securities available for sale" and "Other financial receivables";
- "Long-term borrowings";
- "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 borrowings" and the "Current portion of long-term borrowings".

> 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 borrowings", the current portion of such borrowings and "Short-term borrowings" 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) 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

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

2013

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

> acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector; in view of the joint control exercised over the company together with another operator, the company is now accounted for using the equity method under the provisions of IFRS 11;

> disposal, on April 8, 2013, of 51% di 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, two companies operating in the wind generation sector in the United States in which the Group held a stake of 49%; as a result of the purchase, the companies are no longer accounted for using the equity method but are now consolidated on a line-by-line basis;

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

> acquisition, on October 31, 2013, of 100% of Compañía Energética Veracruz, a company operating in the development of hydroelectric plants in Peru;

> disposal, on November 13, 2013, of 40% of Artic Russia, with the consequent deconsolidation of the interest held by the latter in SeverEnergia;

> acquisition, in November and December 2013, of nine companies (representing three business combinations) operating in the development of wind power projects in the United States;

> disposal, on December 20, 2013, of the remaining stake in Enel Rete Gas, previously accounted for using the equity method.

2014

> Loss of control, as from January 1, 2014, of SE Hydropower, under agreements signed in 2010 upon the acquisition of the company, providing for the change in governance structure as from that date. This resulted in the Enel Group no longer meeting the requirements for control of the company, which has instead become an entity under joint control. With these new governance arrangements, the investment was reclassified as a joint operation under IFRS 11;

> acquisition, through a tender offer in effect between January 14, 2014 and May 16, 2014, of an additional 15.18% stake in Coelce, an electricity distribution company in Brazil, already under the Group's control prior to the tender offer;

> acquisition, on April 22, 2014, of 50% of Inversiones Gas Atacama, a company operating in the natural gas transport and electricity generation sector in Chile in which the Group already held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on May 12, 2014, of 26% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States in which the Group already held 49%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on July 22, 2014, of the remaining 50% of Enel Green Power Solar Energy, an Italian company operating in the development, design, construction and operation of photovoltaic plants, in which the Group had previously held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on September 4, 2014, of the remaining 39% of Generandes Perú (previously controlled through a stake of 61%), a company that controls, with an interest of 54.20%, Edegel, a company operating in the power generation sector in Peru;

> acquisition, on September 17, 2014, of 100% of Osage Wind LLC, a company that owns a 150 MW wind development project in the United States. In October 2014, a stake of 50% in the company was sold. Consequently,

the company, held under joint control, began to be accounted for using the equity method;
- disposal, on November 21, 2014, of 21.92% of Endesa in a public offering. The operation did not involve any loss af control;
- during 2014, agreements were completed for the acquisition of wind and solar projects in Chile, in the total amount of about €7 million, and a wind project in Uruguay for €4 million;
- disposal in December 2014 of the entire stake (36.2%) held in LaGeo, a geothermal generation company in El Salvador;
- disposal in December 2014 of 100% of Enel Green Power France, a renewables generator in France.

In addition, following the internal reorganization of the Group designed to restructure the holdings of the Iberia and Latin America Division, there were a number of changes in non-controlling interests in a number of subsidiaries. More specifically, on October 23, 2014 Endesa (of which the Group holds 92.06%) sold 100% of Endesa Latinoamérica (an investment holding company that owned 40.32% of Enersis) and 20.3% of Enersis, the parent company for operations in Latin America, to Enel Energy Europe, now Enel Iberoamérica (a wholly-owned subsidiary). The operation increased the Group's stake in Enersis by 4.81%.

Group performance

Millions of euro

	2014	2013 restated	Change	
Total revenue	75,791	78,663	(2,872)	-3.7%
Total costs	59,809	61,594	(1,785)	-2.9%
Net income/(expense) from commodity contracts measured at fair value	(225)	(378)	153	-40.5%
GROSS OPERATING MARGIN	**15,757**	**16,691**	**(934)**	**-5.6%**
Depreciation, amortization and impairment losses	12,670	6,951	5,719	82.3%
OPERATING INCOME	**3,087**	**9,740**	**(6,653)**	**-68.3%**
Financial income	3,326	2,449	877	35.8%
Financial expense	6,456	5,253	1,203	22.9%
Total financial income/(expense)	**(3,130)**	**(2,804)**	**(326)**	**-11.6%**
Share of income/(losses) of equity investments accounted for using the equity method	**(35)**	**217**	**(252)**	**-**
INCOME BEFORE TAXES	**(78)**	**7,153**	**(7,231)**	**-**
Income taxes	(850)	2,373	(3,223)	-
NET INCOME FROM CONTINUING OPERATIONS	**772**	**4,780**	**(4,008)**	**-83.8%**
NET INCOME FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**-**
NET INCOME (Group and non-controlling interests)	**772**	**4,780**	**(4,008)**	**-83.8%**
Net income attributable to shareholders of the Group	517	3,235	(2,718)	-84.0%
Net income attributable to non-controlling interests	255	1,545	(1,290)	-83.5%

Revenue

Millions of euro

	2014	2013 restated	Change	
Electricity sales and transport and transfers from the Electricity Equalization Fund and similar bodies	59,844	65,504	(5,660)	-8.6%
Gas sold and transported to end users	4,087	4,452	(365)	-8.2%
Remeasurement at fair value after changes in control	82	21	61	-
Gains on the disposal of assets	292	943	(651)	-69.0%
Other services, sales and revenue	11,486	7,743	3,743	48.3%
Total	**75,791**	**78,663**	**(2,872)**	**-3.7%**

Revenue from **electricity sales and transport and transfers from the Electricity Equalization Fund and similar bodies** in 2014 amounted to €59,844 million, down €5,660 million compared with 2013 (-8.6%). The decline, which also reflects the adverse impact of exchange rate developments, especially in Russia, Chile and Brazil, is attributable to the following factors:

> a decrease of €2,958 million in revenue from wholesale electricity sales, mainly due to a decline in sales on electricity exchanges, only marginally offset by greater sales under bilateral contracts with generation companies;

> a reduction of €1,662 million in revenue from the sale of electricity to end users, of which €1,477 million on regulated markets and €185 million on free markets, essentially associated with the decline in electricity demand;

> a decrease of €807 million in revenue from electricity trading, as volumes handled declined;

> a decrease of €470 million in revenue from the transport of electricity, due essentially to a decline in revenue from the transport of electricity on the regulated market;

> an increase of €237 million in revenue from transfers from the Electricity Equalization Fund and similar bodies, essentially reflecting changes in the regulatory framework for companies operating in the non-peninsular market in Spain.

Revenue from **gas sold and transported to end users** amounted to €4,087 million, down €365 million (-8.2%) on the previous year. The contraction mainly reflects the decline in revenue from the transport of gas to end users, primarily owing to a decrease in amounts transported.

Gains on the disposal of assets amounted to €292 million in 2014. They essentially regard:

> €123 million from the gain on the disposal of the stake in LaGeo, a geothermal generation company in El Salvador;

> €82 million from the adjustment to the sale price of Artic Russia, which was sold in the 4th Quarter of 2013. The adjustment was made in the 1st Quarter of 2014 with the triggering of the earn-out clause included in the agreements reached with the buyer prior to closing the sale;

> €31 million from the gain on the sale of 100% of Enel Green Power France.

The gain from **remeasurement at fair value after changes in control** amounted to €82 million in 2014 (€21 million in 2013). The gain is attributable to the remeasurement at fair value of the assets and liabilities attributable to the Group:

> following the loss of control, as from January 1, 2014, of SE Hydropower following changes in its governance arrangements (€50 million);

> already held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

In 2013, these gains regarded the Group's residual holding (49%) following the loss of control of Buffalo Dunes Wind Project.

Income from **other services, sales and revenue** in 2014 amounted to €11,486 million (€7,743 million in 2013), an increase of €3,743 million (+48.3%) on the previous year. The rise is essentially due to the following factors:

> an increase of €3,035 million in revenues from the sale of fuels for trading, including revenues for shipping services, essentially due to an increase in volumes handled against a reduction in generation activities, and an increase of €893 million in sales of environmental certificates, mainly green certificates and CO_2 emissions allowances;

> a decrease of €156 million in connection fees, together with a reduction of €71 million in government grants to the Argentine distribution company Edesur concerning the *Mecanismo de Monitoreo de Costos*.

Costs

Millions of euro

	2014	2013 restated	Change	
Electricity purchases	23,317	27,325	(4,008)	-14.7%
Consumption of fuel for electricity generation	6,005	6,675	(670)	-10.0%
Fuel for trading and gas for sale to end users	7,848	5,196	2,652	51.0%
Materials	2,275	1,550	725	46.8%
Personnel	4,864	4,555	309	6.8%
Services, leases and rentals	14,662	14,906	(244)	-1.6%
Other operating expenses	2,362	2,821	(459)	-16.3%
Capitalized costs	(1,524)	(1,434)	(90)	-6.3%
Total	**59,809**	**61,594**	**(1,785)**	**-2.9%**

Costs for **electricity purchases** amounted to €23,317 million in 2014, a decrease of €4,008 million (-14.7%). The decline essentially reflects the impact of lower purchases on electricity exchanges (€3,105 million) and lower costs for electricity purchases on domestic and foreign markets (€853 million), essentially connected with the general decrease in demand.

Costs for the **consumption of fuel for electricity generation** in 2014 amounted to €6,005 million, a decrease of €670 million compared with the previous year (-10.0%), essentially attributable to the impact of the decline in volumes of electricity from thermal generation and the average purchase prices of the associated fuel.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €7,848 million, an increase of €2,652 million (51.0%) on 2013. The rise reflects an increase in intermediation in commodity markets, as discussed under revenue.

Costs for **materials** amounted to €2,275 million in 2014, an increase of €725 million on 2013, mainly due to changes in inventories of CO_2 emissions allowances and environmental certificates.

Personnel costs in 2014 amounted to €4,864 million, an increase of €309 million (+6.8%) compared with the previous year.
More specifically, the rise mainly reflects the voluntary early retirement plan introduced in Spain in 2014, which involved the recognition of a charge of €345 million, as well as the net benefit (€170 million) recognized in Italy in 2013 following the implementation of the measures provided for in Article 4 of Law 92/2012 and the concomitant termination of the transition-to-retirement plan. Excluding these factors, personnel costs declined by €206 million, essentially owing to the contraction in the average workforce, which was especially large in Italy (794 employees) as a result of the early retirement plans.

The Enel Group's workforce at December 31, 2014 numbered 68,961 (70,342 at December 31, 2013), of whom 52% were employed abroad.
The Group's workforce decreased by 1,381 during the year, reflecting the balance between new hirings and terminations (a decrease of 1,404) and the change in the scope of consolidation, essentially attributable to the acquisition of an additional 50% of Inversiones Gas Atacama (a gain of 163 employees), the disposal of Enel Green Power France (a decrease of 48 employees), the change in the method of consolidating SE Hydropower from full line-by-line to proportionate following the loss of control as a result of the changes in governance arrangements (a decrease of 51 employees) and other minor disposals (a decrease of 41 employees).
The change compared with December 31, 2013 breaks down as follows.

Balance at December 31, 2013 restated	**70,342**
Change in scope of consolidation	23
Hirings	4,821
Terminations	(6,225)
Balance at December 31, 2014 (1)	**68,961**

(1) Includes 4,430 in units classified as "held for sale" (37 at December 31, 2013).

Costs for **services, leases and rentals** in 2014 amounted to €14,662 million, a decrease of €244 million (-1.6%) on 2013. The change is essentially related to the decrease in electricity transport costs (€294 million), related to the decline in consumption in the main markets in which the Group operates. Another factor was the decrease in operating costs of electrical systems (€265 million), including fees for transport capacity use rights in respect of the Energy Markets Operator (GME). These effects were partly offset by an increase in costs for leases and rentals, which among other factors includes the effects of the changes in water use fees in Spain introduced with Law 15/2012.

Other operating expenses in 2014 amounted to €2,362 million, a decrease of €459 million on the previous year (-16.3%). More specifically, the decline mainly reflects the impact of the recognition in 2013 of taxes on conventional generation introduced in Spain with Law 15/2012 and a reduction in costs for charges for emissions. These factors were partly offset by an increase in costs associated with the reintroduction of the *Bono Social* in Spain totaling €204 million.

Capitalized costs amounted to €1,524 million in 2014 (€1,434 million in 2013), with the increase mainly reflecting the rise in investments.

Net income/(expense) from commodity contracts measured at fair value showed net charges of €225 million in 2014 (€378 million the previous year). More specifically, the net charges for 2014 reflect €43 million in net realized income for the period (€264 million of net charges in 2013) and net charges from the fair value measurement of derivatives positions open at the end of the year in the amount of €268 million (€114 million in 2013).

Depreciation, amortization and impairment losses totaled €12,670 million, an increase of €5,719 million (82.3%). The rise largely reflects the net impact of:

> an increase of €2,878 million in impairment of Slovenské elektrárne, classified under assets held for sale, following their measurement at estimated realizable value as determined on the basis of bids received;
> an increase of €2,727 million in impairment of property, plant and equipment, essentially comprising conventional generation plants in Italy in the amount of €2,096 million in 2014, thermal plants in Russia, with impairment losses of €205 million, and the Gabčíkovo hydroelectric plant in Slovakia in the amount of €103 million;
> an increase of €698 million in impairment of intangible assets (mainly attributable to the impairment of water use rights for a number of rivers in the Aysén region of Chile);
> a decrease of €551 million in impairment of goodwill. More specifically, writedowns in 2014 regarded the Enel Russia and Enel Green Power Hellas CGUs totaling €194 million; in 2013, the item included the partial impairment of goodwill on the Enel Russia CGU in the amount of €744 million;
> an increase of €135 million in impairment losses on trade receivables.

These factors were only partly offset by a decrease of €122 million in depreciation, due in part to the extension in 2013 of the useful life of nuclear plants in Spain.

Operating income for 2014 amounted to €3,087 million, a decrease of €6,653 million compared with the previous year (-68.3%).

Net financial expense in 2014 amounted to €3,130 million, an increase of €326 million compared with the previous year (€2,804 million), mainly accounted for by:

> an increase of €221 million in interest expense on net financial debt;
> an increase of €1,616 million in net income from derivatives, which more than offset the rise of €1,551 million in net exchange rate losses;
> a reduction of €78 million in net income from equity investments, essentially reflecting the recognition in 2013 of the gain on the disposal of Medgaz (€64 million);
> a writedown of financial assets (€92 million) in respect of service concessions following a rate review for the Brazilian companies Ampla and Coelce in 2014;
> the impact of a writeback of €66 million in 2013 in respect of the receivable due from the Slovakian National Nuclear Fund, the effect of which was entirely offset by the income of the same amount recognized in 2014 following the renegotiation of a finance lease for the Gabčíkovo hydroelectric plant, which brought forward the expiry of the contract to 2015, from its original expiration date of 2036;
> a reduction of €78 million in charges for the with-recourse assignment of trade receivables;
> an increase of €36 million in expense for the accretion of provisions.

The **share of income/(losses) of equity investments accounted for using the equity method** showed net losses of €35 million in 2014, a deterioration of €252 million compared with the previous year. The decline included the impairment losses on the investment in Centrales Hidroeléctricas de Aysén amounting to €88 million (as a result of the uncertainty concerning permits for the development of a hydroelectric plant in Chile) and in the Greek companies of the Renewable Energy Division ("Elica 2") in the total amount of €89 million.

Income taxes for 2014 showed a net creditor position of €850 million (a liability of €2,373 million in 2013). More specifically, the difference in the tax burden for 2014 (compared with an effective rate of 33.2% in 2013) reflected the grant of a tax credit of €1,392 million in respect of the distribution of dividends by Endesa in the 4th Quarter, as well as the tax effect of impairment losses. In addition, the tax burden in 2014 reflected the net benefit of €138 million from changes in tax rates in Spain, Chile, Colombia, Peru and Italy. The change in the latter case was associated with the court ruling that the Robin Hood Tax was unconstitutional, closing a long-running administrative dispute.

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	89,844	98,499	(8,655)	-8.8%
- goodwill	14,027	14,967	(940)	-6.3%
- equity investments accounted for using the equity method	872	1,372	(500)	-36.4%
- other net non-current assets/(liabilities)	(741)	(1,209)	468	-38.7%
Total net non-current assets	**104,002**	**113,629**	**(9,627)**	**-8.5%**
Net current assets:				
- trade receivables	12,022	11,378	644	5.7%
- inventories	3,334	3,555	(221)	-6.2%
- net receivables due from the Electricity Equalization Fund and similar bodies	(2,994)	(2,567)	(427)	-16.6%
- other net current assets/(liabilities)	(4,827)	(5,058)	231	-4.6%
- trade payables	(13,419)	(12,363)	(1,056)	8.5%
Total net current assets	**(5,884)**	**(5,055)**	**(829)**	**-16.4%**
Gross capital employed	**98,118**	**108,574**	**(10,456)**	**-9.6%**
Sundry provisions:				
- post-employment and other employee benefits	(3,687)	(3,677)	(10)	0.3%
- provisions for risks and charges and net deferred taxes	(7,391)	(12,580)	5,189	-41.2%
Total provisions	**(11,078)**	**(16,257)**	**5,179**	**31.9%**
Net assets held for sale	**1,488**	**221**	**1,267**	**-**
Net capital employed	**88,528**	**92,538**	**(4,010)**	**-4.3%**
Total shareholders' equity	**51,145**	**52,832**	**(1,687)**	**-3.2%**
Net financial debt	**37,383**	**39,706**	**(2,323)**	**-5.9%**

Property, plant and equipment and intangible assets (including investment property) came to €89,844 million at December 31, 2014, a decrease of €8,655 million. The decrease is essentially attributable to the reclassification to assets held for sale, notably those of Slovenské elektrárne (€5,966 million), depreciation, amortization and impairment losses for the year (€8,835 million, of which €2,108 million in respect of the impairment recognized on conventional generation plants in Italy and €589 million in respect of the impairment of water use rights for a number of rivers in the Aysén region of Chile), and exchange rate losses of €917 million. These factors were partly offset by capital expenditure of €6,701 million for the year.

Goodwill amounted to €14,027 million, a decrease of €940 million compared with December 31, 2013. The change is essentially due to the impairment loss recognized following the impairment testing of the Enel Russia CGU (€160 million) and the reclassification of the goodwill of Slovenské elektrárne (€697 million), which was then written down following an assessment of its estimated realizable value. These factors were compounded by the impact of the appreciation of the euro against other currencies (about €52 million) and the decrease in goodwill from the disposal of entities, in particular Enel Green Power France, more than offset by the goodwill recognized in the acquisitions of Inversiones Gas Atacama and Buffalo Dunes Wind Project.

Equity investments accounted for using the equity method amounted to €872 million, a decrease of €500 million compared with December 31, 2013. The decline reflected the acquisition of control of Inversiones Gas Atacama, Buffalo Dunes Wind Project and Enel Green Power Solar Energy, which had previously been recognized under this item but are now consolidated on a line-by-line basis, as well as the disposal of shareholdings in the Spanish company Tirme and the Salvadoran company LaGeo. In addition, the item was also impacted by the impairment of the investments in Centrales Hidroeléctricas de Aysén and the companies accounted for at equity held in Greece ("Elica 2") for a total of €177 million. The decreases engendered by these non-recurring operations were partly offset by the net income attributable to the shareholders of the Parent Company earned by the companies.

Other net non-current liabilities at December 31, 2014 amounted to €741 million, a decrease of €468 million compared with December 31, 2013 (net liabilities of €1,209 million).

The change is mainly attributable to the following factors:

> an increase of €667 million in net assets in respect of cash flow hedge derivatives on exchange rates, only partly offset by a decrease in the net fair value of the analogous interest rate hedges;

> a decrease in net deferred income (€36 million) and the value of other equity investments (€72 million), including the remeasurement to fair value of the investment in Bayan Resources.

Net current assets came to a negative €5,884 million at December 31, 2014, up €829 million compared with December 31, 2013. The change is attributable to the following factors:

> an increase in *trade receivables* of €644 million, mainly due to a rise in receivables as a result of the increase in sales of fuels, especially gas;

> a decrease in *inventories* of €221 million, largely due to a contraction of about €202 million in stocks of nuclear fuel;

> an increase in *net receivables due from the Electricity Equalization Fund and similar bodies* of €427 million, the consequence of the application of equalization mechanisms to electricity purchases;

> an increase in *other net current assets* less related liabilities of €231 million. The change is the result of the following developments:
  - a decrease of €74 million in other receivables, mainly due to a reduction in receivables in respect of derivatives on commodities;
  - a decrease in net income tax receivables of €170 million, mainly due to a decline in payments on account in 2014 by Enel SpA;.
  - a decline of €224 million in other current liabilities as a result of the increase in liabilities for dividends to be paid to non-controlling shareholders, partly in reflection of the dilution of the holding in Endesa;
  - an increase in net current financial assets of €251 million, essentially due to the rise in the fair value of commodity derivatives, partly offset by developments in the fair value of derivatives on exchange rates;

> an increase in *trade payables* of €1,056 million.

Sundry provisions amounted to €11,078 million, an increase of €5,179 million compared with the previous year. The rise essentially reflects the following factors:

> a decrease of €2,733 million in provisions for risks and charges. The decline is mainly attributable to the reclassification to liabilities held for sale of the nuclear decommissioning provision for the Slovakian plants, the decrease in the provision for litigation as a result of the settlement agreement to resolve the dispute between Enel Distribuzione and A2A, and the use of the early retirement incentive provisions in Italy and in Spain; in the latter case, the use was partly offset by the new voluntary early retirement plan;

> a decrease of €2,456 million in net deferred tax liabilities, mainly due to the recognition of deferred tax assets by Enel Iberoamérica (formerly Enel Energy Europe) on dividends received in non-recurring operations carried out in the last Quarter of 2014 in the amount of €1,392 million. Other factors were the net impact of the reclassification of deferred tax assets and liabilities of the companies classified as held for sale and changes in tax rates in Spain, Chile and Colombia in 2014, as well as the impact of the elimination of the Robin Hood Tax in Italy.

Net assets held for sale amounted to €1,488 million at December 31, 2014 (€221 million at December 31, 2013). They include the net assets of Slovenské elektrárne, SE Hydropower and other minor companies that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale.

Net capital employed at December 31, 2014 amounted to €88,528 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €51,145 million and net financial debt of €37,383 million. At December 31, 2014, the debt/equity ratio was 0.73 (0.75 at December 31, 2013).

Analysis of the Group financial structure

Net financial debt

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

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Long-term debt:				
- bank borrowings	7,022	7,873	(851)	-10.8%
- bonds	39,749	41,483	(1,734)	-4.2%
- other borrowings	1,884	1,549	335	21.6%
Long-term debt	*48,655*	*50,905*	*(2,250)*	*-4.4%*
Long-term financial receivables and securities	(2,701)	(4,965)	2,264	-45.6%
Net long-term debt	**45,954**	**45,940**	**14**	**-**
Short-term debt:				
Bank borrowings:				
- short-term portion of long-term bank borrowings	824	1,750	(926)	-52.9%
- other short-term bank borrowings	30	118	(88)	-74.6%
Short-term bank borrowings	*854*	*1,868*	*(1,014)*	*-54.3%*
Bonds (short-term portion)	4,056	2,648	1,408	53.2%
Other borrowings (short-term portion)	245	260	(15)	-5.8%
Commercial paper	2,599	2,202	397	18.0%
Cash collateral and other financing on derivatives	457	119	338	-
Other short-term financial payables	166	45	121	-
Other short-term debt	*7,523*	*5,274*	*2,249*	*42.6%*
Long-term financial receivables (short-term portion)	(1,566)	(2,976)	1,410	47.4%
Factoring receivables	(177)	(263)	86	32.7%
Financial receivables and cash collateral	(1,654)	(1,720)	66	3.8%
Other short-term financial receivables	(323)	(527)	204	38.7%
Cash and cash equivalents with banks and short term securities	(13,228)	(7,890)	(5,338)	-67.7%
Cash and cash equivalents and short-term financial receivables	*(16,948)*	*(13,376)*	*(3,572)*	*-26.7%*
Net short-term debt	**(8,571)**	**(6,234)**	**(2,337)**	**37.5%**
NET FINANCIAL DEBT	**37,383**	**39,706**	**(2,323)**	**-5.9%**
Net financial debt of "Assets held for sale"	**620**	**(10)**	**630**	**-**

Net financial debt amounted to €37,383 million at December 31, 2014, a decrease of €2,323 million compared with December 31, 2013. In particular, the increase of €14 million in **net long-term debt** was partly offset by a decrease of €2,337 million in net short-term debt.

More specifically, *long-term bank borrowings* amounted to €7,022 million, a decline of €851 million, primarily reflecting:

> the reclassification of borrowings held by Slovenské elektrárne at the end of 2014 to "assets held for sale" in the amount of €1,557 million;

- the repayment of credit facilities in the amount of €450 million by Slovenské elektrárne;
- the repayment of EIB loans by Enel Distribuzione in the amount of €266 million;
- the repayment of €880 million by Endesa;
- repayments by Enersis in the total amount of €221 million.

These developments were partly offset by drawings on lines of financing by Enersis in the amount of €105 million, EIB loans to Enel Green Power International in the amount of €150 million and bank borrowings in the amount of €153 million, EIB loans to Enel Produzione in the amount of €150 million, to Enel Green Power Chile in the amount of €103 million, to Enel Green Power Brasil in the amount of €217 million, to Slovenské elektrárne in the amount of €855 million and to Enel Green Power México in the amount of €77 million.

Bonds amounted to €39,749 million, a decrease of €1,734 million on the end of 2013, mainly reflecting the repayment of a €1,000 million bond issued by Enel SpA in 2007, the repayment of a $1,250 million bond issued by Enel Finance International, repayments of bonds issued by Enel Finance International in the amount of €762 million and new issues carried out in 2014, including the issue of hybrid financial instruments by Enel SpA (€1,000 million fixed-rate 5%, maturing on January 15, 2075 with a call option at January 15, 2020 and £500 million fixed-rate 6.625%, maturing on September 15, 2076, with a call option at September 15, 2021).

These effects were partly offset by the reclassification to short term of the current portion of a bond issued by Enel Finance International in 2011 in the amount of €1,195 million and bonds issued by Endesa in the amount of €480 million.

Net short-term debt showed a creditor position of €8,571 million at December 31, 2014, a decrease of €2,337 million compared with the end of 2013, the result of a decrease in short-term bank borrowings amounting to €1,014 million (essentially due to a decrease in the short-term portion of credit facilities and bank borrowings in the amount of about €926 million), a decrease of €3,572 million in cash and cash equivalents and short-term financial receivables and an increase in other short-term debt of €2,249 million.

Commercial paper includes issues by Enel Finance International, Endesa Latinoamérica, and Endesa Capital in the total amount of €2,599 million. Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,654 million, while cash collateral received from such counterparties amounted to €457 million.

Cash and cash equivalents and short-term financial receivables amounted to €16,948 million, an increase of €3,572 million compared with the end of 2013, mainly reflecting an increase in liquidity held with banks and short-term securities in the amount of €5,338 million and a decrease in the current portion of long-term financial receivables in the amount of €1,410 million, which is discussed in greater detail in note 27.1.

Among major transactions in 2014, on April 24, 2014, Enel SpA renegotiated a bilateral revolving credit facility in the overall amount of €550 million, falling due in 2016, replacing the credit facility obtained on July 18, 2013, falling due in July 2015, in the amount of €400 million.

In addition, as part of the optimization of finance operations and the active management of maturities and the cost of funds, on October 28, 2014 Enel Finance International repurchased its own bonds, secured by Enel, in the total amount of about €762 million.

Cash flows

Millions of euro

	2014	2013 restated	Change
Cash and cash equivalents at the beginning of the period (1)	**7,900**	**9,768**	**(1,868)**
Cash flows from operating activities	10,058	7,254	2,804
Cash flows from investing/disinvesting activities	(6,137)	(4,103)	(2,034)
Cash flows from financing activities	1,536	(4,598)	6,134
Effect of exchange rate changes on cash and cash equivalents	(102)	(421)	319
Cash and cash equivalents at the end of the period (2)	**13,255**	**7,900**	**5,355**

(1) Of which cash and cash equivalents equal to €7,873 million at January 1, 2014 (€9,726 million at January 1, 2013), short-term securities equal to €17 million at January 1, 2014 (€42 million at January 1, 2013) and cash and cash equivalents pertaining to assets held for sale in the amount of €10 million at January 1, 2014 (none at January 1, 2013).

(2) Of which cash and cash equivalents equal to €13,088 million at December 31, 2014 (€7,873 million at December 31, 2013), short-term securities equal to €140 million at December 31, 2014 (€17 million at December 31, 2013) and cash and cash equivalents pertaining to assets held for sale equal to €27 million at December 31, 2014 (€10 million at December 31, 2013).

Cash flows from operating activities in 2014 amounted to €10,058 million, an increase of €2,804 million on the previous year, reflecting the decreased use of cash connected with the change in net current assets, which was only partly offset by the decline in operating income.

Cash flows from investing/disinvesting activities absorbed funds in the amount of €6,137 million compared with €4,103 million in 2013. More specifically:

> investments in property, plant and equipment and in intangible assets amounted to €6,701 million, up €781 million on the previous year, mainly due to the increase in expenditure by the Renewable Energy Division;
> investments in entities or business units, net of cash and cash equivalents acquired, amounted to €73 million, and regarded business combinations involving the acquisition of control of a number of companies. These included the acquisition of an additional 50% of Inversiones Gas Atacama, the acquisition of an additional 26% of Buffalo Dunes Wind Project (following which Enel's stake rose to 75%), the acquisition of 100% of Aurora Distributed Solar, and the acquisition of an additional 50% of Enel Green Power Solar Energy;
> disposals of entities or business units, net of cash and cash equivalents sold, amounted to €312 million and regard the disposal of 100% of Enel Green Power France, the collection of the price adjustment on the disposal in 2013 of Artic Russia, the disposal of Construcciones y Proyectos Los Maitenes, and the disposal of smaller companies of the Renewable Energy Division;
> liquidity generated by other investing/disinvesting activities amounted to €325 million, comprising the disposal of 36.2% of LaGeo, the disposal of the investment in Tirme, the acquisition of 100% and subsequent disposal of 50% of Osage Wind, and other ordinary disinvestments during the period.

Cash flows from financing activities generated cash in the amount of €1,536 million, compared with cash absorption of €4,598 million in 2013. More specifically, the positive impact of new issues of hybrid instruments and net proceeds from disposals/acquisitions of non-controlling interests was only partly offset by cash requirements associated with the payment of dividends to the Group's non-controlling shareholders. More specifically, transactions in non-controlling interests regarded:

> the acquisition of an additional 15.18% of Coelce (€180 million) in Brazil;
> the acquisition of an additional 39% (€321 million) of Generandes Perú (already controlled through a stake of 61%), a company which holds a controlling interest of 54.20% of Edegel;
> the acquisition of non-controlling interests of 4.81% (€659 million including transaction costs) of Enersis, following the disposal by Endesa to Enel Energy Europe (now Enel Iberoamérica) of 100% of Endesa Latinoamérica (now Enel Latinoamérica) and 20.3% of Enersis;
> the disposal of 21.92% of Endesa in a public offering (€3,087 million net of transaction costs).

Cash flows from operating activities in the amount of €10,058 million and cash flows from financing activities totaling €1,536 million more than covered the cash requirements of investing activities in the amount of €6,137 million. The difference is reflected in the increase in cash and cash equivalents, which at December 31, 2014 amounted to €13,255 million, compared with €7,900 million at the end of 2013. The change also reflects exchange rate losses of €102 million.

Results by business area

The representation of performance by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review, taking account of the operational model adopted by the Group as described above. As discussed in the section "Summary of results", amendments of a number of the IFRS-EU adopted by the Group and applicable retrospectively as from January 1, 2014 prompted the restatement, for comparative purposes only, of the performance figures for 2013 of the Divisions and business areas of the Group. In addition, those changes led to appropriate adjustments of the operational data for those Divisions and business areas, where affected, for 2013.

Segment information for 2014 and 2013

Results for 2014 [1]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	15,116	18,908	3,618	30,412	4,920	2,662	155	75,791
Revenues from transactions with other segments	110	3,698	3,748	135	358	259	(8,308)	-
Total revenue	**15,226**	**22,606**	**7,366**	**30,547**	**5,278**	**2,921**	**(8,153)**	**75,791**
Net income/(expense) from commodity contracts measured at fair value	(34)	(146)		(115)	(5)	76	(1)	(225)
Gross operating margin	**1,081**	**1,163**	**3,979**	**6,294**	**1,204**	**1,938**	**98**	**15,757**
Depreciation, amortization and impairment losses	626	2,702	1,036	3,505	3,886	814	101	12,670
Operating income	**455**	**(1,539)**	**2,943**	**2,789**	**(2,682)**	**1,124**	**(3)**	**3,087**
Capital expenditure	**111**	**285**	**996**	**2,602**	**936**	**1,658**	**113**	**6,701**

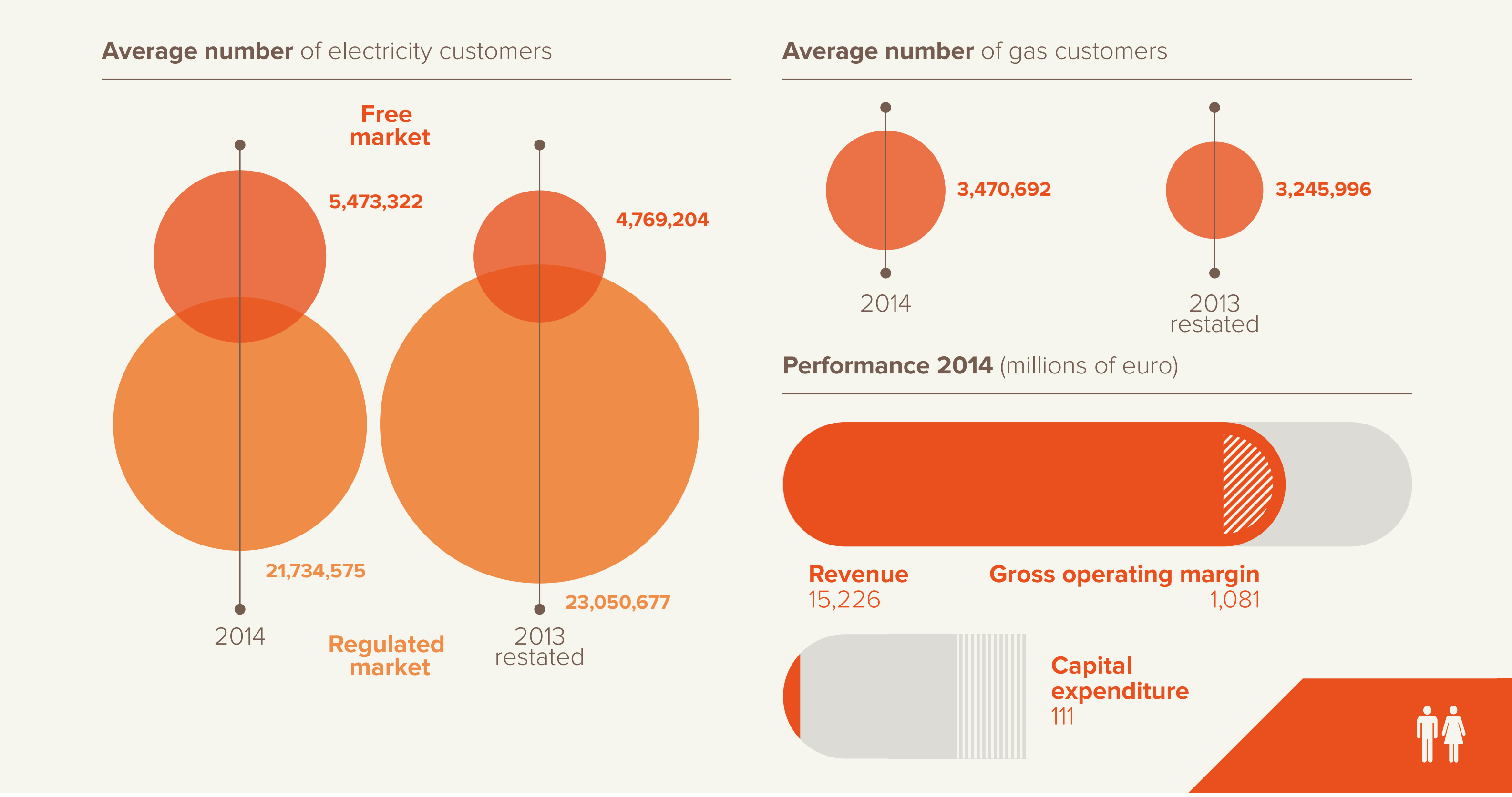
(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.

Results for 2013 restated [1] [2]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	16,704	18,758	3,669	30,563	5,662	2,281	1,026	78,663
Revenues from transactions with other segments	217	4,040	4,029	111	634	488	(9,519)	-
Total revenue	**16,921**	**22,798**	**7,698**	**30,674**	**6,296**	**2,769**	**(8,493)**	**78,663**
Net income/(expense) from commodity contracts measured at fair value	(82)	(165)	-	(148)	(4)	21	-	(378)
Gross operating margin	**866**	**1,084**	**4,008**	**6,638**	**1,293**	**1,780**	**1,022**	**16,691**
Depreciation, amortization and impairment losses	504	591	980	2,871	1,316	575	114	6,951
Operating income	**362**	**493**	**3,028**	**3,767**	**(23)**	**1,205**	**908**	**9,740**
Capital expenditure	**99**	**313**	**1,046**	**2,160**	**924**	**1,294** [3]	**84**	**5,920**

(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 accounting treatment with IFRS 11.
(3) Does not include €1 million regarding units classified as "held for sale".

1 Sales



Operations

Electricity sales

Millions of kWh	**2014**	2013 restated	Change	
Free market:				
- mass-market customers	25,148	25,913	(765)	-3.0%
- business customers [1]	10,742	9,265	1,477	15.9%
- safeguard market customers	1,479	1,721	(242)	-14.1%
Total free market	**37,369**	**36,899**	**470**	**1.3%**
Regulated market:				
- enhanced protection market customers	49,734	54,827	(5,093)	-9.3%
TOTAL	**87,103**	**91,726**	**(4,623)**	**-5.0%**

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

Average number of customers

	2014	2013 restated	Change	
Free market:				
- mass-market customers	5,387,579	4,693,080	694,499	14.8%
- business customers (1)	51,215	38,566	12,649	32.8%
- safeguard market customers	34,528	37,558	(3,030)	-8.1%
Total free market	**5,473,322**	**4,769,204**	**704,118**	**14.8%**
Regulated market:				
- enhanced protection market customers	21,734,575	23,050,677	(1,316,102)	-5.7%
TOTAL	**27,207,897**	**27,819,881**	**(611,984)**	**-2.2%**

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

Electricity sold in 2014 amounted to 87,103 million kWh, down 4,623 million kWh compared with the previous year. More specifically, the decline in sales on the regulated market, essentially reflecting the ongoing shift of customers from the regulated system to the free market, was only partly offset by an increase in volumes delivered to business customers.

Gas sales and customers

	2014	2013 restated	Change	
Gas sales (millions of m^3)				
- mass-market customers (1)	2,937	3,394	(457)	-13.5%
- business customers	559	707	(148)	-20.9%
Total sales	**3,496**	**4,101**	**(605)**	**-14.8%**
Average number of customers	**3,470,692**	**3,245,996**	**224,696**	**6.9%**

(1) Includes residential customers and microbusinesses.

Gas sold in 2014 amounted to 3,496 million cubic meters, a decrease of 605 million cubic meters (-14.8%) compared with the previous year, affecting all categories of customer and mainly reflecting the adverse economic climate in Italy.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	15,226	16,921	(1,695)	-10.0%
Gross operating margin	1,081	866	215	24.8%
Operating income	455	362	93	25.7%
Capital expenditure	111	99	12	12.1%

Revenue in 2014 amounted to €15,226 million, a decrease of €1,695 million compared with 2013 (-10.0%), reflecting the following main factors:

> a decrease of €1,055 million in revenue on the regulated electricity market, mainly associated with the decline in quantities sold (-5.1 TWh) and the reduction in revenues from the rate component covering generation costs. These factors were only partly offset by an increase

in revenue recognized for sales services and the positive impact of €109 million from prior-year items, essentially associated with equalization payments for purchases the previous year;

> a decrease of €359 million in revenue from the sale of natural gas to end users, essentially connected with the decline in volumes sold, especially in the mass-market segment;

> a decrease of €293 million in revenue on the free electricity market, largely as a result of the decline in average sales prices charged to the various customer segments, as well as the recognition of prior-year charges as a result of the adjustment of volumes notified to the national grid operator. These factors were only partly offset by a rise in volumes sold (+0.5 TWh).

The **gross operating margin** in 2014 totaled €1,081 million, an increase of €215 million compared with 2013 (+24.8%). More specifically, the rise reflects:

> an increase of €239 million in the margin on the free market for electricity and gas, due mainly to the rise in the unit margins on both commodities, partly offset by greater costs essentially linked to customer acquisition and management;

> a decrease of €24 million in the margin on the regulated electricity market, largely due to a decline in services rendered to the companies of the Infrastructure and Networks Division. This factor was only partly offset by an increase of €39 million in the margin on electricity, despite the decline in quantities sold, and a reduction in certain operating expenses.

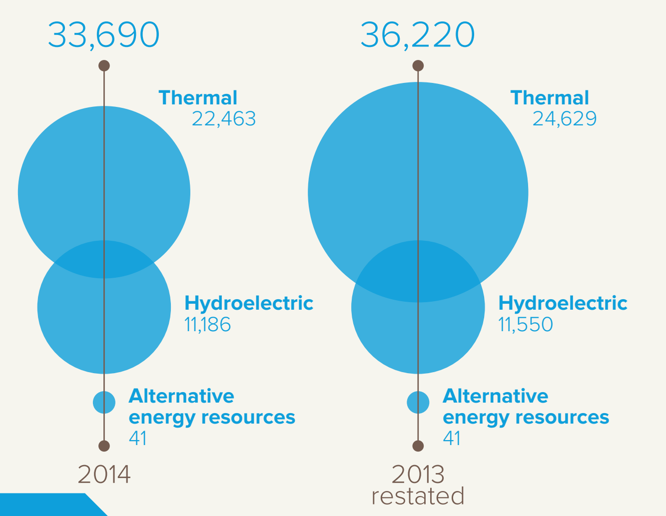
Operating income in 2014, after depreciation, amortization and impairment losses of €626 million (€504 million in 2013), came to €455 million, an increase of €93 million compared with 2013, mainly reflecting the developments in the gross operating margin and an increase of €111 million in impairment losses on trade receivables.

Capital expenditure

Capital expenditure amounted to €111 million, broadly in line with 2013 (€99 million).

2 Generation and Energy Management

Net efficient generation **capacity** (MW)



Performance 2014 (millions of euro)

Operations

Net electricity generation

Millions of kWh

	2014	2013 restated	Change	
Thermal	42,528	42,728	(200)	-0.5%
Hydroelectric	15,861	16,612	(751)	-4.5%
Other resources	8	9	(1)	-11.1%
Total net generation	**58,397**	**59,349**	**(952)**	**-1.6%**
- of which Italy	*57,707*	*57,976*	*(269)*	*-0.5%*
- of which Belgium	*690*	*1,373*	*(683)*	*-49.7%*

In 2014, net electricity generation by the Generation and Energy Management business area amounted to 58,397 million kWh, a decrease of 1.6% compared with 2013. The decrease in hydroelectric output (-751 million kWh) is largely due to the change in the scope of consolidation of SE Hydropower (-1,451 million kWh) following the changes in governance arrangements at that company, which led to the loss of control and a change in the method of accounting for the entity from full consolidation to proportionate consolidation, as it now qualifies as a joint operation. The impact of this change was only partially offset by the rise in hydroelectric output (+700 million kWh) connected with the improved water conditions in the period.

Thermal generation in Italy increased by 483 million kWh, thanks to the good performance of coal-fired plants. Belgium registered a decline in the output of the Marcinelle Energie plant (-683 million kWh), which until the end of 2014 was operated through a tolling agreement, reflecting the unfavorable conditions in the northern European market.

Contribution to gross thermal generation

Millions of kWh

	2014		2013 restated		Change	
High-sulfur fuel oil (S>0.25%)	475	1.0%	426	0.9%	49	11.5%
Low-sulfur fuel oil (S<0.25%)	24	0.1%	165	0.4%	(141)	-85.5%
Total fuel oil	*499*	*1.1%*	*591*	*1.3%*	*(92)*	*-15.6%*
Natural gas	7,761	16.9%	9,616	20.9%	(1,855)	-19.3%
Coal	37,146	80.9%	35,106	76.3%	2,040	5.8%
Other fuels	498	1.1%	696	1.5%	(198)	-28.4%
TOTAL	**45,904**	**100.0%**	**46,009**	**100.0%**	**(105)**	**-0.2%**

Gross thermal generation in 2014 totaled 45,904 million kWh, a decline of 105 million kWh (-0.2%) compared with 2013. The decrease was experienced by all the major fuel types, with the exception of coal. It was essentially connected with the decline in the competitiveness of conventional thermal generation in the Italian fuel mix, in an environment of falling demand for electricity as a result of the recession in Italy.

Net efficient generation capacity

MW

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Thermal plants (1)	22,463	24,629	(2,166)	-8.8%
Hydroelectric plants	11,186	11,550	(364)	-3.2%
Alternative energy resources	41	41	-	-
Total	**33,690**	**36,220**	**(2,530)**	**-7.0%**

(1) Of which 5,460 MW unavailable due to long-term technical issues (3,631 MW at December 31, 2013).

Net efficient capacity in 2014 totaled 33,690 MW, a reduction of 2,530 MW on the previous year.
The increase in unavailability due to long-term technical issues is mainly connected with additional requests from the Ministries for the Environment and for Economic Development to shut down generation assets pursuant to the provisions of Law 290 of October 27, 2003.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	22,606	22,798	(192)	-0.8%
Gross operating margin	1,163	1,084	79	7.3%
Operating income	(1,539)	493	(2,032)	-
Capital expenditure	285	313	(28)	-8.9%

Revenue in 2014 amounted to €22,606 million, a decrease of €192 million (-0.8%) compared with 2013. The decline is mainly attributable to the following factors:

> a decrease of €2,685 million in revenue from electricity sales. More specifically, the reduction in revenue from sales on the Power Exchange (€3,713 million), associated with the decline in output in a market with lower average sales prices, was only partly offset by an increase in revenue from electricity sales to other domestic resellers (€904 million), as well as an increase in revenue from

electricity sales to other Group companies, notably the Italian companies operating in end-user markets (€149 million);

> a decrease of €811 million in revenue from trading on international electricity markets, essentially due to the reduction in quantities handled (-4.3 TWh);

> an increase of €2,392 million in revenue from fuel trading, largely due to an increase in the volume of natural gas transactions (€2,433 million);

> gains from the remeasurement at fair value of the assets and liabilities of SE Hydropower (€50 million), to the extent corresponding to the Group's interest in the company, due to the loss of control following changes in that company's governance arrangements as from January 1, 2014. Those gains were only partly offset by the reduction of €62 million in the company's contribution to the revenue of the area, as a result of the change in the method of consolidation noted earlier;

> an increase of €848 million in revenue from the sale of CO_2 emissions allowances and green certificates as a result, respectively, of an increase in volumes handled (owing to greater market volatility) and the adoption of a portfolio optimization strategy.

The **gross operating margin** in 2014 totaled €1,163 million, an increase of €79 million (+7.3%) on the €1,084 million posted in 2013. The rise is attributable to:

> an increase of €170 million in the margin on sales and trading of natural gas and other commodities;

> the above-mentioned gain of €50 million from the remeasurement at fair value of the assets and liabilities of SE Hydropower, partly offset by a decline in the margin as a result of the change in the scope of consolidation of the company (€29 million);

> a reduction of €72 million in the generation margin, essentially due to the decline in electricity sales prices, the effects of which were only partly offset by an improvement in the generation mix thanks to better water condition, and by an increase in the margin on green certificates;

> an increase in operating expenses, as well as the net negative impact of the measurement of outstanding commodity risk instruments at the end of the year.

The **operating result** showed a loss of €1,539 million, a deterioration of €2,032 million from the income of €493 million posted in 2013. The development reflects the increase in impairment losses, only partly offset by a decline in amortization and depreciation following the revision of the useful lives of certain plants. More specifically, the impairment losses registered in 2014 following the impairment testing of the Enel Produzione CGU amounted to €2,108 million, reflecting the ongoing economic crisis in Italy and the adverse impact of these conditions on the conventional generation segment.

Capital expenditure

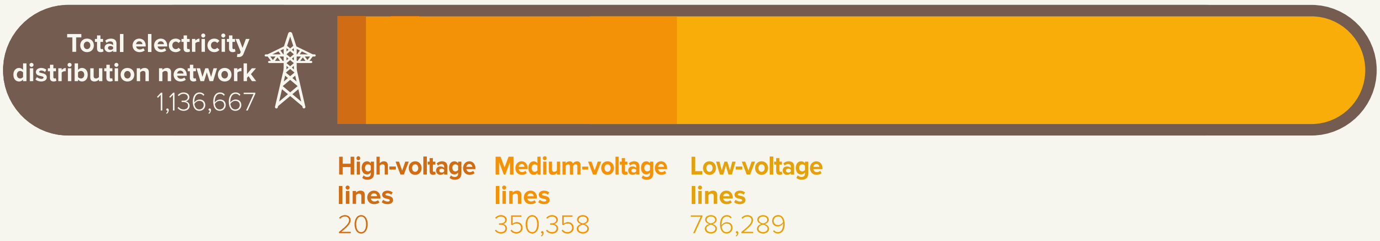
Millions of euro

	2014	2013 restated	Change	
Power plants:				
- thermal	187	210	(23)	-11.0%
- hydroelectric	69	71	(2)	-2.8%
- alternative energy resources	1	5	(4)	-80.0%
Total power plants	**257**	**286**	**(29)**	**-10.1%**
Other investments in property, plant and equipment and intangible assets	28	27	1	3.7%
TOTAL	**285**	**313**	**(28)**	**-8.9%**

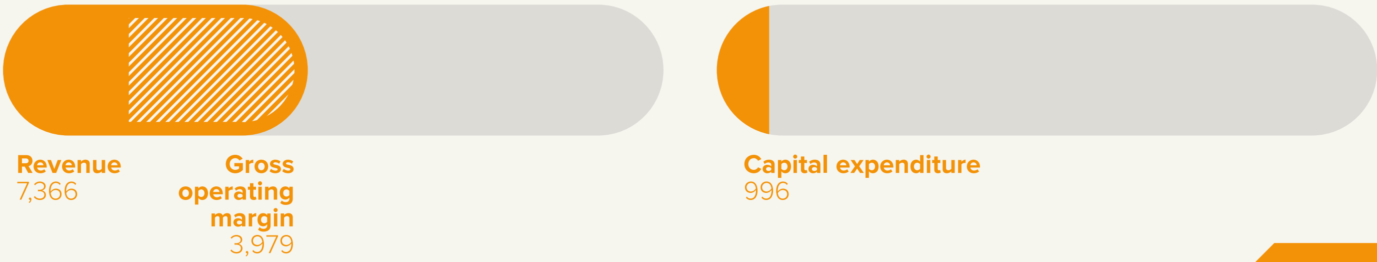
Capital expenditure amounted to €285 million, of which €257 million in respect of power plants. The main investments in 2014 included the continuation of the construction or refurbishment of thermal plants (€187 million), including the construction of the new Porto Empedocle facility, sundry works at the Brindisi and Torrevaldaliga Nord plants, and other work on the Soverzene and Gerosa plants.

3 Infrastructure and Networks

Electricity **distribution network** (km)



Performance 2014 (millions of euro)



Operations

Electricity distribution and transmission networks

	2014	2013 restated	Change	
High-voltage lines at year-end (km)	20	-	20	-
Medium-voltage lines at year-end (km)	350,358	349,386	972	0.3%
Low-voltage lines at year-end (km)	786,289	782,624	3,665	0.5%
Total electricity distribution network (km)	**1,136,667**	**1,132,010**	**4,657**	**0.4%**
Electricity transported on Enel's distribution network (millions of kWh) (1)	**221,850**	**228,918**	**(7,068)**	**-3.1%**

(1) The figure for 2013 reflects a more accurate determination of amounts transported.

The electricity distribution network expanded by 4,657 km, essentially due to new connections of customers, both end users and generators, to distribution grids, although this represented a decline on the previous year. Energy transported on the Enel network in Italy in 2014 amounted to 221,850 million kWh, a decrease of 3.1% compared with the previous year, reflecting the decline in domestic demand.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	7,366	7,698	(332)	-4.3%
Gross operating margin	3,979	4,008	(29)	-0.7%
Operating income	2,943	3,028	(85)	-2.8%
Capital expenditure	996	1,046	(50)	-4.8%

Revenue in 2014 amounted to €7,366 million, a decrease of €332 million (-4.3%) on the previous year. The decline is essentially due to:

> the recognition of adjustments and revisions of estimates from prior years totaling €224 million;

> a decrease in connection fees amounting to €100 million, largely due to the year-on-year decline in the number of connections noted above;

> a reduction of rate revenues amounting to €96 million, largely due to the registration in 2013 of the connection fee equalization mechanism (Resolution 607/2013 of the Authority for Electricity, Gas and the Water System – the Authority), and to the decrease in quantities transported. These factors were only partly offset by an increase in distribution rates as a result of the above resolution;

> an increase of €81 million in grants from the Electricity Equalization Fund for the sale of white certificates.

The **gross operating margin** amounted to €3,979 million, a decrease of €29 million (-0.7%) largely attributable to:

> a decrease of €235 million in the margin on electricity, reflecting:
  - the prior-year items noted earlier;
  - the effect of the registration in 2013 of the connection fee equalization mechanism;
  - the decline in quantities transported.

  These factors were only partly offset by an increase in distribution rates and grants from the Electricity Equalization Fund;

> a reduction of €103 million in connection fees from new customers;

> an improvement (€268 million) in the margin on white certificates due to the cost reimbursement mechanism for the purchase of such certificates as a result of the changes introduced with Authority Resolution 13/2014;

> the positive adjustment of €63 million of the provisions for risks and charges, carried out in early 2014, following the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche, which provided for Enel Distribuzione to pay €89 million to A2A Reti Elettriche, with the waiver by the latter of any further claim.

Operating income, after depreciation, amortization and impairment losses of €1,036 million (€980 million in 2013), totaled €2,943 million, a decrease of €85 million on the previous year (-2.8%). The decline is largely due to the increase of €46 million in impairment losses on trade receivables.

Capital expenditure

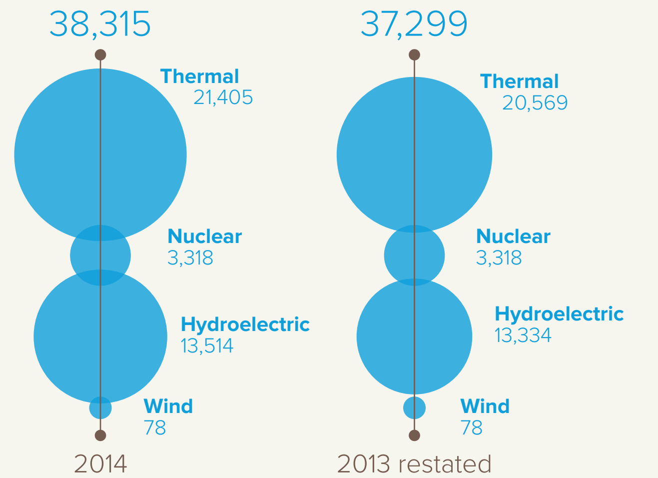
Millions of euro

	2014	2013 restated	Change	
Electricity distribution networks	996	997	(1)	-0.1%
Other investments in property, plant and equipment and intangible assets	-	49	(49)	-
Total	**996**	**1,046**	**(50)**	**-4.8%**

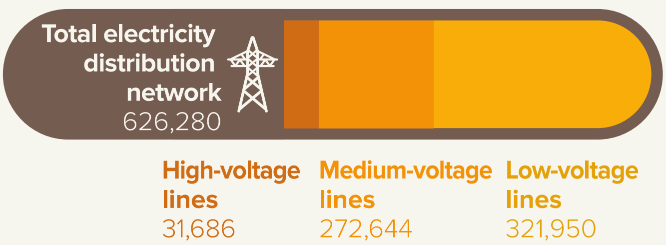
Capital expenditure in 2014 amounted to €996 million, a decrease of €50 million on the previous year. The decrease is mainly accounted for by a reduction in expenditure on connections for customers and generation plants, only partly offset by an increase in expenditure on service quality.

4 Iberia and Latin America

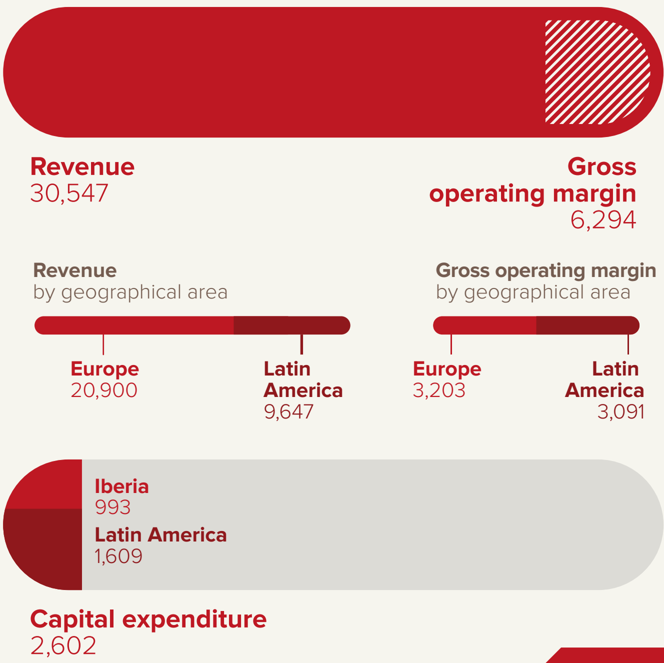
Net efficient generation **capacity** (MW)



Electricity **distribution network** (km)



Performance 2014 (millions of euro)



Operations

Net electricity generation

Millions of kWh

	2014	2013 restated	Change	
Thermal	62,283	63,472	(1,189)	-1.9%
Nuclear	24,762	25,892	(1,130)	-4.4%
Hydroelectric	42,777	40,379	2,398	5.9%
Wind	158	145	13	9.0%
Total net generation	**129,980**	**129,888**	**92**	**0.1%**
- of which Iberian peninsula	*69,681*	*68,439*	*1,242*	*1.8%*
- of which Argentina	*14,390*	*15,743*	*(1,353)*	*-8.6%*
- of which Brazil	*5,225*	*4,992*	*233*	*4.7%*
- of which Chile	*18,063*	*19,438*	*(1,375)*	*-7.1%*
- of which Colombia	*13,559*	*12,747*	*812*	*6.4%*
- of which Peru	*9,062*	*8,529*	*533*	*6.2%*

Net electricity generation by the Division came to 129,980 million kWh, an increase of 92 million kWh on 2013.
In particular, in 2014 net generation in the Iberian peninsula increased by 1,242 million kWh (+1.8%) as a result of greater thermal output (+9.4%), only partly offset by a decline in nuclear and hydroelectric output, the latter due to better water conditions the previous year. In Latin America, conversely, net electricity output fell by 1,150 million kWh, mainly due to lower thermal generation in Argentina and Chile, reflecting in particular the shutdown of the Bocamina II plant, only partly offset by an increase in hydroelectric output in Chile and Colombia thanks to improved water conditions.

Contribution to gross thermal generation

Millions of kWh

	2014		2013 restated		Change	
High-sulfur fuel oil (S>0.25%)	7,050	7.7%	7,789	8.4%	(739)	-9.5%
Natural gas	24,541	26.9%	24,233	26.2%	308	1.3%
Coal	27,958	30.7%	27,154	29.3%	804	3.0%
Nuclear fuel	25,776	28.3%	26,983	29.2%	(1,207)	-4.5%
Other fuels	5,831	6.4%	6,400	6.9%	(569)	-8.9%
Total	**91,156**	**100.0%**	**92,559**	**100.0%**	**(1,403)**	**-1.5%**

Gross thermal generation by the Division in 2014 came to 91,156 million kWh, a decrease of 1,403 million kWh on the previous year (-1.5%), mainly owing to the decline in nuclear and fuel-oil generation, only partly offset by an increase in coal and natural gas generation.

Net efficient generation capacity

MW

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Thermal	21,405	20,569	836	4.1%
Nuclear	3,318	3,318	-	-
Hydroelectric	13,514	13,334	180	1.3%
Wind	78	78	-	-
Total net efficient capacity	**38,315**	**37,299**	**1,016**	**2.7%**
- of which Iberian peninsula	*21,713*	*21,699*	*14*	*0.1%*
- of which Argentina	*4,403*	*4,403*	*-*	*-*
- of which Brazil	*976*	*977*	*(1)*	*-0.1%*
- of which Chile	*6,286*	*5,521*	*765*	*13.9%*
- of which Colombia	*3,012*	*2,878*	*134*	*4.7%*
- of which Peru	*1,925*	*1,821*	*104*	*5.7%*

Net efficient generation capacity at December 31, 2014 came to 38,315 MW, an increase of 1,016 MW on the end of 2013. The rise includes the impact of the acquisition of Inversiones Gas Atacama, which enable the consolidation of the 781 MW thermal plant in the Atacama desert.

Electricity distribution and transport networks

	2014	2013 restated	Change	
High-voltage lines at year-end (km)	31,686	31,428	258	0.8%
Medium-voltage lines at year-end (km)	272,644	270,409	2,235	0.8%
Low-voltage lines at year-end (km)	321,950	329,419	(7,469)	-2.3%
Total electricity distribution network (km)	**626,280**	**631,256**	**(4,976)**	**-0.8%**
Electricity transported on Enel's distribution network (millions of kWh)	**159,512**	**159,704**	**(192)**	**-0.1%**
- of which Iberian peninsula	*96,404*	*98,456*	*(2,052)*	*-2.1%*
- of which Argentina	*14,980*	*14,953*	*27*	*0.2%*
- of which Brazil	*19,982*	*18,799*	*1,183*	*6.3%*
- of which Chile	*13,257*	*13,030*	*227*	*1.7%*
- of which Colombia	*8,225*	*8,010*	*215*	*2.7%*
- of which Peru	*6,664*	*6,456*	*208*	*3.2%*

At December 31, 2014, the size of the electricity distribution network of the Iberia and Latin America Division had decreased by 4,976 km, with an especially significant contraction in low-voltage lines in Spain, partly offset by the expansion of the grid in the Latin American countries.
Electricity transported in 2014 came to 159,512 million kWh, a decrease of 192 million kWh, which reflects the divergent developments in electricity demand in the two areas covered by the Division: demand fell in the Iberian peninsula and expanded in Latin America, especially in Brazil and Colombia.

Electricity sales

Millions of kWh

	2014	2013 restated	Change	
Free market	99,819	101,806	(1,987)	-2.0%
Regulated market	57,217	55,565	1,652	3.0%
Total	**157,036**	**157,371**	**(335)**	**-0.2%**
- of which Iberian peninsula	*93,928*	*96,123*	*(2,195)*	*-2.3%*
- of which Argentina	*14,980*	*14,953*	*27*	*0.2%*
- of which Brazil	*19,982*	*18,799*	*1,183*	*6.3%*
- of which Chile	*13,257*	*13,030*	*227*	*1.7%*
- of which Colombia	*8,225*	*8,010*	*215*	*2.7%*
- of which Peru	*6,664*	*6,456*	*208*	*3.2%*

Electricity sales to end users in 2014 amounted to 157,036 million kWh, a decrease of 335 million kWh compared with 2013. The contraction in quantities sold in the Iberian peninsula (-2,195 million kWh) owing to the continuation of the economic crisis was only partly offset by the rise in quantities sold in Latin America (+1,860 million kWh), the consequence of a rise in electricity demand, with especially large rises in Brazil and Colombia.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	30,547	30,674	(127)	-0.4%
Gross operating margin	6,294	6,638	(344)	-5.2%
Operating income	2,789	3,767	(978)	-26.0%
Capital expenditure	2,602	2,160	442	20.5%

The table below shows performance by geographical area.

Millions of euro	Revenue			Gross operating margin			Operating income		
	2014	2013 restated	Change	2014	2013 restated	Change	2014	2013 restated	Change
Europe	20,900	21,123	(223)	3,203	3,195	8	1,240	1,382	(142)
Latin America	9,647	9,551	96	3,091	3,443	(352)	1,549	2,385	(836)
Total	**30,547**	**30,674**	**(127)**	**6,294**	**6,638**	**(344)**	**2,789**	**3,767**	**(978)**

Revenue in 2014 declined by €127 million, reflecting:

> a decrease of €223 million in revenue in Europe, largely due to:
- the fall in electricity demand, which had an adverse impact on amounts generated and sold on the end-user market, against a background of lower average wholesale prices and prices in end-user markets;
- a decrease in revenue from the transport of natural gas owing to lower sales prices.

These factors were partly offset by an increase in grants for extra-peninsular generation (€217 million), the net effect of a rise in grants due to a number of changes in the regulatory framework in Spain and a decline in grants associated with the reduction in generation;

> an increase of €96 million in revenue in Latin America, largely attributable to:
- the change in the scope of consolidation with the acquisition of an additional 50% of Gas Atacama (€150 million), thereby acquiring control and consequently consolidating the company on a full line-by-line basis;
- rate increases in various Latin American countries, especially for distribution companies in Brazil;
- an increase in revenue from electricity sales, especially in Colombia and Peru owing to an increase in volumes handled and a rise in average sales prices;
- adverse developments in the exchange rates of local currencies against the euro, with an overall negative impact of €1,208 million.

The **gross operating margin** amounted to €6,294 million, a decrease of €344 million (-5.2%) compared with 2013, reflecting:

> an increase of €8 million in the gross operating margin in Europe, essentially due to the improvement in the margin on regulated businesses (mainly attributable to extra-peninsular generation), offset by a decline in the margin on unregulated activities and the charges recognized in 2014 in respect of a new early retirement incentive plan;

> a decrease of €352 million in the gross operating margin in Latin America, essentially due to:
- exchange rate effects totaling €294 million, largely offset by the improvement in the margin due to an increase in output in an environment of rising prices;
- an increase electricity provisioning costs, due in particular to the shutdown of the Bocamina II plant in Chile, which forced the Group to increase its recourse to the spot and pool markets to meet customer demand;
- an increase in operating expenses in Argentina to cope with the service interruptions caused by the heat emergency in early 2014, as well as a decrease in grants to Edesur under the *Mecanismo de Monitoreo de Costos* compared with the previous year.

Operating income in 2014 came to €2,789 million, a decrease of €978 million compared with 2013, in line with the change in the gross operating margin. The increase in impairment losses in 2014 includes the impact of the impairment losses on rights held by Endesa Chile to use water resources in the region of Aysén, which were recognized as a result of the uncertainty about the continuation of the project owing to a number of legal and procedural restrictions (€589 million). Another factor was the impairment losses recognized on a number of smaller concessions held by the Group in Portugal and Spain (totaling €66 million).

Capital expenditure

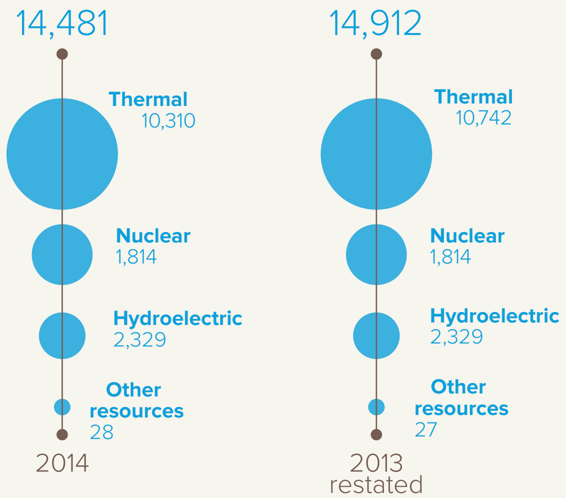
Millions of euro

	2014	2013 restated	Change	
Power plants:				
- thermal	508	326	182	55.8%
- hydroelectric	385	366	19	5.2%
- nuclear	138	128	10	7.8%
- alternative energy resources	4	-	4	-
Total power plants	**1,035**	**820**	215	**26.2%**
Electricity distribution networks	1,049	919	130	14.1%
Other investments in property, plant and equipment and intangible assets	518	421	97	23.0%
TOTAL	**2,602**	**2,160**	**442**	**20.5%**

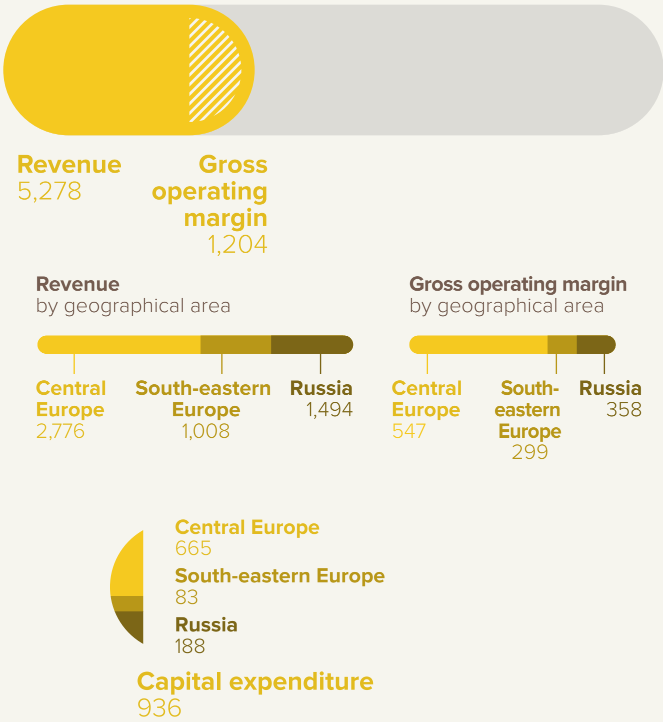
Capital expenditure amounted to €2,602 million, an increase of €442 million on the previous year. In particular, capital expenditure in 2014 concerned work on the distribution network (€1,049 million, of which €502 million in Europe and €427 million in Latin America, also including investments on plants operated on a concession basis). Investment in power plants (€1,035 million) focused primarily on the construction of the El Quimbo hydroelectric plant in Colombia.

5 International

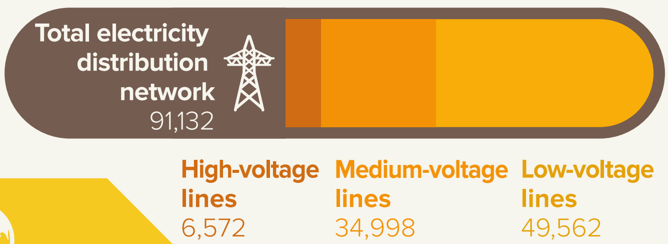
Net efficient generation **capacity** (MW)



Performance 2014 (millions of euro)



Electricity **distribution network** (km)



Operations

Net electricity generation

Millions of kWh

	2014	2013 restated	Change	
Thermal	44,229	43,802	427	1.0%
Nuclear	14,420	14,624	(207)	-1.4%
Hydroelectric	4,225	4,759	(534)	-11.2%
Other sources	52	59	(7)	-11.9%
Total net generation	**62,926**	**63,244**	**(318)**	**-0.5%**
- of which Russia	*42,376*	*41,901*	*475*	*1.1%*
- of which Slovakia	*20,550*	*21,343*	*(793)*	*-3.7%*

Net generation in 2014 came to 62,926 million kWh, a decrease of 318 million kWh compared with 2013. The decline is attributable to the decrease in hydroelectric generation by Slovenské elektrárne compared with the previous year (-534 million kWh), only partly offset by the increase in thermal generation posted by Enel Russia (formerly Enel OGK-5, +475 million kWh).

Contribution to gross thermal generation

Millions of kWh

	2014		2013 restated		Change	
High-sulfur fuel oil (S>0.25%)	186	0.3%	120	0.2%	66	55.0%
Natural gas	25,325	40.7%	23,159	37.3%	2,166	9.4%
Coal	21,255	34.1%	23,027	37.1%	(1,772)	-7.7%
Nuclear fuel	15,499	24.9%	15,720	25.4%	(221)	-1.4%
Total	**62,265**	**100.0%**	**62,026**	**100.0%**	**239**	**0.4%**

Gross thermal generation in 2014 increased by 239 million kWh, to 62,265 million kWh, compared with 62,026 million kWh in 2013. The rise is attributable to an increase in natural gas generation and the output of combined-cycle plants in Russia, entirely offsetting the decline in generation with other resources. More specifically, the decrease in coal generation is attributable to a number of technical shutdowns at the Reftinskaya plant.

Net efficient generation capacity

MW

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Thermal	10,310	10,742	(432)	-4.0%
Nuclear	1,814	1,814	-	-
Hydroelectric	2,329	2,329	-	-
Other resources	28	27	1	-
Total net efficient capacity	**14,481**	**14,912**	**(431)**	**-2.9%**
- of which Russia	*9,107*	*9,107*	-	-
- of which Slovakia	*4,968*	*5,399*	*(431)*	*-8.0%*
- of which Belgium	*406*	*406*	-	-

Net efficient generation capacity decreased by 431 MW in 2014, attributable to the decommissioning of one of the units of the Vojany coal-fired plant in Slovakia.

Electricity distribution and transport networks

	2014	2013 restated	Change	
High-voltage lines at year-end (km)	6,572	6,586	(14)	-0.2%
Medium-voltage lines at year-end (km)	34,998	34,923	75	0.2%
Low-voltage lines at year-end (km)	49,562	49,397	165	0.3%
Total electricity distribution network (km)	**91,132**	**90,906**	**226**	**0.2%**
Electricity transported on Enel's distribution network (millions of kWh)	**14,063**	**13,996**	**67**	**0.5%**

At December 31, 2014 the size of the electricity distribution network (located entirely in Romania) showed an increase of 226 km, largely attributable to new low-voltage connections installed during the year.
Electricity transported increased by 0.5%, going from 13,996 million kWh to 14,063 million kWh in 2014.

Electricity sales

Millions of kWh

	2014	2013 restated	Change	
Free market	10,410	13,737	(3,327)	-24.2%
Regulated market	5,926	7,210	(1,284)	-17.8%
Total	**16,336**	**20,947**	**(4,611)**	**-22.0%**
- of which Romania	*8,156*	*8,754*	*(598)*	*-6.8%*
- of which France	*3,442*	*8,068*	*(4,626)*	*-57.3%*
- of which Slovakia	*4,738*	*4,125*	*613*	*14.9%*

Electricity sold by the International Division in 2014 amounted to 16,336 million kWh, a decrease of 4,611 million kWh (-22.0% compared with 2013). The decline is attributable to:

> a reduction of 598 million kWh in sales in Romania, reflecting the gradual liberalization of the business market, which has been fully operational since the start of 2014;
> a decrease of 4,626 million kWh in sales by Enel France, largely attributable to the decline in volumes of available capacity;
> an increase of 613 million kWh in sales in Slovakia.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	5,278	6,296	(1,018)	-16.2%
Gross operating margin	1,204	1,293	(89)	-6.9%
Operating income	(2,682)	(23)	(2,659)	-
Capital expenditure	936	924	12	1.3%

The table below shows performance by geographical area.

Millions of euro	Revenue			Gross operating margin			Operating income		
	2014	2013 restated	Change	**2014**	2013 restated	Change	**2014**	2013 restated	Change
Central Europe	2,776	3,488	(712)	547	605	(58)	(2,676)	360	(3,036)
South-eastern Europe	1,008	1,116	(108)	299	289	10	195	154	41
Russia	1,494	1,692	(198)	358	399	(41)	(201)	(537)	336
Total	**5,278**	**6,296**	**(1,018)**	**1,204**	**1,293**	**(89)**	**(2,682)**	**(23)**	**(2,659)**

Revenue in 2014 amounted to €5,278 million, a decrease of €1,018 million on the previous year (€6,296 million). This performance reflected the following factors:

> a decrease of €712 million in revenue in central Europe, largely attributable to the fall in revenue in Slovakia (-€397 million), as a result of lower sales prices, and in France (-€315 million), as a result of the reduction in the volume of available capacity;

> a decrease of €198 million in revenue in Russia, reflecting the sharp depreciation of the ruble against the euro. This factor entirely offset the increase in sales revenue in local currency as a result of an increase in sales prices on the electricity market;
> a decrease of €108 million in revenue in south-eastern Europe, entirely attributable to Romania as a result of the decline in prices on the free market.

The **gross operating margin** amounted to €1,204 million, a decrease of €89 million on 2013 (€1,293 million). The fall is associated with the following factors:

> a decrease of €58 million in the gross operating margin in central Europe, attributable in part to generation in Slovakia (-€171 million), the result of a contraction in output and lower electricity prices. The decline was offset by the impact of the recognition in 2013 of provisions for risks and charges in respect of litigation concerning a number of investments in foreign entities and by the improvement in the margin in France;
> a decrease of €41 million in the gross operating margin in Russia, where the impact of the depreciation of the ruble against the euro was only partially offset by an increase in average sales prices for electricity;
> an increase of €10 million in the gross operating margin in south-eastern Europe, mainly due to lower operating expenses in Romania.

The **operating result** in 2014 showed a loss of €2,682 million, a deterioration of €2,659 million on the previous year after an increase of €2,570 million in depreciation, amortization and impairment losses. The latter development is largely attributable to the impairment loss recognized on Slovenské elektrárne (€2,878 million) to align the carrying amount of its assets with their estimated realizable value, as determined on the basis of the non-binding offers received so far. Another factor was the impairment loss on the goodwill and plant assets of the Enel Russia CGU (formerly Enel OGK-5) to reflect the expected contraction in future cash flows as a result of the persistent signs of slowing in economic growth and the consequent contraction in forecast price growth in the medium term (equal to €365 million in 2014 and €744 million in 2013).

Capital expenditure

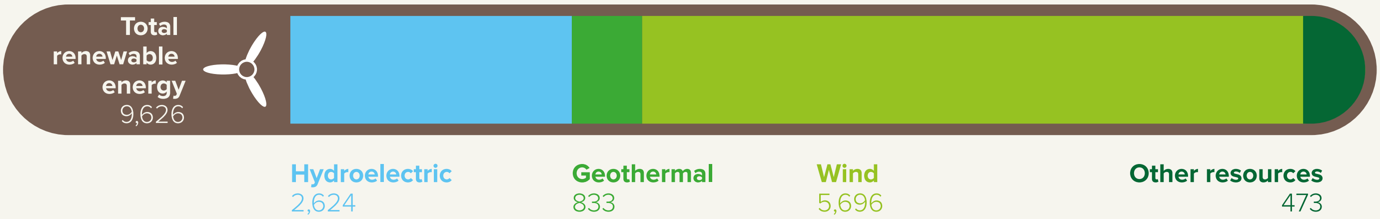
Millions of euro

	2014	2013 restated	Change	
Power plants:				
- thermal	189	196	(7)	-3.6%
- hydroelectric	6	7	(1)	-14.3%
- nuclear	649	594	55	9.3%
Total power plants	**844**	**797**	**47**	**5.9%**
Electricity distribution networks	70	96	(26)	-27.1%
Other investments in property, plant and equipment and intangible assets	22	31	(9)	-29.0%
TOTAL	**936**	**924**	**12**	**1.3%**

Capital expenditure amounted to €936 million, an increase of €12 million on the previous year, largely reflecting an increase in nuclear expenditure in Slovakia, partly offset by a decrease in investment in electricity distribution plants in Romania and a reduction in expenditure on power plants in Russia.

6 Renewable Energy

Net efficient generation **capacity** (MW)



Performance 2014 (millions of euro)

Operations

Net electricity generation

Millions of kWh

	2014	2013 restated	Change	
Hydroelectric	11,452	10,921	531	4.9%
Geothermal	5,954	5,581	373	6.7%
Wind	13,896	12,086	1,810	15.0%
Other resources	496	710	(214)	-30.1%
Total	**31,798**	**29,298**	**2,500**	**8.5%**
- of which Italia	*14,117*	*13,225*	*892*	*6.7%*
- of which Iberian peninsula	*4,359*	*4,792*	*(433)*	*-9.0%*
- of which France	*347*	*362*	*(15)*	*-4.1%*
- of which Greece	*488*	*566*	*(78)*	*-13.8%*
- of which Romania and Bulgaria	*1,351*	*1,166*	*185*	*15.9%*
- of which United States and Canada	*6,674*	*5,360*	*1,314*	*24.5%*
- of which Panama, Mexico, Guatemala and Costa Rica	*2,904*	*2,703*	*201*	*7.4%*
- of which Brazil and Chile	*1,550*	*1,124*	*426*	*37.9%*
- of which other countries	*8*	*-*	*8*	*-*

Net electricity generation by the Division came to 31,798 million kWh in 2014, up 2,500 million kWh on the previous year. Of the total increase, 1,608 million kWh is attributable to greater generation abroad, mainly due to greater wind generation in the United States (+1,481 million kWh, associated with the consolidation of Buffalo Dunes Wind Project), in Chile (+306 million kWh, as a result of the increase in installed capacity), in Romania (+162 million kWh) and in Mexico (+111 million kWh). These factors were only partly offset by a reduction in wind generation in the Iberian peninsula (-218 million kWh, owing to less favorable weather conditions) and a contraction in hydroelectric output in the United States (-147 million kWh). Power generation in Italy increased by 892 million kWh in 2014, reflecting the rise in hydroelectric output (+638 million kWh, thanks to more favorable water conditions) and geothermal output (+247 million kWh).

Net efficient generation capacity

MW

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Hydroelectric	2,624	2,623	1	-
Geothermal	833	795	38	4.8%
Wind	5,696	5,085	611	12.0%
Other resources	473	310	163	52.6%
Total	**9,626**	**8,813**	**813**	**9.2%**
- of which Italy	*3,133*	*3,057*	*76*	*2.5%*
- of which Iberian peninsula	*1,836*	*1,857*	*(21)*	*-1.1%*
- of which France	*-*	*186*	*(186)*	*-*
- of which Greece	*290*	*290*	*-*	*-*
- of which Romania and Bulgaria	*576*	*576*	*-*	*-*
- of which United States and Canada	*2,083*	*1,683*	*400*	*23.8%*
- of which Panama, Mexico, Guatemala and Costa Rica	*816*	*715*	*101*	*14.1%*
- of which Brazil and Chile	*882*	*449*	*433*	*96.4%*
- of which other countries	*10*	*-*	*10*	*-*

Total net efficient capacity showed an increase of 813 MW, of which 737 MW outside of Italy. More specifically, the increase in net installed wind capacity mainly regards new plants in the United States (400 MW), Brazil (198 MW), Mexico (100 MW) and Chile (99 MW). The increase in generation from other resources reflects the entry into service of a number of solar plants in Chile and Italy. Finally, the increase in net installed geothermal capacity mainly regards a number of plants in Italy.

These factors were partly offset by the disposal of Enel Green Power France in December 2014, which led to the deconsolidation of 186 MW in France.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue	2,921	2,769	152	5.5%
Gross operating margin	1,938	1,780	158	8.9%
Operating income	1,124	1,205	(81)	-6.7%
Capital expenditure	1,658	1,294 (1)	364	28.1%

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

The table below shows performance by geographical area.

Millions of euro	Revenue			Gross operating margin			Operating income		
	2014	2013 restated	Change	**2014**	2013 restated	Change	**2014**	2013 restated	Change
Europe	1,988	1,998	(10)	1,460	1,331	129	833	926	(93)
Latin America	537	407	130	202	203	(1)	142	140	2
North America	396	364	32	276	246	30	149	139	10
Total	**2,921**	**2,769**	**152**	**1,938**	**1,780**	**158**	**1,124**	**1,205**	**(81)**

Revenue increased by €152 million (5.5%), going from €2,769 million to €2,921 million. The change reflects:

> an increase of €130 million in revenue in Latin America, due to the increase in output, mainly in Chile, Mexico and Brazil;

> an increase of €32 million in revenue in North America; excluding the financial impact (gains and remeasurement at fair value) of the disposal of shareholdings in the two periods considered, revenue would have increased by €64 million, mainly due to the increase in generation;

> a decrease of €10 million in revenue in Europe; excluding the proceeds from the disposal of shareholdings during the final Quarter of 2014, the decrease would have been €180 million, largely due to:
  - a decline of €63 million in revenue from the sale of photovoltaic panels in Italy as a result of the exit from the scope of consolidation of Enel.si following its sale to the Sales Italy business in the 2nd Half of 2013. This factor was partly offset by the recognition of the indemnity provided for in the off-take agreement with Sharp concerning the purchase of the entire output of 3SUN;
  - a decrease in revenue from electricity sales in the Iberian peninsula as a result of the regulatory changes introduced in Spain with Royal Decree Law 9/2013.

The **gross operating margin** amounted to €1,938 million, up €158 million (8.9%) compared with 2013. The change is attributable to:

> an increase of €129 million in the margin posted in Europe; excluding the non-recurring items mentioned under revenue, the gross operating margin would have declined by €41 million, largely due to the fall in prices in Italy and Spain, partly offset by the recognition of the indemnity provided for in the off-take agreement with Sharp concerning the purchase of the entire output of 3SUN;

> a rise of €30 million for the North American area; excluding the non-recurring items discussed under revenue, the margin would have increased by €62 million, in line with developments in revenue.

Operating income amounted to €1,124 million, a decrease of €81 million, after an increase in depreciation, amortization and impairment losses of €239 million, largely due to the entry into service of new plants and the impairment losses recognized following the impairment testing of the Enel Green Power Hellas CGU.

Capital expenditure

Millions of euro

	2014	2013 restated	Change	
Power plants:				
- hydroelectric	196	109	87	79.8%
- geothermal	169	226	(57)	-25.2%
- alternative energy resources	1,251	923	328	35.5%
Total power plants	**1,616**	**1,258**	**358**	**28.5%**
Other investments in property, plant and equipment and intangible assets	42	36	6	16.7%
TOTAL	**1,658**	**1,294** (1)	**364**	**28.1%**

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

Capital expenditure in 2014 amounted to €1,658 million, an increase of €364 million on the previous year.

Investments mainly regarded wind farms in Latin America (€601 million), North America (€313 million) and Europe (€77 million); photovoltaic plants in Chile (€198 million); hydroelectric plants in Italy, Brazil, Costa Rica, Guatemala, Chile and the United States (€196 million) and geothermal plants in Italy and North America (€169 million).

7 Other, eliminations and adjustments

Operations

Hydrocarbon reserves and annual output

	2014	2013 restated	Change
Hydrocarbon reserves:			
Proven reserves (1P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	18	18	-
- of which proven reserves (1P) of natural gas at the end of the year (billions of m^3)	*2*	*2*	-
Proven and probable reserves (2P) of hydrocarbons at the end of the year (millions of barrels of oil equivalent)	46	46	-
- of which proven and probable reserves (2P) of natural gas at the end of the year (billions of m^3)	*6*	*6*	-
Annual output:			
Hydrocarbon output (millions of barrels of oil equivalent)	-	29	(29)
- of which natural gas (billions of m^3)	-	*3.9*	*(3.9)*

In 2012, the Upstream Gas function initiated the process of certifying the reserves of the assets it had under development, for which the function used an independent certifier, DeGolyer & McNaughton. On the basis of the assessment performed in 2012 and taking account of the disposal of the stake held in SeverEnergia in 2013, Enel's share in 2014 is equal to 18 million barrels of oil equivalent of proven reserves and 46 million barrels of oil equivalent of proven and probable reserves. Projects under development at the end of 2014 are located:

- in Algeria, where the Group, through Enel Trade, holds a stake of 18.4% of the "Isarene" permit in partnership with Petroceltic International and Sonatrach (an Algerian state-owned company);
- in Italy, where the Group, through Enel Longanesi Development, holds 33.55% of the hydrocarbon extraction permit at Bagnacavallo.

Performance

Millions of euro

	2014	2013 restated	Change	
Revenue (net of eliminations)	2,013	2,885	(872)	-30.2%
Gross operating margin	98	1,022	(924)	-90.4%
Operating income	(3)	908	(911)	-
Capital expenditure	113	84	29	34.5%

Revenue, net of eliminations, amounted to €2,013 million in 2014, a decrease of €872 million on the previous year (-30.2%). Excluding the gains from the disposal of Artic Russia, and indirectly the interest held by the latter in SeverEnergia, recognized in 2013 (capital gain of €964 million) and in 2014 (income of €82 million from the price adjustment under the earn-out clause of the sale contract with the buyer), revenue would have increased by €10 million compared with 2013. The performance is essentially attributable to:

> an increase of €34 million in revenue from engineering activities, largely attributable to activities at the Porto Empedocle regasification terminal and the Brindisi plant, as well as environmental upgrading at the Litoral de Almeria coal-fired plant;
> a decrease in revenue in the Services and other activities area, mainly associated with the support and staff services provided to the other Group companies.

The **gross operating margin** in 2014 amounted to €98 million, a decrease of €924 million compared with 2013, largely due to the dual impact of the disposal of Artic Russia discussed above. Excluding this factor, the gross operating margin declined by €42 million. The contraction is largely attributable to the effect of the recognition in 2013 of lower personnel costs connected with the reversal of provisions for the transition-to-retirement plan following its termination in September 2013, only partly offset by the provision for the obligations assumed in implementation of Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the "Fornero Act"), and to the contraction in margins on a number of services provided to other Group Divisions.

The **operating result** in 2014 showed a loss of €3 million, a deterioration of €911 million compared with 2013, taking account of the effects of the sale of Artic Russia and a reduction of €13 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure in 2014 amounted to €113 million, an increase of €29 million compared with 2013, mainly associated with software development.

Performance and financial position of Enel SpA

Performance

The following table summarizes the performance of Enel SpA in 2014 and 2013.

Millions of euro

	2014	2013	Change
Revenue			
Revenue from services	245	269	(24)
Other revenue and income	1	6	(5)
Total	**246**	**275**	**(29)**
Costs			
Electricity purchases and consumables	2	6	(4)
Services, leases and rentals	185	230	(45)
Personnel	120	90	30
Other operating expenses	19	14	5
Total	**326**	**340**	**(14)**
Gross operating margin	**(80)**	**(65)**	**(15)**
Depreciation, amortization and impairment losses	543	9	534
Operating income	**(623)**	**(74)**	**(549)**
Net financial income/(expense) and income from equity investments			
Income from equity investments	1,818	2,028	(210)
Financial income	2,412	1,812	600
Financial expense	3,331	2,602	729
Total	**899**	**1,238**	**(339)**
Income before taxes	**276**	**1,164**	**(888)**
Income taxes	(282)	(208)	(74)
NET INCOME FOR THE YEAR	**558**	**1,372**	**(814)**

Revenue from services totaled €245 million (€269 million in 2013) and essentially regards services provided to subsidiaries as part of Enel SpA's direction and coordination functions and the rebilling of costs incurred by Enel SpA but pertaining to the subsidiaries.
The decrease of €24 million is mainly attributable to a decline in pass-through rebilling of a number of Group companies for costs in respect of business combinations and corporate reorganizations, as well as a reduction in revenue from management fees and in revenue from services provided to the subsidiaries.

Other revenue and income came to €1 million, down €5 million on the previous year. The item is essentially composed of the rebilling of costs for the personnel of Enel SpA seconded to other Group companies.

Costs for **electricity purchases and consumables** amounted to €2 million in 2014. They are entirely accounted for by purchases of materials, whereas in 2013 they included the second revision of prices in the long-term import contract with Alpiq, which, although it expired on December 31, 2011, provided for that revision to take place within three years of the invoice date (€4 million).

Costs for **services, leases and rentals** amounted to €185 million in 2014, of which charges from third parties in the amount of €127 million and from Group companies in the amount of €58 million. The costs attributable to third parties mainly regarded communication expenses, technical and professional services as well as strategic, management and corporate organization consulting. Those in respect of services provided by Group companies regard IT and administrative services and purchasing, as well as rental income and personnel training received from Enel Italia Srl, and costs for the personnel of a number of Group companies seconded to Enel SpA. The total decrease compared with 2013 amounted to €45 million and is attributable to lower costs in respect of services rendered by non-Group counterparties (€24 million) and a reduction in costs in respect of services rendered by Group companies (€21 million).

Personnel costs totaled €120 million in 2014, an increase of €30 million on the previous year. The rise is essentially attributable to the increase in "wages and salaries" and the associated social security contributions (a total of €12 million), the increase in early retirement incentives (€6 million) and in charges for the "Long Term Incentive Plan" (€4 million), as well as the impact of the recognition in 2013 of the release of provisions for the transition-to-retirement plan (€6 million).

Other operating expenses amounted to €19 million in 2014, up €5 million compared with 2013, essentially due to a reduction in releases of the provision for litigation.

The **gross operating margin** was a negative €80 million, a deterioration of €15 million on the previous year.

Depreciation, amortization and impairment losses amounted to €543 million in 2014, up €534 million on the previous year. The rise is largely attributable to the impairment loss recognized on the interest in Enel Produzione SpA (€512 million) and in Enel Ingegneria e Ricerca SpA (€19 million) as well as greater amortization and depreciation.

The **operating result** showed a loss of €623 million, a deterioration of €549 million on 2013.

Income from equity investments amounted to €1,818 million. The item regards dividends approved in 2014 by subsidiaries, associates and other companies and shows a decrease of €210 million on the previous year (€2,028 million in 2013), largely due to the reduction in dividends distributed by Enel Distribuzione SpA (€252 million).

Net financial expense amounted to €919 million and essentially reflects interest expense on financial debt (€1,038 million) and net costs on interest rate derivatives (€81 million), offset by interest and other income on financial assets (totaling €212 million).
The increase on the previous year amounted to €129 million, mainly reflecting the joint impact of an increase in interest and other expense on financial debt (€71 million) and a reduction in interest and other income on current and non-current financial assets (€40 million), attributable to changes in the debt and in interest rates.

Income taxes showed a tax receivable of €282 million, mainly due to the reduction in taxable income for IRES purposes, as a result of the exclusion of 95% of dividends received from subsidiaries. The estimate of income taxes also takes account of the deductibility of Enel SpA interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code). This essentially reflected both the difference between the two years in the amount of dividends received from subsidiaries and the non-deductibility of impairment losses on equity investments in 2014 meeting the requirements of Article 87 of the Uniform Income Tax Code.

Net income for the year totaled €558 million, compared with €1,372 million the previous year.

Analysis of financial position

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Net non-current assets:			
- property, plant and equipment and intangible assets	19	20	(1)
- equity investments	38,754	39,289	(535)
- net other non-current assets/(liabilities)	(299)	(500)	201
Total	**38,474**	**38,809**	**(335)**
Net current assets:			
- trade receivables	132	216	(84)
- net other current assets/(liabilities)	(533)	(433)	(100)
- trade payables	(139)	(212)	73
Total	**(540)**	**(429)**	**(111)**
Gross capital employed	**37,934**	**38,380**	**(446)**
Provisions:			
- post-employment and other employee benefits	(302)	(336)	34
- provisions for risks and charges and net deferred taxes	115	126	(11)
Total	**(187)**	**(210)**	**23**
Net capital employed	**37,747**	**38,170**	**(423)**
Shareholders' equity	**25,136**	**25,867**	**(731)**
NET FINANCIAL DEBT	**12,611**	**12,303**	**308**

Net non-current assets amounted to €38,474 million, a decline of €335 million. The change is essentially the net result of:

> a decrease of €535 million attributable to the impairment of equity investments in Enel Produzione SpA (€512 million), Enel Ingegneria e Ricerca SpA (€19 million) and Elcogas SA (€4 million);

> a decrease of €201 million in "net other non-current liabilities", essentially due to the increase in the value of non-current derivatives (€624 million), partly offset by a rise in the value of derivatives classified as non-current liabilities (€386 million).

Net current assets came to a negative €540 million, an increase of €111 million on the negative €429 million at December 31, 2013. The change is attributable to:

> a decrease of €84 million in trade receivables from Group companies, largely attributable to the improvement in the invoicing and collection process and to the decline in revenues from management fees and for service activities;

> an increase of €100 million in "net other current liabilities", mainly in respect of the debtor position in respect of tax authorities for the IRES of companies participating in the consolidated taxation mechanism (€533 million), partly offset by an increase in the income tax receivables of Enel SpA (€371 million);

> a decrease of €73 million in trade payables.

Net capital employed at December 31, 2014 came to €37,747 million, funded by shareholders' equity of €25,136 million and net financial debt of €12,611 million.

Shareholders' equity came to €25,136 million at December 31, 2014, a decrease of €731 million on the previous year. The change is attributable to the distribution of the dividend for 2013 of €1,223 million (€0.13 per share) and the recognition of net income for the year of €492 million (including a loss recognized directly in equity of €66 million, largely attributable to the change, net of tax effects, of the reserve for cash flow hedge derivatives).

Net financial debt came to €12,611 million at the end of the year, with a debt/equity ratio of 50.2% (47.5% at the end of 2013).

Analysis of the financial structure

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

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Long-term debt:			
- bonds	17,288	17,764	(476)
Long-term debt	*17,288*	*17,764*	*(476)*
- financial receivables from others	(4)	(5)	1
- debt assumed and loans to subsidiaries	(117)	(117)	-
Net long-term debt	**17,167**	**17,642**	**(475)**
Short-term debt/(liquidity):			
- short-term portion of long-term borrowings	2,363	1,061	1,302
- short-term bank borrowings	3	4	(1)
- short-term debt due to Group companies	500	-	500
- cash collateral received	423	118	305
Short-term debt	*3,289*	*1,183*	*2,106*
- short-term portion of loans assumed/granted	-	(21)	21
- short-term loans to Group companies	-	(500)	500
- other short-term financial receivables	(3)	-	(3)
- cash collateral paid	(672)	(1,018)	346
- net short-term financial position with Group companies	(198)	(1,860)	1,662
- cash and cash equivalents and short-term securities	(6,972)	(3,123)	(3,849)
Net short-term debt/(liquidity)	**(4,556)**	**(5,339)**	**783**
NET FINANCIAL DEBT	**12,611**	**12,303**	**308**

Net financial debt at December 31, 2014 amounted to €12,611 million, an increase of €308 million, the result of a decrease in the net short-term creditor position (€783 million) and a decrease in net long-term financial debt (€475 million).

The main transactions in 2014 impacting debt can be summarized as follows:

> the issue of two hybrid bonds in the total amount of €1,602 million;

> the repayment of a retail bond issued in 2007 in the amount of €1,000 million;

> the repayment of two tranches of the Ina and Ania bonds and the repurchase of own bonds in the total amount of €103 million;

> the repayment of €500 million by the subsidiary Enel Finance International NV on the Intercompany Revolving Facility Agreement granted by Enel SpA in 2013;

> drawings on the Intercompany Short Term Deposit Agreement (a short-term credit facility with Enel Finance International NV) in the amount of €500 million.

Cash and cash equivalents amounted to €6,972 million, an increase on December 31, 2013 of €3,849 million, due mainly to the impact on the central treasury of the extraordinary corporate transactions associated with the optimization of the corporate structure of the Group, as well lower tax payments in 2014.

Cash flows

Millions of euro

	2014	2013	Change
Cash and cash equivalents at the start of the year	**3,123**	**6,461**	**(3,338)**
Cash flows from operating activities	926	1,669	(743)
Cash flows from investing/disinvesting activities	(11)	(113)	102
Cash flows from financing activities	2,934	(4,894)	7,828
Cash and cash equivalents at the end of the year	**6,972**	**3,123**	**3,849**

Cash flows from operating activities came to a positive €926 million (€1,669 million in 2013). The change is essentially attributable to dividends from subsidiaries, partially offset by balance of interest paid and collected and payments on account of IRES on behalf of all Group companies participating in the consolidated taxation mechanism.

Cash flows from investing activities were a negative €11 million (a negative €113 million in 2013). They essentially regard investments in property, plant and equipment and intangible assets.

Cash flows in respect of financing activities were a positive €2,934 million (a negative €4,894 million in 2013). They were generated by the transactions discussed earlier under net financial debt.

In 2014, the cash flows generated by operating activities and financing activities, as well as those used by investing activities, increased cash and cash equivalents by €3,849 million. Consequently, cash and cash equivalents at December 31, 2014 amounted to €6,972 million, compared with €3,123 million at the start of the year.

Significant events in 2014

8 January

Issue of hybrid financial instruments

In execution of the resolution of the Board of Directors of Enel of May 7, 2013, on January 8, 2014, Enel launched a multi-tranche issue of non-convertible bonds for institutional investors on the international market in the form of subordinated hybrid instruments with an average maturity of about 61 years, denominated in euros and pounds sterling, in the total amount of approximately €1.6 billion.
The issue forms part of the measures to strengthen the financial structure of the Enel Group set out in the business plan presented to the financial community on March 13, 2013.
The transaction was structured in the following two tranches:
> €1,000 million maturing on January 15, 2075, issued at a price of 99.368 with an annual fixed coupon of 5% until the first early redemption date set for January 15, 2020. As from that date and until maturity, the rate will be equal to the 5-year euro swap rate plus a spread of 364.8 basis points and interest rate step-ups of 25 basis points from January 15, 2025 and a further 75 basis points from January 15, 2040;
> £500 million maturing on September 15, 2076, issued at a price of 99.317 with an annual fixed coupon of 6.625% (swapped into euros at a rate of about 5.60%) until the first early redemption date set for September 15, 2021. As from that date and until maturity, the rate will be equal to the 5-year GBP swap rate plus a spread of 408.9 basis points and interest rate step-ups of 25 basis points from September 15, 2026 and an additional 75 basis points from September 15, 2041.

The offering was led by a syndicate of banks comprising, for the euro tranche, Banca Imi, Banco Bilbao Vizcaya Argentaria SA, BNP Paribas, Crédit Agricole-CIB, Deutsche Bank, ING, 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, UBS Investment Bank.

13 January

Agreement for the development of geothermal generation and smart grids in Mexico

On January 13, 2014, Enel signed a memorandum of understanding with the *Instituto de Investigaciones Eléctricas*, the Mexican electricity research body, aimed at cooperation in geothermal generation as well as smart grids. Through this agreement the two parties will cooperate to exchange information and experiences regarding smart grids and geothermal generation by means of pilot projects, training programs and technology transfers in the respective areas of interests. The Mexican government aims at implementing smart grids projects in the country to improve efficiency and the quality of the service. This will be accompanied by diversification of power generation as a key to strengthening the security of the supply by increasing the contribution of renewables to the country's energy mix.

14 January

Acquisition of an additional 15.18% stake in Coelce

As part of the reorganization of equity investments in Latin America following the Enersis capital increase in 2013, on January 14, 2014, Enersis, the Chilean subsidiary of the Enel Group, launched a friendly tender offer for about 42% of Companhia Energética do Ceará ("Coelce"), which operates in the electricity distribution sector in Brazil, of which it already indirectly holds about 58%. After the conclusion of the offering period, on February 17, 2014, Enersis had acquired an additional 15.13% of Coelce on Brazil's Bovespa exchange, for about $242 million (€176 million). For ordinary shares only, in accordance with Brazilian law, the offer remained open for a further 90 days in order to give shareholders who did not take up the offer the time they need to decide. Taking account of additional purchases, the number of shares held by Enersis at the close of the offering period equaled 15.18% of the Brazilian company's share capital, at a total cost of €180 million.

15 January

Price adjustment in the disposal of Artic Russia

On January 15, 2014, Eni announced the sale of its 60% stake in Artic Russia, held through Eni International, to the Russian company Yamal Development. Considering the agreements signed by Itera and the Enel Group prior to the completion of the sale of Enel's 40% stake in Artic Russia, the Group asked Itera to adjust the price of Artic Russia by around $112 million, which was collected on July 11, 2014.

24 March

Enel Green Power receives a €153 million loan from Banco Santander

On March 24, 2014, Enel Green Power, acting through its Dutch subsidiary Enel Green Power International BV, signed a €153 million loan agreement with Banco Santander as lender and sole agent. The agreement is covered by the Spanish Export Credit Agency ("CESCE"). The 12-year term loan bears an interest rate in line with the market benchmark and is intended to finance investments in wind farms located in Mexico.

8 April

Memorandum of understanding with State Grid Corporation of China

On April 8, 2014, Enel signed a memorandum of understanding in Beijing with State Grid Corporation of China, the world's largest power distribution and transmission company and the Chinese leader in the sector. The agreement focuses on cooperation in the field of smart grid technologies for sustainable urban development and the exchange of experience in renewables generation.

8 April

Contracts to supply gas from the United States

On April 8, 2014, Enel signed two 20-year contracts with Corpus Christi Liquefaction, a subsidiary of Cheniere Energy, for the supply of LNG (liquefied natural gas) from shale gas fields in the United States, for a total of 3 billion cubic meters a year, of which 2 billion cubic meters for the Iberian market and about 1 billion cubic meters for the Italian market. Thanks to the agreements, Enel has increased the diversification and flexibility of its gas supply portfolio for the coming years.
Both contracts have a term of 20 years, with an option for a further 10 years, with the agreements taking force as from the first deliveries, which are expected to begin in 2018.
The gas will be supplied as LNG, on a free on board (FOB) basis, therefore with full flexibility of destination, at the Corpus Christi terminal that Cheniere Energy is building on the Texas coast, an area that is closely integrated with the

country's main gas pipelines. From there, the fuel will be transported to the Group's regasification facilities.

22 April – Acquisition of an additional 50% of Inversiones Gas Atacama

On April 22, 2014, Endesa Chile completed the acquisition of 50% of Inversiones Gas Atacama from Southern Cross for a total of $309 million (around €224 million). As a result of this acquisition, which terminated the shareholders' agreement signed by the two partners in August 2007, the Group indirectly holds 100% of the Chilean company (previously it held 50%), with a book value equal to €174 million. The purchase price also includes loans granted to Atacama Pacific Energy Finance (a subsidiary of Southern Cross), which at the transaction date amounted to about $29 million (about €22 million). Inversiones Gas Atacama operates a 781-MW thermal plant in northern Chile, a gas pipeline between the cities of Mejillones and Taltal and another pipeline that connects Chile with Argentina.

30 April – Acquisition of an additional 39% of Generandes Perú

On April 30, 2014, the Chilean subsidiary Enersis signed a contract to purchase 39% of the share capital of Generandes Perú (which in turn holds 54.2% of Edegel) from Inkia Americas Holding Limited for $413 million (around €300 million).

12 May – Acquisition of control of the Buffalo Dunes wind farm

On May 12, 2014, Enel Green Power North America ("EGP NA") signed an agreement to purchase an additional 26% of the "Class A" shares of Buffalo Dunes Wind Project LLC, the company operating the 250-MW Buffalo Dunes wind farm, from EFS Buffalo Dunes LLC, a GE Capital subsidiary, for about $60 million.

The option to purchase the additional interest was provided for in the original agreement between Enel Green Power North America and the GE Capital subsidiary. The transaction was closed following approval by the Federal Energy Regulatory Commission. Enel Green Power North America therefore holds 75% of the "Class A" shares of the company operating the wind farm, while the GE Capital subsidiary retains a 25% stake.

The Buffalo Dunes wind farm, located in Kansas, has been operational since December 2013 and was the largest wind project in the United States to start operation last year. The plant required a total investment of about $370 million and is supported by a long-term power purchase agreement.

In July 2013, Enel Green Power North America Development and EFS Buffalo Dunes had signed a capital contribution agreement with a consortium headed by JPM Capital Corporation, together with Wells Fargo Wind Holdings LLC, Metropolitan Life Insurance Company and State Street Bank and Trust Company, obtaining financing of about $260 million for the project.

15 May – Enel Green Power and IFC sign a $200 million loan agreement for the development of renewables in Brazil

On May 15, 2014, Enel Green Power, acting through its Brazilian subsidiary Enel Brasil Participações Ltda, the holding company for the Brazilian subsidiaries of the Enel Green Power group, and IFC, a member of the World Bank Group, signed a $200 million loan agreement. The loan will help finance the construction of over 300 MW of wind plants in the states of Bahia, Pernambuco and Rio Grande do Norte, located in north-eastern Brazil.

The IFC 10-year term loan bears an interest rate in line with the market benchmark and is secured by a parent company guarantee issued by Enel Green Power.

11 June – Memorandum of understanding with leading Chinese electricity companies

On June 11, 2014, Enel signed two agreements with the heads of China Huaneng Group and China National Nuclear Corporation, leading Chinese electricity companies.

Following up on the joint work begun in 2009 in the field of carbon capture and storage, Enel and China Huaneng Group have decided to further expand and deepen their relationship, forging a collaborative effort in the areas of scientific and technological cooperation, the development of projects for the use of electricity from conventional and

renewable energy sources, management research in the fields of social economy, sustainable development, policies and regulation, as well as management of carbon assets and carbon strategy.
The memorandum of understanding with China National Nuclear Corporation, the state-owned company responsible for all aspects of nuclear programs in China, establishes a framework for the exchange of information and best practices related to the development, design, construction, operation and maintenance of nuclear power plants.

8 July

Capital contribution agreement for two wind plants in the United States

On July 8, 2014, Enel Green Power North America ("EGP NA") signed a capital contribution agreement for about $400 million with a consortium led by the J.P. Morgan investment bank. Under the agreement, the consortium has committed to funding the 150-MW Origin wind project located in Oklahoma and the 200-MW Goodwell project in Oklahoma and Texas. The consortium disbursed the funds for Origin in November 2014, once the plant entered service, and will disburse the funds for Goodwell the 4th Quarter of 2015, subject to compliance with the requirements set out in the agreement. Both projects are associated with long-term power purchase agreements. Within the framework of the agreement, the J.P. Morgan-led consortium will make a capital contribution totaling about $400 million to EGP NA. In exchange, the consortium will receive an equity interest with limited voting rights. This interest will allow the consortium to obtain a percentage of the tax benefits to be attributed to the Origin and Goodwell projects.

9 July

Chilean government resolutions on the Aysén hydroelectric project

On July 9, 2014, the Chilean government's Committee of Ministers issued Resolutions 569 and 570 in response to petitions filed by citizens and local communities, voiding the previous Resolution 225/2011 issued by the *Comisión de Evaluación de la Región de Aysén* that had granted an environmental permit for the hydroelectric project proposed by Centrales Hidroeléctricas de Aysén, a joint venture between Endesa Chile and Colbun.
Colbun was notified of these resolutions on July 14, 2014. After having assessed the documentation received, the Company is now analyzing its legal options for best protecting the Group's interest in Chile.

10 July

Start of disposal of equity investments in Slovakia and Romania

At its meeting of July 10, 2014, the Board of Directors of Enel SpA examined developments in the disposal program being implemented to strengthen the Group's financial structure, as provided for in the 2014-2018 business plan. More specifically, the Chief Executive Officer informed the Board that, as part of that program, possible disposals by the Enel Group would include:

> 66% of Slovenské elektrárne (held by Enel through Enel Produzione), Slovakia's main power generation company, with a market share of close to 80%;
> 64.4% of Enel Distributie Muntenia and Enel Energie Muntenia, 51% of Enel Distributie Banat, Enel Distributie Dobrogea and Enel Energie, and 100% of Enel Romania, a services company (all held by Enel through Enel Investment Holding).

For both Slovakia and Romania, the Group has formally notified the subsidiaries and their non-controlling shareholders (state-controlled companies or entities) of the start of the disposal process, and has appointed the financial advisors (BNP Paribas and Deutsche Bank for the Slovakian assets and Citigroup and UniCredit for the Romanian assets) and legal counsel that will be providing support for the operation.
On February 25, 2015, the Board of Directors, under the guidelines set out in the new business plan, decided to suspend the process of disposing of distribution and sale assets in Romania and to continue with the disposal of generation assets held in Slovakia.
For more information, please see note 30 - Assets and liabilities held for sale.

11 July

Agreement reached between EGP, Sharp and STMicroelectronics

On July 11, 2014, Enel Green Power SpA ("EGP") and Sharp Corporation reached an agreement for Enel Green Power to

assume Sharp's obligations arising from the off-take agreement under which EGP and Sharp had committed to purchasing the entire output of photovoltaic panels manufactured at the Catania factory of 3SUN, the equally held joint venture between Enel Green Power, Sharp and STMicroelectronics. The panels produced at the factory, which are especially well-suited for high-temperature applications, are used by EGP to build its photovoltaic plants in the various geographical areas envisaged in the company's 2014-2018 business plan, including South America and South Africa. The price to be paid by Sharp to EGP was set at €95 million, divided into a number of instalments, the last of which will be paid in March 2015. Following this agreement, on July 22, 2014, EGP acquired (for €30 million) Sharp's 50% stake in Enel Green Power & Sharp Solar Energy Srl, the equally held joint venture created to develop, build and operate photovoltaic plants, using the photovoltaic panels manufactured at the 3SUN plant. The acquisition gave the Group 100% control of Enel Green Power & Sharp Solar Energy.
Finally, on July 23, 2014, EGP signed an agreement with the other partner in the joint venture, STMicroelectronics, under which STMicroelectronics will pay EGP €15 million, fully freeing STMicroelectronics from any obligations associated with participation in the joint venture or in respect of EGP. The accord also provides for EGP to buy out the interests held by the other venturers, Sharp Corporation and STMicroelectronics, in 3SUN. The agreement will become effective subject to the approval of the lender banks and the competent authorities (where necessary).

20
July

Amendments of the bylaws

On July 20, 2014, the Board of Directors of Enel SpA approved a number of amendments of the bylaws with a view to ensuring their compliance with the provisions introduced by Decree Law 21 of March 15, 2012 (ratified with amendments with Law 56 of May 11, 2012) concerning the special powers of the Italian government in strategic industries and to eliminating references to a number of authorizations to increase share capital (mainly in the service of stock option plans) that, having been approved some time ago, have now been executed or are no longer in effect.

4
September

Acquisition of 21.1% of Edegel

On September 4, 2014, Enersis, the Chilean subsidiary of the Enel Group, successfully completed an operation begun the previous April to acquire a majority stake in Edegel, a Peruvian generation company with 1,524 MW of installed capacity. The transaction involved the acquisition, for $421 million, of all the shares indirectly held by Inkia Americas Holdings Limited in Generandes Perú (the company that controls Edegel with a holding of 54.20%), equal to 39.01% of its share capital. Accordingly, Enersis now has a direct and indirect stake of 58.6% in Edegel, increasing its holding by 21.1% from the 37.5% already held indirectly through its subsidiary Endesa Chile.

24
September

Agreement with Hubject for electric mobility

On September 24, 2014, Enel Distribuzione and Hubject (a German company that since 2013 has operated the European eRoaming platform bringing together more than 120 operators) announced the signature of a memorandum of understanding under which the parties will work together for the development of an Europe-wide eRoaming platform. Through eRoaming, electric vehicle drivers can recharge their vehicles at facilities that are not owned or operated by the utility of which they are customers. The goal of the agreement is to enable electric vehicle recharging at around 5,000 stations across an area spanning from Sicily to Lapland, with automatic debiting of the charge to customer's ordinary utility bills.
The collaboration between Enel and Hubject in the eRoaming field is one of the main outcomes of Green eMotion, the EU research project on electric mobility grouping 43 partners drawn from industry, the energy sector, electric vehicle manufacturers, local authorities, universities and research institutions.

30
September

Acquisition of upstream licenses in Algeria

On September 30, 2014, Enel was awarded, in partnership with the multinational Dragon Oil, two gas exploration

blocks within the framework of the fourth bid round to award hydrocarbon exploration and exploitation contracts launched in January 2014 by Algeria's state oil licensing body.
Enel will hold 70% of the partnership for Msari Akabli in south-eastern Algeria, where promising oil and gas discoveries have been already made, and will serve as project operator, while Dragon Oil will hold the remaining 30%.
At Tinrhert Nord, situated in the Illizi basin in western Algeria, an area with a number of producing oil fields and where Enel already holds the South East Illizi concession, Enel will hold 30% of the partnership and Dragon Oil (serving as project operator) will hold 70%.

14 October — Memorandum of understanding with Bank of China

On October 14, 2014, Enel signed a memorandum of understanding with Bank of China, a leader in the Chinese banking sector. The agreement calls for undertaking a joint assessment of future, potential financial transactions over the next five years. Specifically, Bank of China declares itself available, through its headquarters and global network, to grant potential financing facilities to Enel of up to €1 billion, subject to a joint assessment with Enel. These facilities include loans, credit support as well as project and trade finance and, if employed, will be used to partially finance Enel Group projects in China and elsewhere. Moreover, based upon its experience in the renminbi ("RMB") currency market, Bank of China will provide its advisory services to Enel for its operations in that market. In turn, Enel will regard Bank of China as its strategic partner for global RMB-denominated transactions and will consider the possibility of using RMB as the base currency for its transactions with Bank of China. Other services Bank of China will provide include hedging instruments, financial consulting, as well as support in relationships with strategic partners in the China and Asia region.

31 October — Enel Finance International repurchases bonds

On October 31, 2014, Enel Finance International, a wholly-owned subsidiary of Enel, following the non-binding tender offer conducted between October 20 and 27, 2014, purchased notes it had issued and that are listed on the Dublin exchange and guaranteed by Enel for a total of around €762 million.
The operation was performed as part of efforts to optimize Enel Finance International's finance operations and is aimed at actively managing maturities and debt servicing costs.

4 November — Appointment of officer responsible for the preparation of the financial reports

On November 4, 2014, the Board of Directors of Enel, after receiving a favorable opinion from the Board of Auditors, appointed Alberto De Paoli as the officer responsible for the preparation of the financial reports of Enel SpA, replacing Luigi Ferraris, starting from November 12, 2014. He also replaced Luigi Ferraris as the Chief Financial Officer of the Company starting from that date.

7 November — Agreement for the sale of SE Hydropower and SF Energy

On November 7, 2014, Enel Produzione and Società Elettrica Altoatesina SpA ("SEL", a company controlled by the Autonomous Province of Bolzano) signed contracts for the sale of the stakes held by Enel Produzione in SE Hydropower and SF Energy for a total of €400 million.
More specifically, the price for the sale of the 40% stake held by Enel Produzione in SE Hydropower is expected to total €345 million. The completion of the transaction is conditional on the approval of the Italian antitrust authorities and on SEL obtaining a commitment from the banks to provide the funding for the purchase of the above shareholding.
The price for the sale of the stake held by Enel Produzione in SF Energy (whose share capital is held in equal amounts by Enel Produzione, SEL and Dolomiti Energia) is expected to amount to €55 million. The completion of the transaction is subject to the right of pre-emption held pro-rata by the shareholder Dolomiti Energia and is also conditional on SEL obtaining a commitment from the banks to provide the funding for the purchase of the above shareholding.
This transaction is part of the disposal plan announced by Enel to the market and will enable the Group to reduce its consolidated net financial debt by an amount equal to about the total price reported above.

14 November

Enel Green Power signs a $104 million loan agreement with Banco Santander

On November 14, 2014, Enel Green Power SpA ("EGP"), acting through its fully owned subsidiary Dominica Energía Limpia, signed a $104 million loan agreement with Banco Santander as lender, sole lead arranger and agent. The agreement is covered by the Spanish Export Credit Agency ("CESCE").

The 15-year term loan is secured by a parent company guarantee issued by EGP. The loan is aimed at supporting the investment executed in the company's 100-MW "Dominica I" wind farm, which amounts to approximately $196 million.

The operating plant, located in the municipality of Charcas, in the state of San Luis Potosí, Mexico, is comprised of fifty 2-MW turbines and is capable of generating up to 260 GWh per year.

The loan bears an interest rate in line with the market benchmark and is the second granted to the Enel Green Power Group by Banco Santander with the coverage of CESCE in 2014, increasing the overall amount relating to such loans up to more than €230 million.

19 November

Enel admitted to CDP Italy Climate Disclosure Leadership Index 2014 and STOXX Global ESG Leaders index

On November 19, 2014, the Enel Group was admitted to the prestigious CDP Italy Climate Disclosure Leadership Index 2014, published in the CDP Italy 100 Climate Change Report 2014. Enel was ranked in the index as a leading company in terms of quality, comprehensiveness and transparency of climate change data it made available to the market through CDP, the international NGO promoting sustainable economy.

Furthermore, Enel was admitted for the first time to the STOXX Global ESG Leaders index, a benchmark designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The index was created by financial services supplier STOXX Limited, which is in turn owned by the German and the Swiss stock exchanges.

25 November

Reorganization of operations in the Iberian peninsula and in Latin America

Approval of the reorganization plan

On July 30, 2014, the Board of Directors of Enel SpA approved plans to reorganize Group operations in the Iberian peninsula and in Latin America. The main objectives of the project are:

> to align the corporate structure with the new organizational structure of the Group, simplify the chain of control of the companies operating in Latin America and creating the conditions for optimizing the Group's cash flows;

> to focus the operations of Endesa as the leading company in energy markets in the Iberian peninsula, by means of a new business plan focused on the development of current business platforms and leveraging the competitiveness of operations in Spain and Portugal.

Binding proposal of Enel Energy Europe to Endesa for the acquisition of the interests in Enersis and Endesa Latinoamérica

On September 11, 2014, the Board agreed and approved:

> the presentation to Endesa by Enel Energy Europe, now Enel Iberoamérica, a wholly-owned Spanish subsidiary of Enel, which in turn holds 92.06% of Endesa, of a binding proposal for the acquisition of the 60.62% interest held directly and indirectly by Endesa in the Chilean company Enersis, parent company for operations in Latin America. More specifically, the stakes to be acquired are 20.30% of Enersis held directly by Endesa and 100% of Endesa Latinoamérica, which in turn holds 40.32% of Enersis. The proposal provides for a total purchase price for the above interests in an amount equal to €8,252.9 million (based upon an implicit price for Enersis shares of 215.0 Chilean pesos, equal to €0.28 at the exchange rate prevailing on September 10, 2014), net of overheads and the net liabilities of Endesa Latinoamérica, equal to a negative €144 million. The price was determined using international valuation procedures and methods generally accepted for these operations, supported by the fairness opinion issued by Mediobanca as a financial advisor;

> the concomitant presentation by Enel Iberoamérica of a proposal for Endesa to distribute an extraordinary cash dividend, in an amount equal to the consideration received by Endesa for the sale of 60.62% of Enersis, the payment of which will be dependent upon the execution of the sale.

The proposal regarding the purchase of 60.62% of Enersis provides for, *inter alia*, a clause under which, for a period of two years from the closing date of such transaction, Enel Iberoamérica shall pay Endesa, in the event of the sale for cash of a stake in the share capital of Enersis to a non-Enel Group purchaser that reduces the total stake held (directly or indirectly) to below 60.62%, any positive difference between the price per Enersis share upon which such sale is based and that on which the purchase of 60.62% of Enersis is based, multiplied by the number of Enersis shares sold.

Acceptance of Enel Energy Europe's proposal by Endesa's Board of Directors

Both the proposal for the sale of 60.62% of Enersis and that for the extraordinary cash dividend were then examined by the Board of Directors of Endesa, which on September 17, 2014, approved the operation, submitting it for approval to the Shareholders' Meeting based on the proposals formulated by a special internal committee comprised entirely of independent directors, which had been mandated to verify that the reorganization plan is in line with the corporate interests of Endesa from an economic, financial, legal and strategic standpoint.

Approval of the Board of Directors of Endesa of the distribution of an extraordinary dividend and Endesa's new dividend policy

On October 7, 2014, the Board of Directors of Endesa, in the context of updating that company's business plan, discussed and approved the following:

> the distribution of a further extraordinary cash dividend, by way of an interim dividend on profits for 2014, equal to €6.00 per share, for an overall amount of €6,353 million, with the aim of establishing a more balanced and efficient financial structure. The dividend is being paid in addition to the extraordinary dividend announced on September 17, 2014, submitted for approval to Endesa's shareholders at the extraordinary meeting of October 21, 2014, equal to €7.795 per share, for an overall amount of €8,253 million, related to the sale to Enel Energy Europe, now Enel Iberoamérica, of the 60.62% interest held both directly and indirectly by Endesa in the share capital of the Chilean company Enersis;

> a new dividend policy for the financial years 2014-2016 which, given the greater cash flows expected to be generated by Endesa, includes the following:
  - for 2014, in addition to the two extraordinary cash dividends mentioned above, the distribution of an ordinary cash dividend equal to €0.76 per share, for an overall amount of about €800 million, to be paid in 2015;
  - for 2015 and 2016, the target of an annual increase of at least 5% in the ordinary cash dividend of €0.76 per share;
  - payment of the ordinary dividends to be made in two instalments, during the months of January and July, in conformity with the usual practice of Endesa's main competitors.

Acceptance by Endesa Shareholders' Meeting of Enel Energy Europe's proposal and resolutions on the distribution of dividends

On October 21, 2014, the Endesa Shareholders' Meeting approved the binding proposal presented by the Board of Directors of Endesa regarding the abovementioned acquisition of Enersis and the distribution of the two extraordinary cash dividends.

Resolution of the Board of Directors of Enel SpA for the placement by Enel Energy Europe of a portion of the share capital of Endesa on the market

Finally, on November 4, 2014, the Board of Directors approved the placement by Enel Energy Europe, now Enel Iberoamérica, of Endesa shares on the market. The initial amount to be placed will be equal to 17% of Endesa's share capital and may reach up to a maximum of 22%, including in any case the greenshoe option (under such option, the Joint Global Coordinators may acquire up to a maximum of 15% of the shares to be placed).

Public offering of Endesa shares

On November 6, 2014, the Spanish securities market authority, *Comisión Nacional del Mercado de Valores* ("CMNV"), approved the publication of the prospectus for the above placement of shares, consisting of:

> a public offering of shares in Spain to retail investors, representing 15% of the Initial Offer (excluding the greenshoe option), with the possibility of re-allotting a portion of the shares originally aimed at the Institutional Offer to the Public Offer (so-called clawback provision), in which case the amount of the Public Offer could be raised up to a maximum of 30% of the Initial Offer and up to a maximum of 23.27% of the Maximum Offer (excluding the greenshoe option). The maximum price for the Endesa shares to be placed through the Public Offer, which began on November 7, 2014, was set at €15.535 per share, corresponding to the highest of the closing

prices for Endesa shares reported on the Spanish stock exchange between October 29 and November 5, 2014. The final price for the Public Offer is equal to the lesser of the aforementioned maximum price and the price set for the Institutional Offer. A bonus share incentive will be available for the Public Offer, providing for the awarding of one free Endesa share for every 40 shares purchased during the Public Offer and held for 12 months without interruption from the date of settlement. A mechanism for preferred allotment of the shares under the Public Offer to shareholders of Endesa as of November 5, 2014 is also envisaged;

> an offering of shares to Spanish and international institutional investors, totaling 85% of the Initial Offer (excluding the greenshoe option and unless the clawback provision for the Public Offer is exercised). The price for the shares placed through the Institutional Offer, which began on November 13, 2014, was determined on November 20, 2014 in consultation with the Joint Global Coordinators, taking into account, among other considerations, the quantity and quality of the orders received for the Institutional Offer, as well as the overall demand relating to the Global Offer and market conditions.

On November 19, 2014, the Public Offer was closed. According to the information provided by the Joint Global Coordinators, demand totaled approximately 1.7 times the amount initially offered. Considering the results of the Public Offer, Enel Energy Europe, now Enel Iberoamérica, having taken advice from the Joint Global Coordinators, decided to avail itself of the possibility to increase the number of shares originally intended for retail investors, allocating to the Public Offer a further 11,333,823 shares, thus increasing the total number of shares for retail investors to 34,810,500 shares. The allocation of the shares to retail investors was made in accordance with the provisions indicated in the prospectus.

Subsequently, on November 23, 2014, the Board of Directors of Enel SpA, having taken advice from the Joint Global Coordinators, decided, within the scope of its powers, to set the price for the offer aimed at institutional investors ("Institutional Offer") at €13.50 per Endesa share.

The price will also be applied to the offer for retail investors (the "Public Offer" and, together with the Institutional Offer, the "Global Offer"), since, as previously announced to the market, the Public Offer price will be equal to the lesser of the maximum price for the Public Offer (equal to €15.535 per share) and the price set for the Institutional Offer.

The number of shares to be placed through the Global Offer was set at 232,070,000 shares (including 30,270,000 shares over-allotted and under the greenshoe option if exercised), equal to 21.92% of the share capital of Endesa, for a total value of €3,133 million. The number of shares for the Global Offer was determined by taking account of the demand from institutional investors, the Global Offer price and market conditions. The definitive number of shares allotted through the Global Offer was therefore equal to 34,810,500 shares for the Public Offer and 197,259,500 shares for the Institutional Offer (including 30,270,000 shares under the greenshoe option). The shares placed through the Public Offer were allotted to retail investors as indicated in the prospectus. The offer aimed at institutional investors was handled by a consortium of banks led by Banco Santander, BBVA, Credit Suisse and J.P. Morgan as Joint Global Coordinators, while Goldman Sachs International, Morgan Stanley and UBS Limited acted as Joint Bookrunners.

BBVA and Banco Santander also coordinated the consortium handling the offer to retail investors in Spain. Mediobanca acted as financial advisor to Enel and to Enel Iberoamérica (in its capacity as offeror).

Exercise of greenshoe option

On November 25, 2014, Credit Suisse Securities (Europe) Limited, acting as Stabilization Agent on behalf of the consortium of banks handling the Public Offer aimed at institutional investors, fully exercised the greenshoe option for a total of 30,270,000 Endesa shares at the offer price of €13.50 per share. Following the exercise of the greenshoe option, the Global Offer, launched by Enel Energy Europe, now Enel Iberoamérica, therefore involved the sale of 232,070,000 Endesa shares, equal to 21.92% of the company's share capital, for a total consideration of €3,132,945,000.

With the exercise of the greenshoe option, the stabilization period, which had initially been scheduled to end on December 15, 2014, was concluded. Credit Suisse Securities (Europe) Limited had not carried out any stabilization transactions in Endesa shares.

27 November — Enel signs an agreement with China's ZTE Corporation on electric mobility, smart grids and renewables

On November 27, 2014, Enel SpA signed a framework agreement with ZTE Corporation, a leading Chinese IT company. This agreement will kick-start cooperation between the two groups in the areas of electric mobility, smart grids and renewable generation to achieve strategic objectives through

the development of sustainable, innovative technologies.
Regarding electric mobility, Enel and ZTE have agreed to share information on the technological solutions developed by both companies on vehicle charging, as well as exploring integrated solutions and synergies for a possible joint commercial development.
On smart grids, the parties have agreed to evaluate business opportunities in markets of common interest, based on Enel's technology and solutions in the field.
In the renewable sector, Enel and ZTE will start collaborating on existing Enel projects to identify optimization opportunities to better integrate IT solutions toward improving performance of renewable power plants.
A dedicated effort will focus on cooperation in off-grid renewable generation, including collaboration at the Ollagüe site in Chile. In Ollagüe, a village near the Bolivian border, Enel Green Power is constructing an innovative 232 kW off-grid hybrid plant combining photovoltaic power and a mini-wind turbine generator coupled with an energy storage system. Such a collaborative effort addressing the Ollagüe project is aimed at exploring possible optimization and identifying further development opportunities for similar installations.

1
December

Enel Green Power awarded 114 MW of wind capacity in Brazilian public tender

On December 1, 2014, following the A-5 Brazilian public auction, Enel Green Power was awarded the right to sign 20-year power supply contracts with a pool of Brazilian electricity distribution companies with power produced by a new 114-MW wind project.
The wind farm, Morro do Chapéu, will be constructed in Bahia state, in north-eastern Brazil, where the company already manages approximately 400 MW of wind projects in operation or under construction and over 254 MW of photovoltaic projects awarded within the last "*Leilão de Reserva*" public tender.
Morro do Chapéu, with a total installed capacity of 114 MW and an average load factor of more than 50%, equivalent to approximately 4,500 hours of energy production per year, will be able to generate over 500 GWh per year, avoiding the annual emission of over 150,000 tons of CO_2 into the atmosphere.

11
December

Enel Green Power and Itaú Unibanco sign a $100 million loan agreement

On December 11, 2014, Enel Green Power, acting through its Brazilian subsidiary Enel Brasil Participações, and Itaú Unibanco signed a 10-year term loan agreement for over 260 million Brazilian reais (approximately $100 million). The loan with Itaú, arranged by the International Finance Corporation ("IFC"), will cover part of the investment to construct over 260 MW of wind power in the states of Bahia, Pernambuco and Rio Grande do Norte, located in north-eastern Brazil. The loan comes on top of the $200 million Brazilian Real-linked loan closed in May 2014 on IFC's own account, in support of Enel Green Power's wind power development projects in those areas.

12
December

Sale of LaGeo

On December 12, 2014, Enel Green Power ("EGP") and Inversiones Energéticas ("INE"), the Salvadorian state-owned energy company, signed an agreement for the sale of the 36.2% stake EGP owns in LaGeo (the EGP and INE joint venture for the development of geothermal power in El Salvador) to INE which is already the majority shareholder of the Salvadorian company with a 63.8% stake.
With this agreement EGP sold off its entire shareholding in LaGeo to INE for approximately $280 million (about €224 million), thereby closing its operations in the country.
EGP and INE began negotiations under the umbrella of the International Centre for Settlement of Investment Disputes (ICSID) of the World Bank in Washington D.C. aimed at finding a mutually beneficial solution and ending an eight-year dispute between the two companies.
The sale was made under the framework of a settlement agreement signed with the El Salvadorian government in regard to ongoing ICSID litigation. The full effectiveness of the final settlement of the dispute with the Republic of El Salvador is subject to certain conditions (termination of the pending local litigation against EGP and its representatives) to be verified within the next six months.

18 December

Sale of Enel Green Power France

On December 18, 2014, Enel Green Power International ("EGPI"), a wholly-owned subsidiary of Enel Green Power, sold the entire share capital of Enel Green Power France ("EGP France") to Boralex EnR, an indirect French subsidiary of the Canadian company Boralex Inc. for a total of €298.4 million, including the reimbursement of an outstanding shareholder loan granted to EGP France. With this sale, Enel Green Power exits the renewable energy sector in France.
The total of €298.4 million paid to EGPI accounts for a €3.3 million net cash position and is subject to a price adjustment in line with the standard procedures for this type of transactions. The full amount was paid at the closing of the transaction.

Reference scenario

Enel and the financial markets

	2014	2013 restated
Gross operating margin per share (euro)	1.68	1.78
Operating income per share (euro)	0.33	1.04
Group net earnings per share (euro)	0.05	0.34
Group net ordinary earnings per share (euro)	0.32	0.33
Dividend per share (euro)	0.14	0.13
Group shareholders' equity per share (euro)	3.35	3.82
Share price - 12-month high (euro)	4.46	3.38
Share price - 12-month low (euro)	3.13	2.30
Average share price in December (euro)	3.75	3.10
Market capitalization (millions of euro) (1)	35,307	29,190
No. of shares outstanding at December 31 (millions)	9,403	9,403

(1) Calculated on average share price in December.

		Current (1)	at Dec. 31, 2014	at Dec. 31, 2013	at Dec. 31, 2012
Enel stock weighting in:					
- FTSE MIB index		9.49%	9.45%	8.82%	11.02%
- Bloomberg World Electric index		2.94%	2.89%	3.12%	3.17%
Rating					
Standard & Poor's	Outlook	Stable	Stable	Stable	Negative
	Medium/long-term	BBB	BBB	BBB	BBB+
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	Negative
	Medium/long-term	Baa2	Baa2	Baa2	Baa2
	Short-term	P2	P2	P2	P2
Fitch	Outlook	Stable	Stable	Watch Negative	Watch Negative
	Medium/long-term	BBB+	BBB+	BBB+	BBB+
	Short-term	F2	F2	F2	F2

(1) Figures updated to January 31, 2015.

In 2014, the United States experienced an acceleration in economic growth, which remained weak in the emerging economies, the euro area and Japan. The outlook for global expansion is clouded by the risk of a further slowdown in the Chinese economy and a deterioration in the economic and financial situation in Russia.

In the advanced economies, 2014 saw a continuation of the decline in long-term interest rates. Yields on the 10-year government securities of the euro-area countries continued to subside over the course of the year owing to the decline in inflation expectations, posting record lows in many countries.

In this economic climate, the main European equity indices closed 2014 largely unchanged. The FTSE Italia All Share posted a loss of just -0.3%. Conversely, the European utilities segment ran counter to this trend, closing the year sharply higher (about +13% on the close of the previous year).

As regards Enel shares, 2014 ended with the stock price up significantly at €3.696 a share, a gain of 16% on the close of

2013, outperforming both the Italian index and the European utilities index.

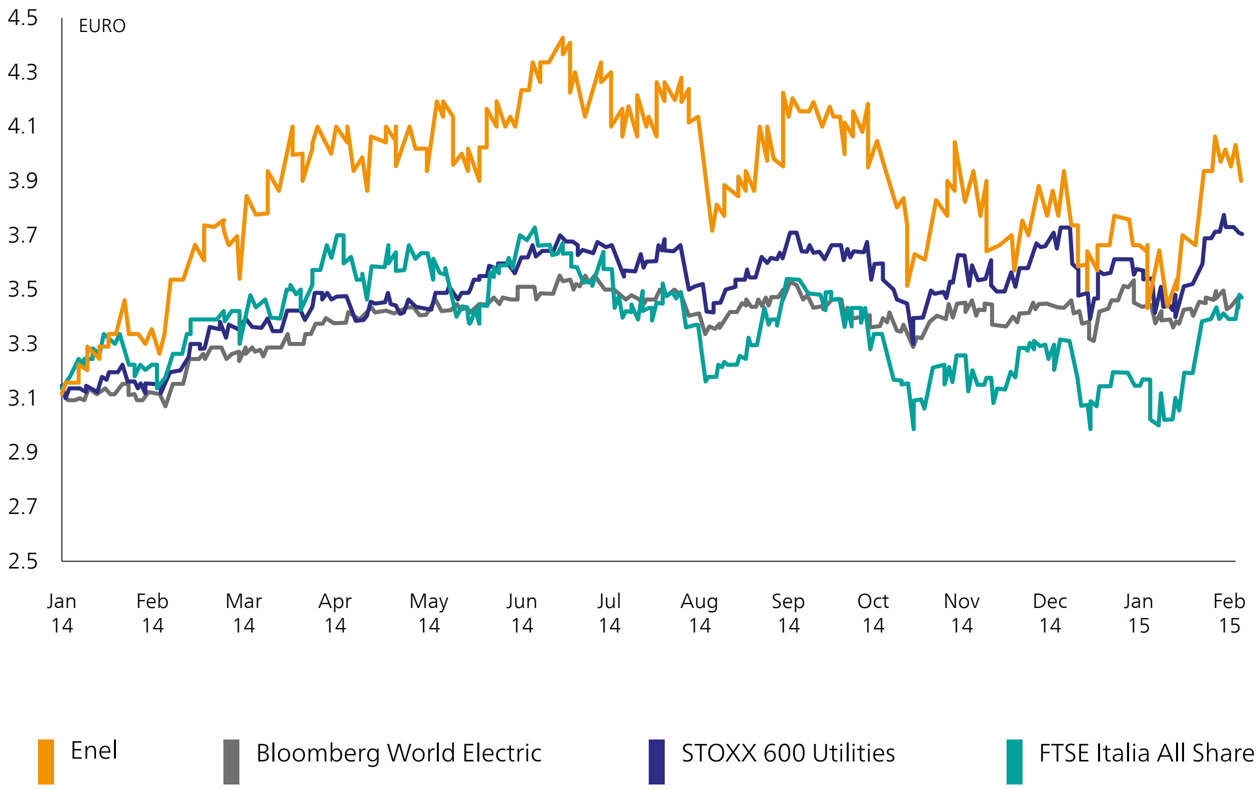
On June 26, 2014 Enel paid the dividend on 2013 profits of €0.13 a share.

At December 31, 2014, the Ministry for the Economy and Finance held 31.2% of Enel, while institutional investors held 44.7% and individual investors held the remaining 24.1%. On February 26, 2015, the Ministry for the Economy and Finance sold a stake of 5.74% in the Company. Following the transaction, the Ministry's holding declined from 31.24% to 25.50%.

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

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

Performance of Enel share price and the Bloomberg World Electric and FTSE Italia All Share indices from January 1, 2014 to February 5, 2015



Economic and energy conditions in 2014

Economic developments

Economic growth in 2014 differed among the main geographical areas. Of the advanced economies, the United States acted as the driver of the world economy (+2.2% in 2014), while Europe and Japan struggled to sustain a recovery, which continues to lag. The emerging economies saw growth slow sharply from the pace experienced in recent years.

More specifically, the United States was the beneficiary of a strong recovery in domestic consumption, buoyed by the return of employment to its pre-crisis levels, the rise in wages and the recovery in the real estate sector (these developments prompted the FED's announcement that it would bring its monetary stimulus to an end). The difficulties encountered by the mature economies also affected the Japanese economy, which in 2014 saw growth stagnate at around 0% of GDP, with even a fiscal stimulus in the form of increased public spending having a smaller than expected impact.

For the euro area, 2014 ended with modest growth (+0.8%), impeded mainly by the slowdown in consumption and by low inflation. Italy was the only G7 country to post a contraction in GDP in 2014 (-0.4%), the worst performance among the more highly indebted European countries. By contrast, Spain continued to display significant signs of recovery, registered growth of 1.4% in 2014. The country benefitted from the recovery in the labor market and the decline in energy costs, factors that are sustaining the revival of private consumption and the improvement in the trade balance (with the increase in exports also being supported by the weakness of the euro).

Growth in the emerging economies slowed compared with the previous year (+4.4% compared with +4.7% in 2013). A number of factors played a role, such as the deterioration in the outlook for growth in China and the fall in commodity prices. The Chinese slowdown will dampen the propensity to invest in capital goods (from the emerging economies) and will spur greater demand for durables (from the advanced economies), with dangerous repercussions for the emerging economies that export raw materials (Argentina, Brazil, Chile, Colombia, Indonesia, Peru, Russia and South Africa). For the latter, the collapse of commodity prices in 2014 as a result of the global economic slowdown helped slow growth, caused current account balances and budget deficits to deteriorate, sparked considerable volatility in the foreign exchange market, increased inflation and eroded competitiveness, especially vis-à-vis countries that export manufactured goods (largely the south-east Asian countries). Recent years have seen an outflow of foreign direct investment in emerging economies (with foreign direct investment - FDI of less than 1% of GDP in 2014 for the first time in 15 years). The most vulnerable countries were those most specialized in commodity exports (such as Argentina, Brazil, Colombia, Peru and Russia) and countries with current account deficits (South Africa, Brazil, Indonesia and Peru). In Latin America, Argentina and Brazil struggled the most. The Argentine economy has been struggling with a currency crisis for a number of years now, with a real inflation rate of more than 30%, a persistent contraction in exports, a large budget deficit and an unresolved foreign-currency debt crisis. Brazil continues to be afflicted by high inflation, modest growth, and large budget and current account deficits that are jeopardizing the status of its sovereign debt. Chile, Colombia and Peru displayed signs of a slowdown in 2014, although they still posted positive growth rates (+1.8%, +5.1%, +2.6% respectively). Chile was affected by a decline in demand from China (its main trading partner), the slowdown in FDI in the minerals industry and high inflation (with core inflation well above the target of 3%). The collapse of oil prices was the main adverse factor for Colombia (exports of crude oil and refined products accounted for 55% of total foreign sales), with a consequent deterioration in the current account deficit (more than 5% of GDP). In Peru, in 2014 the outflow of foreign investment and the decline in metals prices (copper, gold, silver), which account for 70% of total exports, gave rise to a decline in commodity prices.

The year 2014 was especially challenging for Russia, which is mired in a recession worsened by the collapse in the price of Brent oil and the international sanctions imposed in response to the Ukraine crisis, which have severely restricted access to capital markets. GDP growth came in at 0.6% in 2014, compared with 1.3% in 2013. In order to counter the fall in the ruble, the Russian central bank (CBR) raised official rates by 750 bp in December, bringing them to 17%, and said it would maintain a restrictive policy stance until Brent prices returned to a level consistent with budget balance.

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

Annual real GDP growth

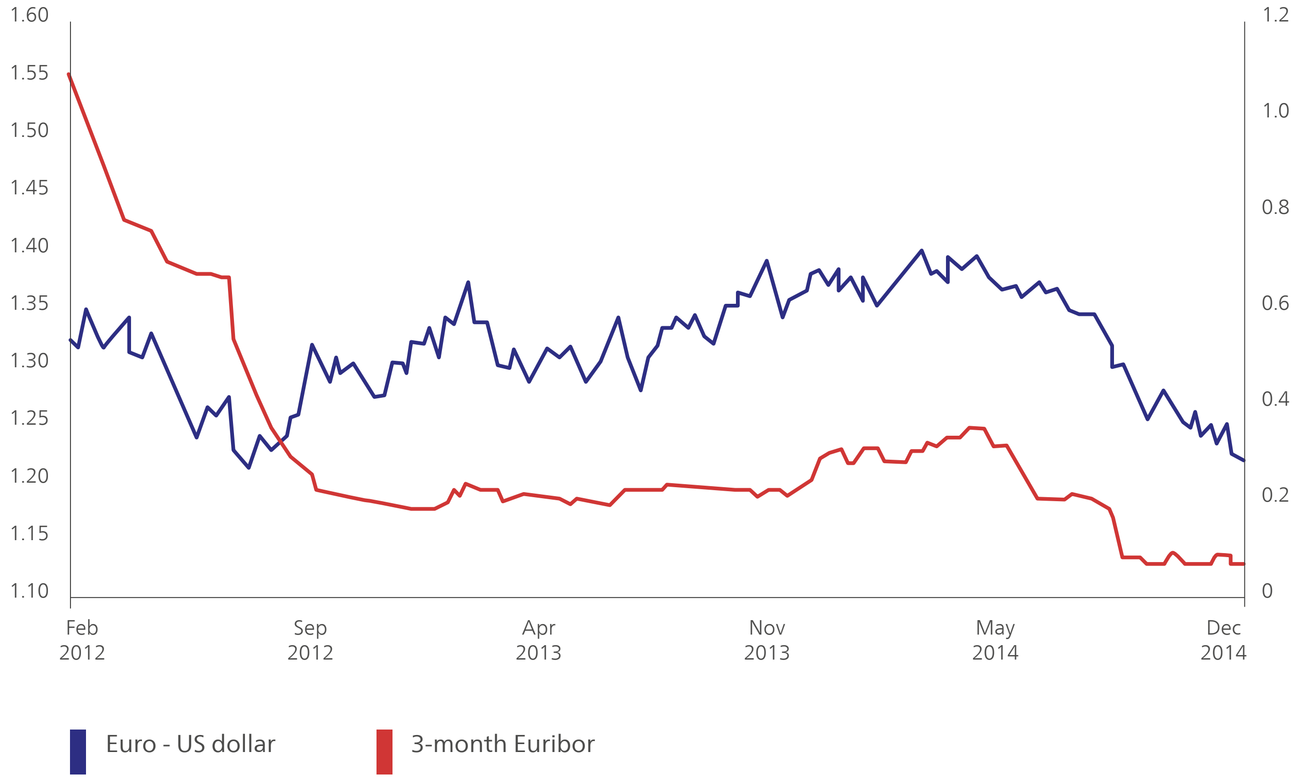
%

	2014	2013
Italy	**-0.4**	**-1.9**
Spain	1.4	-1.2
Portugal	0.8	-1.4
Greece	1.0	-4.0
France	0.4	0.4
Romania	2.9	3.5
Russia	0.6	1.3
Brazil	-0.1	2.5
Chile	1.8	4.1
Colombia	5.1	4.7
Mexico	2.2	1.4
Peru	2.5	5.8
Canada	2.4	2.0
USA	2.4	2.2

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

Developments in the main market indicators

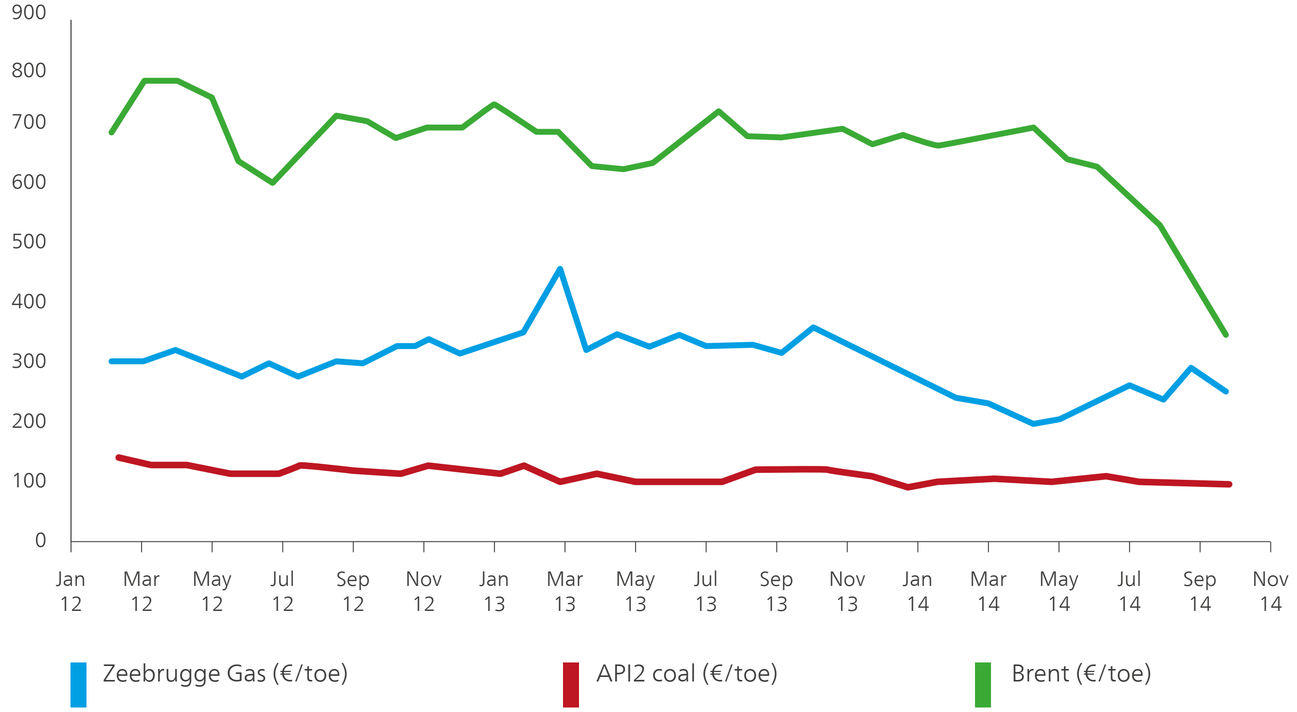
Money market



International commodity prices

In 2014 the price of Brent, which was $55.8/barrel at year-end (compared with $110.8/barrel in 2013), experienced a sharp fall the likes of which had not been seen since the oil shock at the end of 2008, for reasons mainly related to structural developments in supply and demand.
On the demand side, several factors slowed consumption, including (i) the slowdown in global economic growth and (ii) stringent environmental constraints that have discouraged consumption. The supply side was characterized by (i) the strong expansion in unconventional production in the United States and Canada (tight oil) and (ii) the strong recovery in Libyan output over the past year, which increased supply by 2.8 million barrels/day (compared with growth in demand of 0.7 million barrels/day).
The impact of these factors was compounded by the reluctance shown by the OPEC countries at the end of 2014, Saudi Arabia first and foremost, to reduce production levels in order to maintain market shares. In addition to these fundamentals, a number of financial factors, such as the termination of expansionary monetary measures (quantitative easing) and the resulting expected increase of interest rates by the Federal Reserve, have further increased downward pressures.

Commodity prices



The abrupt drop in Brent oil prices only impacted gas and coal prices in the final month of the year. The price of coal amounted to $71.3/metric ton at the end of the year, a reduction of 13% on the previous year. The growth in energy demand is slowing and in many mature markets has turned negative as a result of the combined impact of the deterioration in economic conditions, new energy efficiency measures, stringent environmental policies and the ever increasing competition from renewables, giving rise to a surplus of supply on the market.
In addition, structural conditions in the shipping market, which is also affected by excess supply, caused transport costs to plunge by about 50% in December alone.
The spot price of natural gas at the Zeebrugge hub in Europe contracted by 25% over the course of the year, going from 64.8 pence/therm (2013) to 48.4 pence/therm (2014). The decline was driven by the weakness of demand for thermal generation purposes and residential uses. With regard to thermal generation in particular, the reduction in demand associated with the economic slowdown and weather factors was compounded by the expansion of renewables generation.

Electricity markets

Electricity demand

Developments in electricity demand

GWh

	2014	2013	Change
Italy	**309,006**	**318,475**	**-3.0%**
Spain	243,395	246,372	-1.2%
Romania	50,452	49,809	1.3%
Russia (1)	772,255	767,804	0.6%
Slovakia	27,950	28,682	-2.6%
Argentina	130,654	129,166	1.2%
Brazil (2)	474,033	463,626	2.2%
Chile (2) (3)	49,409	48,136	2.6%
Colombia	63,772	60,885	4.7%

(1) Europe/Urals.
(2) Net of grid losses.
(3) Figure for the SIC - *Sistema Interconectado Central*.
Source: Enel based on TSO figures.

In Europe, electricity demand decreased in the Mediterranean countries, primarily due to the slowdown in industrial consumption and to weather effects. More specifically, in Italy (-3.0%) and Spain (-1.2%) the negative performance of the industrial sector and the macroeconomic uncertainty had a decisive impact on the level of electricity demand. In Russia, demand increased slightly (+0.6%) in 2014 compared with the previous year. Demand continued to rise in Latin America, with a significant increase in Colombia (+4.7%) and smaller gains in Chile (+2.6%), Argentina (+1.2%) and Brazil (+2.2%).

Italy

Domestic electricity generation and demand

Millions of kWh

	2014	2013	Change	
Net electricity generation:				
- thermal	165,684	183,404	(17,720)	-9.7%
- hydroelectric	58,067	54,068	3,999	7.4%
- wind	14,966	14,812	154	1.0%
- geothermal	5,541	5,319	222	4.2%
- photovoltaic	23,299	21,229	2,070	9.8%
Total net electricity generation	**267,557**	**278,832**	**(11,275)**	**-4.0%**
Net electricity imports	43,703	42,138	1,565	3.7%
Electricity delivered to the network	**311,260**	**320,970**	**(9,710)**	**-3.0%**
Consumption for pumping	(2,254)	(2,495)	241	9.7%
Electricity demand	**309,006**	**318,475**	**(9,469)**	**-3.0%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2014).

Domestic *electricity demand* in 2014 decreased by 3.0% on 2013, to 309,006 million kWh. Of total electricity demand, 85.9% was met by net domestic electricity generation for consumption (86.8% in 2013) with the remaining 14.1% being met by net electricity imports (13.2% in 2013).

Net electricity imports in 2014 increased by 1,565 million kWh, mainly as a result of lower average sales prices on international markets.

Net electricity generation in 2014 decreased by 4.0% or 11,275 million kWh, to 267,557 million kWh. More specifically, in an environment of depressed electricity demand, the increase in hydroelectric generation (3,999 million kWh), mainly attributable to improved water availability conditions, and the rise on other renewables generation (photovoltaic generation up 2,070 million kWh, geothermal generation up 222 million kWh and wind generation up 154 million kWh) as a result of the expansion in installed capacity in the country, led to a reduction in thermal generation of 17,720 million kWh.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh

	2014	2013	Change	
Net electricity generation	253,429	260,331	(6,902)	-2.7%
Consumption for pumping	(5,330)	(5,958)	628	10.5%
Net electricity exports [1]	(4,704)	(8,001)	3,297	41.2%
Electricity demand	**243,395**	**246,372**	**(2,977)**	**-1.2%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: *Red Eléctrica de España* (*Estadística diaria* - December 2014 report). Volumes for 2013 are updated to November 30, 2014.

Electricity demand in the peninsular market in 2014 declined by 1.2% compared with 2013, to 243,395 million kWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in 2014 decreased by 41.2% compared with 2013, essentially reflecting the net impact of a decrease in exports and an increase in imports, due to lower average sales prices on international markets.

Net electricity generation in 2014 contracted by 2.7% or 6,902 million kWh., essentially due to lower demand for electricity in the peninsular market.

Electricity generation and demand in the extra-peninsular market

Millions of kWh

	2014	2013	Change	
Net electricity generation	13,290	13,441	(151)	-1.1%
Net electricity imports	1,298	1,269	29	2.3%
Electricity demand	**14,588**	**14,710**	**(122)**	**-0.8%**

Electricity demand in the extra-peninsular market in 2014 decreased by 0.8% compared with 2013, falling to 14,588 million kWh. Of total demand, 91.1% was met by net generation in the extra-peninsular areas and 8.9% by net imports.

Net electricity imports in 2014 amounted to 1,298 million kWh, all of which regarded trade with the Iberian peninsula.

Net electricity generation in 2014 fell by 1.1% or 151 million kWh as a result of lower demand for electricity in the extra-peninsular market.

Electricity prices

Electricity prices

	Average baseload price 2014 (€/MWh)	Change in baseload price 2014-2013	Average peakload price 2014 (€/MWh)	Change in peakload price 2014-2013
Italy	**52.1**	**-17.3%**	**55.7**	**-16.2%**
Spain	42.1	-4.8%	46.4	-3.5%
Russia	21.7	-12.6%	25.0	-12.6%
Slovakia	33.6	-9.8%	42.9	-12.2%
Brazil	220.7	140.7%	263.6	36.3%
Chile	101.5	-12.5%	208.7	-5.8%
Colombia	84.9	19.1%	180.5	7.2%

Price developments in the main markets

Eurocents/kWh

	2014	2013	Change
Final market (residential) (1)			
Italy	15.4	15.0	2.6%
France	10.6	10.5	1.0%
Portugal	12.7	12.3	3.4%
Romania	9.1	8.9	1.9%
Spain	17.7	17.7	-
Slovakia	12.2	13.8	-11.0%
Final market (industrial) (2)			
Italy	10.8	11.2	-3.6%
France	7.4	7.2	3.8%
Portugal	10.3	10.1	1.6%
Romania	7.5	8.6	-12.6%
Spain	11.9	11.5	2.7%
Slovakia	11.1	12.3	-10.2%

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

Electricity price developments in Italy

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2014				2013			
Power Exchange - PUN IPEX (€/MWh)	52.4	46.5	50.5	58.8	63.8	57.4	65.5	65.1
Average residential user with annual consumption of 2,700 kWh (eurocents/kWh): price including taxes	19.2	19.0	19.0	19.3	19.1	18.9	19.2	19.0

Source: GME (Energy Markets Operator); Authority for Electricity, Gas and the Water System.

In Italy, the average uniform national sales price of electricity on the Power Exchange fell sharply compared with 2013, dropping by 17.3%.

The average annual price (including taxes) for residential users set by the Authority for Electricity, Gas and the Water System was essentially unchanged on the previous year.

Natural gas markets

Gas demand

Millions of m³

	2014	2013	Change	
Italy	**61,501**	**69,478**	**(7,977)**	**-11.5%**
Spain	25,897	28,662	(2,764)	-9.6%

Demand for natural gas in 2014 contracted sharply both in Italy and Spain. The drop was mainly attributable to adverse economic conditions and the mix of generation sources, characterized by the growing use of renewable energy.

Italy

Domestic gas demand

Millions of m³

	2014	2013	Change	
Residential and civil	29,239	33,709	(4,470)	-13.3%
Industrial and services	13,098	13,174	(77)	-0.6%
Thermal generation	17,368	20,672	(3,304)	-16.0%
Other [1]	1,796	1,923	(127)	-6.6%
Total	**61,501**	**69,478**	**(7,977)**	**-11.5%**

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

Domestic demand for natural gas in 2014 totaled 61,501 million cubic meters, a decrease of 11.5% on the previous year.
The contraction in consumption for thermal generation, essentially the result of lower generation volumes, was compounded by a decrease in consumption for domestic and civil uses, attributable to the impact of colder weather in 2013.

Price developments

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2014				2013			
Average residential user with annual consumption of 1,400 m³ (eurocents/m³): price including tax	86.3	83.0	77.8	82.0	92.8	88.9	88.4	86.2

Source: Authority for Electricity, Gas and the Water System.

The annual average sales price of natural gas in Italy decreased by 7.6% in 2014.

Regulatory and rate issues

The European regulatory framework

State aid modernization process

On May 8, 2012, the European Commission set out a reform plan to modernize the framework of rules and controls concerning state aid. The three main, closely linked objectives are: foster growth in a strengthened, dynamic and competitive internal market; focus enforcement on cases with the biggest impact on the internal market; and streamlined rules and faster decisions. The European framework for state aid for the energy sector includes the Environmental and Energy Aid Guidelines (EEAG), the General Block Exemption Regulation (GBER) and the Research, Development and Innovation Programme (RDI) Guidelines.

On April 9, 2014 the Commission approved the revised EEAG for the 2014-2020 term, entering into force as of July 1, 2014. These promote a gradual transition to market-based mechanisms, such as auctions or feed-in premiums, for supporting renewable energy, establish criteria for supporting large energy consumers that face international competition and include provisions for infrastructure aid and mechanisms for ensuring secure and adequate supplies (for example, capacity remuneration mechanisms) in the internal energy market.

Rules on the provision of investment services (MiFID II)

The new framework of rules governing the provision of investment services in Europe ("MiFID II") was published in the Official Journal of the European Union on June 12, 2014. MiFID II is comprised of Directive 2014/65/EU (MiFID) and Regulation (EU) 600/2014 (MiFIR), which replace the previous MiFID Directive 2004/39/EC.

Among other things, the new rules expand the scope of application of the financial regulations, broadening the definition of financial instruments and narrowing the exemptions currently available to companies that trade commodity derivatives, including electricity and gas.

The MiFID II rules shall apply starting from January 2017. Prior to that date the Member States must transpose the Directive, while the European Commission and the European Securities and Markets Authority (ESMA) will be responsible for defining and adopting the implementing and delegating measures provided for under MiFID II.

Market Abuse Rules (MAR and MAD)

Regulation (EU) 596/2014 on market abuse (MAR) and Directive 2014/57/EU on criminal sanctions for market abuse (MAD) were published in the Official Journal of the European Union on June 12, 2014.

The new rules, which replace Directive 2003/6/EC and will enter force in June 2016, update and strengthen the existing framework to ensure investor protection and the integrity of the financial markets.

Energy Efficiency Communication 2014

On July 23, 2014, the European Commission published the Energy Efficiency Communication, which analyzes the regulatory period through 2020 and seeks to identify the potential gains achievable by 2030. With regard to the former issue, it found that with current measures the EU will achieve energy savings of 18-19% by 2020, compared with the original target of 20%. In the light of this, the Commission asserts that if all Member States work to properly implement the agreed legislation, the 20% target can be reached without the need for additional measures. For the period after 2020, the Commission has proposed a target of a 30% reduction in energy use by 2030 compared with 2007 projections.

Industrial Emissions Directive

As part of the process of implementing the Industrial Emissions Directive (Directive 2010/75/EU) the European Commission is working to update the reference document on best available techniques for large combustion plants (BREF LCP), which includes the emissions levels associated with the best available technologies to be considered in the integrated environmental permitting process. The completion of the review process scheduled for the end of 2015 could be delayed until the early months of 2016.

The Italian regulatory framework

The current structure of the Italian electricity market is the result of the liberalization process begun in 1992 with Directive 1992/96/EC, transposed into Law with Legislative Decree 79/1999. This decree provided for: the liberalization of electricity generation and sale; reserving transmission and ancillary services to an independent network operator; the granting of concessions for distribution to Enel and other companies run by local governments; the unbundling of network services from other activities.
The introduction of Directives 2003/54/EC and 2009/72/EC (transposed with Law 125/2007 and Legislative Decree 93/2011, respectively) in Italy lent further impetus to the process, particularly through the complete opening of the retail market and the confirmation of the total independence of the national transmission network operator (already provided for in the Decree of the Prime Minister of May 11, 2004) by separating its ownership from that of other electricity operators.
The process of liberalizing the natural gas market began with Directive 1998/30/EC, transposed in Italy through Legislative Decree 164/2000, calling for the liberalization of the import, production and sale of gas and the separation of network infrastructure management from other activities through the establishment of distinct companies. As regards the model for unbundling transport from other non-network activities, with Resolution 515/2013/R/gas, the Authority for Electricity, Gas and the Water System (the "Authority") mandated the transition to ownership unbundling pursuant to Directive 2009/73/EC.

Sales Division

Electricity

Retail market

As provided for by Directive 2003/54/EC, starting from July 1, 2007 all end users may freely choose their electricity supplier on the free market or participate in regulated markets. Law 125/2007 identified these regulated markets as the "enhanced protection" market (for residential customers and small businesses with low-voltage connections) and the "safeguard" market (for large customers not eligible for enhanced protection services).
Free-market operators are awarded contracts to provide safeguard services on a geographical basis through three-year auctions. Enel Energia was awarded contracts to provide services to five of the ten areas subject to auction for the 2014-2016 period (Veneto, Emilia Romagna, Friuli Venezia Giulia, Sardinia, Campania, Abruzzo, Calabria and Sicily).
By contrast, enhanced protection service is provided by sellers connected with distributors. The prices and related terms are set by the Authority and are updated quarterly based on criteria designed to ensure that the operators' costs are covered. More specifically, the Authority annually updates the component for covering the operators' costs in the enhanced protection market (RCV) so as to ensure that their costs are covered (operating costs, delinquency charges and amortization and depreciation) and that they receive a fair return on capital.
Operators set their own prices for free market services, with the Authority's role limited to setting rules to protect both customers and operators.
In this role, the Authority has adopted a number of measures aimed at containing operators' credit risk, which has risen in recent years due in particular to the economic crisis. The Authority is in the process of launching the Integrated Information System (IIS). This system, established under Law 129/2010, is designed to manage the flow of information between gas and electricity market operators and is based upon a central databank of withdrawal points, initially created for the electricity sector, that will be extended to the gas sector starting from 2015.

Gas

Retail market

Legislative Decree 164/2000 established that, as from January 1, 2003, all customers may freely choose their natural gas supplier on the free market.
However, alongside this, operators must offer a safeguard service to their customers (only for residential customers pursuant to Decree Law 69 of June 21, 2013), together with their own commercial offers, at the regulated prices established by the Authority.
If there is no company supplying this service, the continuity of supply for small customers not in arrears on bill payments (residential and other uses with an annual consumption of less than 50,000 standard cubic meters) and for users involved in providing public services shall by ensured by the supplier of last resort. If the customer is in arrears with bill payments or it is not possible for the supplier of last resort to provide service, supply continuity is ensured by the default distribution supplier selected, like the supplier of last resort, through voluntary tenders for geographically-based contracts. The public procedures carried out in September 2014 identified the suppliers of last resort for the period October 1, 2014 - September 30, 2016. Enel Energia was identified as supplier of last resort for 7 out of the 8 geographical areas covered by the auction and as default distribution supplier for 6 out of 8 areas.
Starting from October 1, 2013, the reform of the financial terms and conditions applied to safeguard customers entered force. In this situation, the Authority modified the procedures for determining raw material component, indexing it fully to spot market prices, introduced graduality components (including one specifically for the renegotiation of long-term contracts) and increased the component covering retail sales costs to enhance cost-reflectivity.
With regard to the raw material cost component (QE), on January 24, 2014, the Regional Administrative Court of Lombardy, in the course of an action brought by Enel Energia and Enel Trade, voided 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. On April 10, 2014, the Authority filed an appeal with the Council of State.

Generation and Energy Management Division

Electricity

Wholesale production and market

Electricity generation was completely liberalized in 1999 with Legislative Decree 79/1999 and can be performed by anyone possessing a specific permit.
The electricity generated can be sold wholesale on the organized spot market (IPEX), managed by the Energy Markets Operator (GME), and through organized and over-the-counter platforms for trading forward contracts. The organized platform includes the Forward Electricity Market (FEM), managed by the GME, in which forward electricity contracts with physical delivery are traded. Trading can also be conducted in derivatives with electricity as their underlying. The organized market for such transactions is the forward market (IDEX), operated by Borsa Italiana, while financial derivatives can also be negotiated on OTC platforms.
Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at retail, and to the Acquirente Unico (Single Buyer), whose duty is to ensure the supply of energy to enhanced protection customers.
In addition, for the purposes of the provision of dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market (ASM), where Terna procures the required resources from generators.
The Authority and the Ministry for Economic Development are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the Authority has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the Authority.
With Decree Law 91 of June 24, 2014, all schedulable generation units located in Sicily with a capacity of more than 50 MW were declared "essential to system security". The measure will be in force until the completion of the "Sorgente-

Rizziconi" interconnector between Sicily and Calabria and the other works needed to increase interconnection capacity. The essentially units are required, starting from January 1, 2015, to offer supply on energy and service markets and are entitled to fees to cover incurred generation costs based upon rules analogous to those that already apply to other plans essential to system security.

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

In August 2011, the Authority published Resolution 98/2011, which establishes the criteria for introducing a market mechanism for compensating generation capacity that replaces the current administered reimbursement. This mechanism involves holding auctions through which Terna will purchase from generators the capacity required to ensure that the electricity system is adequately supplied in the coming years.

With a Decree of the Minister for Economic Development of June 30, 2014, the capacity market operational mechanism previously issued for consultation by the Authority was approved.

The mechanism is based on the allotment, by auction, of option contracts (reliability options) that provide for payment of a premium, established in the auction with the setting of a marginal price, against which a generator undertakes to return any positive difference between the price formed on the spot electricity and auxiliary services market and a benchmark price set ex-ante in the option contract.

The rules approved provide for a cap and a floor for the premium to be paid for existing capacity. The floor is paid for all existing capacity and will be set by the Authority.

The first auctions for the award of option contracts will be held in 2015, with delivery as from 2019-2020.

In order to cope with emergencies in the gas system, such as the one that occurred between February 6 and 16, 2012, Decree Law 83/2012 – ratified with Law 134 of August 7, 2012 – required the identification on an annual basis as from the 2012-2013 gas year of thermal generation plants that can contribute to the security of the system thanks to the use of fuels other than gas. Such plants, which are different from those essential to the electrical system, are entitled to reimbursement of the costs incurred in ensuring availability in the period from January 1 to March 31 of each gas year on the basis of the procedures established by the Authority. In applying this mechanism, the Ministry for Economic Development (MED) selected several of Enel Produzione's plants using fuel oil for 2012-2013 and 2013-2014 gas years. The MED did not employ this mechanism for the 2014-2015 gas year.

Gas

Wholesale market

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

According to the provisions of Legislative Decree 130/2010, operators cannot hold a market share that exceeds 40% of domestic consumption. This limit may be raised to 55% if the operator commits to creating 4 billion cubic meters in new storage capacity by 2015. Under this provision, the Ministry for Economic Development approved Eni's proposed plan to create new storage in early 2011. As of today, 2.6 billion cubic meters in new storage capacity has been created. Law 9/2014 establishes that, in order to limit the costs for the system, the remaining storage capacity (up to 4 billion cubic meters) be created only if there is market demand for it. The operators have not shown any interest in the auctions held and, therefore, no further storage capacity has been created.

Following the approval of the Parliamentary committees and the positive opinion of the Authority, on March 6, 2013, the ministerial decree approving the rules for the natural gas forward market was signed, with operations beginning on September 2, 2013. The forward market completed the structure of the Italian wholesale market, joining the spot trading platform (the "Gas Exchange"), which has been operating since 2010, and the balance market begun in December 2011 under the rules set by the Authority.

Transport, storage and regasification

Transport, storage and regasification (of LNG) are subject to regulation by the Authority, which sets the rate criteria for engaging in these activities at the start of each regulatory period (lasting 4 years) and updates the payments annually. With regard to gas transport rates, Enel Trade filed an appeal with the Regional Administrative Court challenging the resolutions establishing the rate criteria for the 2014-2017 period and the approval of the amounts due for 2014. The dispute concerning the previous rate period (2010-2013), for which the Regional Administrative Court of Lombar-

dy accepted Enel Trade's claim, is still pending before the Council of State.
Storage is carried out under a concession (for a maximum of 20 years) issued by the Ministry for Economic Development (MED) to applicants that satisfy the requirements of Legislative Decree 164/2000. The Decree of February 19, 2014 of the MED changed the criteria for allocating capacity, establishing that it will be assigned solely through auction.
LNG activities are subject to the grant of a special ministerial permit.
Access to transport, storage and regasification capacity is provided through non-discriminatory mechanisms established by the Authority, in order to guarantee third-part access (TPA). The Ministry for Economic Development may grant an exemption from the TPA rules to companies that own storage or regasification plants or cross-border gas interconnectors. The exemption is granted upon the explicit request of the companies involved and on the basis of an assessment of the benefits of the infrastructure for the system.

Infrastructure and Networks Division

Electricity

Distribution and metering

Enel Distribuzione provides distribution and metering within the Infrastructure and Networks Division under a 30-year concession set to expire in 2030.
The distribution rates are set by the Authority at the start of each regulatory period (lasting 4 years) based on covering the total cost of providing distribution and metering services, considering operating costs, depreciation and an appropriate return on capital.
The rate component covering operating costs is updated annually using a price-cap mechanism (i.e. based on the inflation rate and an annual rate of reduction of unit costs called the X-factor). The return-on-capital and depreciation components are revised each year to take account of new investments, depreciation and the revaluation of existing assets using the deflator for gross fixed capital formation.
For the 2014-2015 period, the Authority has reduced the return-on-capital for distribution rate to 6.4% on the basis of the yield on 10-year Italian government bonds (BTP).
In addition, increases of the return-on-capital rate of 1% were envisaged for investments as from 2012 and further increases (between 1.5% and 2%) are also envisaged for certain categories of investments (for example, medium-voltage lines in historical town centers, connection in areas with a high density of renewables generation). The X-factor used in updating the operating costs component is 2.8% for distribution and 7.1% for metering.
Electricity distribution is also subject to service quality rules, under which the Authority establishes the annual trend levels for the following service continuity indicators for customers connected to low-voltage service:

> duration of long service interruptions;
> number of long and short interruptions.

Each year distributors receive bonuses or penalties depending on whether their actual performance as determined using these efficiency indicators is better or worse than the established trend values.
With Resolution 483 of October 9, 2014, the Authority initiated the process of defining the regulations on electricity distribution and metering rates and service quality for the new regulatory period.

Energy efficiency

White certificates

Energy efficiency in final uses has been promoted in Italy mainly through the Energy Efficiency Certificate mechanism (EECs or white certificates) launched on January 1, 2005 in accordance with the provisions of the related decrees of July 20, 2004.
The mechanism requires the MED to determine the national energy savings targets that must be achieved each year by distribution companies.
With the Decree of December 28, 2012, the MED established the energy savings targets for the 2013-2016 period.
In order to avoid penalties, distributors must demonstrate by May 31 of each year that they hold a number of white certificates equal to at least 50% (60% for years 2015-2016) of their obligation, with the residual obligation be covered in the subsequent years.
The Decree also set out the process for transferring management of the white certificate mechanism to the Energy Services Operator (GSE), while the Authority will remain responsible for determining the rate grant using the new criteria set out in the ministerial decree.
The Authority, with its Resolution 13/2014 of January 23, 2014, introduced a mechanism for recovering the costs of

purchasing white certificates. It allows distributors to recover a cost equal to the market average, less a spread of €2 per certificate.

The potential financial impact of the mechanism is significantly reduced, although distributors are still subject to the "physical" obligation to deliver the EECs in order to meet the national targets.

On June 30, 2014, the Authority set the definitive rate subsidy for 2013 equal to €110.27/toe and the preliminary rate subsidy for 2014 at €110.39/toe. The preliminary rate subsidy will be revised based upon the final market prices for the reference period.

Legislative Decree 102 of July 4, 2014, implementing Directive 2012/27/EU on energy efficiency, set out the cumulative national energy savings target for the 2014-2020 period to be achieved using a variety of incentives. It also established that the EEC mechanism must result in a saving at least 60% of such target by 2020.

The decree also required the MED, in the course of updating the guidelines on the procedures for issuing EECs, to include measures for making the mechanism more efficient, enhancing energy savings achieved through measures aimed at improving practices and preventing speculative practices.

Renewable Energy Division

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

Solar power incentives - Energy Account

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

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

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

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

The amount of the incentive depends upon the market value at which operators can purchase green certificates to meet their obligation. This market value is set within a range. The maximum value is equal to the price at which the GSE places the certificates it holds on the market (calculated as provided for in Article 2(148) of Law 244/2007), which came to €114.46/MWh of renewables generation in 2013. The minimum price is equal to the price at which the GSE withdraws green certificates exceeding the required share from the market. For the years in the period from 2012 to 2015, that price is set at 78% of the difference between a pre-set amount (€180/MWh) and the average sale price for electricity for the preceding year.

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

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

The green certificates mechanism will be gradually eliminated through:

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

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

Restructuring of incentives

Decree Law 145 of December 23, 2013, ratified as amended by Law 9 of February 21, 2014, introduced a measure for distributing over time a portion of the costs associated with incentives for renewable resources. More specifically, those who generate electricity from renewable resources other than solar power are given the option of extending the incentive period for seven years in exchange for a reduction in the incentive received. Non-participating producers continue to receive the incentives under the original terms (rate and duration), but lose the right to further incentives for the same location involving electricity rates for 10 years after the expiration of the incentive period.

Decree Law 91 of June 24, 2014 established that, starting from January 1, 2015, the subsidized rate for energy generated by solar plants with a nominal capacity of more than 200 kW be restructured over an incentive period of 24 years, rather than 20, without the imposition of interest. As an alternative to restructuring the incentive, solar power producers may elect to reduce the incentive by 8% over the remaining incentive period, that is, until the start of the 21st year of the incentive period. Those who accept the restructured incentive will be able to take advantage of a subsidized loan from Cassa Depositi e Prestiti, in a maximum amount equal to the difference between the incentive due at December 31, 2014 and the "restructured" incentive.

Imbalancing for non-schedulable plants

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

Following an appeal lodged by a number of associations of renewables generators, the Council of State voided Resolution 281/2012, at the same time establishing the standards to be followed by the Authority in properly regulating the subject matter. More specifically, the Council of State clarified that non-schedulable renewable resource plants must participate in sharing imbalancing costs, thereby avoiding improper socialization of costs. Likewise, the regulation must take into account the specific characteristics of each resource in terms of predicting the delivery of electricity to the grid.

The Authority, with Resolution 522 of October 23, 2014, reimposed imbalancing payments on NSRRs, in accordance with the guidelines of the Council of State, starting from January 1, 2015.

Iberia and Latin America Division

Spain

General information

In order to address the rate deficit problem, Law 24/2013, amending Law 54/1997, which governed the electricity market, was published on December 26, 2013. The law established a new mechanism for market operation and the regime applicable to sector activities and operators. More specifically, it introduced the key principle concerning the economic and financial sustainability of the electrical system. According to this principle, revenues must be sufficient to cover all costs. In order to achieve this balance, a system for revising rates was introduced. The temporary differences between system costs and revenues will be financed proportionally by all the participants in the payment system. The law recognized a deficit cap of €3.6 billion for 2013, which can be securitized, in accordance with the process set out in the regulation, and must be recovered within 15 years. The government budget will finance 50% of the annual compensation for the peninsular and extra-peninsular electrical system (*Sistema Eléc-*

trico Insular y Extrapeninsular - SEIE). The law establishes a compensation rate for regulated activities fixed during the initial regulatory period (which will end in December 2019) equal to the average yield on 10-year Spanish government securities plus 200 basis points (300 basis points for plants that generate electricity from renewable energy resources, co-generation and residual waste).

Along with the publication of Law 24/2013, the government began to craft regulations governing: transport, distribution and generation within the SEIE, renewables, self-consumption, capacity payments and electricity sales. A portion of these measures were launched in 2013 and 2014.

The gas sector is primarily regulated by Law 34/1998, amended by Law 12/2007.

Regulated-activity deficit

In order to quantify the deficit for 2013, which is subject to securitization, Law 24/2013 required that a supplementary payment be made prior to December 1, 2014. This payment was approved on November 26, 2014, resulting in a final deficit of €3.5 billion, securitized by financial institutions.

Based upon the note issued by the Spanish national markets and competition commission (*Comisión Nacional de los Mercados y la Competencia* - CNMC) and the calculations contained in Regulation IET/2444/2014 of December 19, 2014, which sets out the electricity access rates for 2015, rate balance should be achieved in 2014.

Renewable energy resources, co-generation and waste

In 2014, development of the regulatory framework for plants that generate electricity from renewable energy resources, co-generation and waste was completed:

> the remuneration system guarantees a return capital employed based upon the average yield on 10-year Spanish government securities plus 300 basis points. This remuneration will be revised every six years;

> in addition to the revenues received from the sale of electricity on the market, plants will receive a fixed amount intended to help them recover their investment costs. Furthermore, if the production cost is higher than the expected market price, the producer will receive supplemental remuneration to offset the difference;

> for new plants, the incentive amount will be determined using competitive mechanisms.

National coal subsidy

December 31, 2014 marked the conclusion of the period of effect of Royal Decree 134/2010, which governed the process of lifting the restrictions intended to promote a secure coal supply. The decision of the European Commission approving the measure stated that the mechanism cannot be extended.

Voluntary Price for Small Consumers (PVPC)

Starting from April 2014, the *Tarifa de Último recurso* (TUR) was replaced by the *Precio Voluntario para el Pequeño Consumidor* (PVPC). This will be the price that the *Comercializadora de Último Recurso* (CUR) will be required to offer eligible customers.

The cost of producing electricity contained in the PVPC will be calculated based upon hourly prices reported in the day-ahead and intraday markets for the corresponding billing period. In addition to these costs the PVPC also covers the costs of adapting their systems and other supply-related costs. Furthermore, CURs are required to offer a fixed annual price as an alternative to customers eligible for the PVPC.

Social bonus

Law 24/2013 introduced the social bonus as a public service obligation, the cost of which is borne by the parent companies of companies that generate, distribute and sell electricity in proportion to the sum of connection points and number of customers served. Endesa’s share was set at 41.61% for 2014.

Voluntary service interruptions

Voluntary service interruption is a compensated service, provided by those consumers who are to reduce their consumption when the system is under stress, making it possible to efficiently manage demand.

Regulation IET/2013/2013 requires that voluntary service interruption be assigned through an auction managed by the System Operator so as to ensure effective performance of the service and to minimize the costs to the system. During November and December 2014, two auctions were held to assign the service. The cost for voluntary service interruption will amount to €508 million in 2015. This amount is no longer a regulated cost for the system since it is financed by the end customers who buy such electricity.

Extra-peninsular electrical systems

Law 17/2013, which addresses the security of supply and the promotion of competition in the island and extra-peninsular electrical systems, established that new plants in these electrical systems owned by companies (or groups of companies) that hold more than 40% of the installed capacity in the specific electrical system receive the peninsular market price (there are, however, a few exceptions to this rule).

The law also provides that the System Operator will be the sole owner of pumping and regasification plants.

During 2014, work on transposing the guidelines set out in Law 17/2013 continued. In the course of this, the proposed Royal Decree governing the generation and dispatching in the island and extra-peninsular systems, currently under discussion, establishes a system similar to the present one, which is comprised of a reimbursement of fixed costs (investment costs, operating costs and overheads) and a reimbursement for variable costs (to cover fuel costs and variable maintenance and operating costs). In January 2015, the Ministry of Industry, Energy and Tourism presented a new draft of the Royal Decree, which also incorporates taxation drawn from Law 15/2012 on fiscal measures for energy sustainability.

In addition, in accordance with Law 24/2013 on the electricity sector, the remuneration rate for net investments is equal to the average yield on 10-year Spanish government securities plus 200 basis points.

Distribution

Royal Decree 1048/2013 establishes the principles for the remuneration of the distribution of electricity with incorporates factors that will guide future compensation for this activity. The principles set out in the decree are as follows:

> only the costs required to provide distribution service are remunerated;
> mechanisms for controlling investments are established;
> investments that have not yet been amortized or depreciated are remunerated on the basis of the net value of the asset and the rate of remuneration is equal to the average yield on Spanish government securities plus 200 basis points;
> in order to improve quality and reduce losses and fraud, the regulation includes incentive and penalty mechanisms;
> during 2014 and lasting until the new regulatory period begins, the remuneration for distribution was calculated by applying the methodology envisaged in the second annex to Royal Decree Law 9/2013.

Other regulatory changes

On October 15, 2014, Law 18/2014 concerning urgent measures for expansion, competition and efficiency enhancement was approved. Among other things, the law reforms the methods for remunerating the gas system with the goal of making it economically sustainable and of minimizing the costs for the end consumer. Furthermore, the law introduces the National Energy Efficiency Fund to help achieve the energy efficiency targets.

Latin America

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

Generation

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

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

Currently in Argentina and Peru, regulatory measures are in place governing the formulation of the spot market price. In Argentina, the measure, adopted in 2002 following the economic and energy crisis that affected that country, is based on the assumption that there are no restrictions on the supply of gas in the country. Nevertheless, in view of the current financial challenges faced by the wholesale market, the government has announced its intention to modify the existing regulatory framework and, in 2013-2014, develop an electricity market based on a cost-plus model.

Long-term auction mechanisms are widely used for wholesale energy and/or capacity sales. These systems guarantee continuity of supply and offer greater stability to generation companies, with the expectation that this encourages new

investments. Long-term sales contracts (up to 30 years) are used in Chile, Brazil, Peru and Colombia. In Brazil, the price at which electricity is sold is based on the average long-term auction prices for new and existing energy. In Colombia, the price is set by auction between the operators, which usually enter into medium-term contracts (up to four years). Finally, a regulatory framework recently introduced in Chile and Peru allows distribution companies to sign long-term contracts to sell electricity on regulated end-user markets.
Chile, Peru and Brazil have also approved legislation to encourage the use of unconventional renewable resources, which sets out the objectives for the contribution of renewable resources to the energy mix and governs their generation.

Distribution and sale

Distribution is performed mainly under concession arrangements, using long-term contracts (ranging from 30 to 95 years or in some cases with unspecified terms), with regulations governing prices and network access. Distribution rates are revised every four years (Chile, Peru and the region of Brazil served by Coelce) or five years (Colombia and the region of Brazil served by Ampla). As a result of the *Ley de Emergencia Económica* (the economic emergency law) of 2002, no rate reviews have yet been conducted in Argentina, despite rules mandating such revisions every five years.
In Chile, Brazil and Peru, distribution companies hold auctions to procure electricity for regulated market customers, while in Colombia sales companies negotiate prices directly with generation companies, passing through the average market price to end users. In general, all countries have implemented a remuneration approach based on the RAB and a rate of return tied to the WACC, which ensures remuneration of the capital employed.
The liberalization of the end-user market is generally at a fairly advanced stage, though not yet complete. Eligibility thresholds are set at 30 kW in Argentina (20% of volumes in 2010), 3 MW in Brazil (30% of volumes), 0.3 MW in Chile (40% of volumes), 0.1 MW in Colombia (35% of volumes in 2010) and 0.2 MW in Peru (44% of volumes). Free-market customers can sign bilateral contracts with generation companies for electricity. The regulatory authorities set the rates for regulated market customers.

Limits on concentration and vertical integration

In principle, existing legislation permits companies to take part in a variety of activities in the electricity sector (generation, distribution, sales). Usually, greater restrictions are imposed on participation in transmission activities so as to ensure that all operators have adequate access to the network. There are special restrictions on generation and distribution companies holding stakes in transmission companies in Argentina, Chile and Colombia. Furthermore, in Colombia companies formed after 1994 may not adopt or maintain a vertically-integrated structure.
As to concentration within the industry, Argentina, Brazil and Chile have not set any specific restrictions on vertical or horizontal integration, while in Peru business combinations require prior authorization above certain thresholds. In Colombia, no company may control more than 25% of the generation and sales markets, while in Brazil, as previously mentioned, there are no explicit restrictions on integration in the electricity sector, although administrative authorization is required for business combinations that would result in market share of over 40%, or that involve a company whose annual turnover exceeds BRL 400 million (about €177 million).

Chile

Law on interconnection

On January 30, 2014, a law on interconnection derogating from the provisions of the General Law on electricity services was promulgated. Under the new provisions, the state may promote interconnection projects between the northern interconnected system (SING) and the central interconnected system (SIC).

Energy Agenda

On May 15, 2014, President Michelle Bachelet presented the new Energy Agenda containing the primary energy policy targets. The document sets out the timetable and identifies the parties involved in the next regulatory steps to be taken and lays out the plans of investments that the government intends to make by the end of its term.
More specifically, the Agenda envisages a more active role by the state and calls for reducing marginal electricity costs on Chile's *Sistema Interconectado Central*, or "SIC" (30% reduction in the 2013 average by 2017), redefining the rules for auctions between generators and distributors in order to reduce the resulting price (25% reduction over the next 10 years as compared with the 2013 price), setting a target for 45% of new installed capacity to be supplied by unconventional renewable energy (ERNC) by 2025, establishing the target of cutting energy consumption by 20% by 2020,

establishing a system for participation in energy planning, developing interconnection projects between the SIC and the SING (*Sistema Interconectado del Norte Grande*) and, finally, introducing a new law for the promotion of geothermal power by 2015.

Furthermore, the Agenda contains both short-term (aimed at making access to regasification structures more transparent) and long-term measures (aimed at expanding current capacity) for encouraging the use of natural gas in generating electricity.

Argentina

Resolution 529/2014

On May 20, 2014 the *Secretaría de Energía* published Resolution 529/2014, which updated, retroactively starting from February 2014, the remuneration received by generation companies, previously established by Resolution 95/2013.

In addition to raising the remuneration for fixed and variable costs, the new resolution introduces a new item intended to cover extraordinary maintenance costs, which will be paid through the issuance of LVFVDs (*Liquidaciones de Venta con Fecha de Vencimiento a Definir*).

Secretaría de Energía Note 4012

On June 24, 2014 the *Secretaría de Energía* approved Note 4012, which establishes the inflation rate (cost monitoring mechanism "MMC" index) for EDESUR for the period between October 2013 and March 2014 and allows it to be offset against the corresponding debt in respect of the PUREE program for the same period, as was previously allowed for the period between February 2013 and September 2013 by Note 6852.

Brazil

Technical note 112/2014-SRE-ANEEL - revision of 2014-2018 Ampla rates

On April 7, 2014, the regulator, ANEEL, approved technical note 112/2014-SRE-ANEEL concerning the revision of the rates applied by electricity distributor Ampla, taking effect as from March 15, 2014. It ensures recognition of all capital expenditure and operating costs incurred by the distributor. The average increase for consumers will be equal to 2.64%, applicable starting from April 8, 2014.

Involuntary exposure of distributors to the spot market

On March 7, 2014, the government published Decree 8.203, which permits distributors to turn to the *Conta de Desenvolvimento Energético* (CDE) to cover additional costs arising from their involuntary exposure to the spot market and from thermal dispatching. The Brazilian regulation guarantees full coverage during the subsequent rate cycle.

Also for this purpose, on April 2, 2014, the government published Decree 8.221, which, as an alternative to the recovery of additional costs through the rate cycle, envisages providing immediate financial coverage for distributors by setting up a new regulated environmental trading account (*Conta* ACR), which will be managed by the *Câmara de Comercialização de Energia Elétrica* (CCEE). On April 28, 2014, following the receipt of bank financing, the CCEE reimbursed Ampla and Coelce for a part of the higher costs incurred as a result of this involuntary exposure to the spot market price and the coverage of the higher costs of transporting the electricity from the generation plant.

On November 25, 2014, ANEEL approved the new ceiling and floor on the differences settlement price (*Precio de Liquidación de las Diferencias* - PLD) for 2015. The decision has generated a great deal of debate, beginning with public consultation 09/2014 and subsequently at the public hearing 54/2014.

The main effect of the new limits is that of reducing the financial impact of possible future risks associated with contractual exposure on the spot market on distributors, as well as mitigating the irreversible risk of business and financial exposure if production falls below contractual requirements on producers.

This settlement mechanism ensures that the 2014 deficit is offset by appropriate rates in 2015.

Finally, on December 10, 2014, an addendum to the concession contract for Brazilian distributors (Ampla and Coelce) was signed, permitting the recognition of receivables associated with the 2014 deficit, ensuring their recovery through recognition of the regulated assets as part of the capital that can be offset at the end of the concession period, in the event it is not possible to offset it during the contract period via the rate.

Full recognition of ICMS costs

On March 11, 2014, ANEEL, during the 7th ordinary meeting of its board, approved Coelce's request to fully recognize both future and past (from 2003 to 2013) sales tax (ICMS) paid to generators. Recovery of the amounts through rates will take place over four years, starting from April 2014.

On May 20, 2014, the federal public prosecutor's office requested that the adjustment of Coelce's rates be suspended. The action is aimed at stopping the recovery of ICMS through the rate, as established by ANEEL, thereby limiting the rate increase to 13.68% (rather than 16.77%).

International Division

France

Law 344/2014 - Suspension of regulated electricity and gas rates for industrial customers

On March 27, 2014, the country's Official Journal published Law 344/2014, establishing the gradual abolition of regulated electricity and gas rates for industrial consumers, starting from January 1, 2015 for the gas sector and from January 1, 2016 for the electricity sector.
On June 18, 2014, the energy transition bill, which sets out the four basic guidelines for the new national energy strategy, was presented:
> cutting greenhouse gases by 40% by 2030 compared with 1990 levels;
> achieving a renewable energy target of 32% of overall gross energy consumption by 2030 (around 40% of overall electricity consumption);
> reducing overall energy consumption by 50% by 2050;
> capping nuclear capacity at 63.2 GW and reducing the share of nuclear power to 50% of domestic generation by 2025.

The bill was adopted by the National Assembly on October 14, 2014 and will be sent to the Senate for examination within the next few months.

Belgium

On March 26, 2014 the law creating a strategic reserve designed to provide a secure energy supply was adopted. Under the law, an operator that decides to close a plant must notify the regulator well ahead of time and, if the regulator believes it necessary, it must present an offer to make the plant available to the grid operator, who will use it to maintain balance in the system. The law prohibits the closure of thermal plants that are needed to provide a secure supply of energy.
On July 22, 2014, the tender for the construction of two new gas plants was concluded. However, no bid was accepted. The new Belgian government, formed on October 10, 2014, announced various measures in the energy field, including delaying the closing of two nuclear power plants and introducing support instruments for conventional plants.

Romania

Market coupling

On April 29, 2014, the Romanian national regulator (ANRE) published the market coupling model integrating the Slovakian, Czech and Hungarian day-ahead trading markets. On September 11, 2014, ANRE approved the regulation establishing its rules of operation. The common trading platform went live on November 19, 2014.

Regulated rates

Based upon the calendar for liberalizing the Romanian retail market, the electricity rates for residential customers for 2014 remain regulated by 80% in the first Half of the year and 70% in the second Half. Non-residential customers are no longer eligible for regulated rates starting from July 1, 2014. As of that date residential customers received a 2.6% reduction in the average final unit price, mainly as a result of the 46% decline in the co-generation tax. However, this reduction was partly offset by the introduction of a new tax on special construction, which affects the cost of generation and has caused a 1.89% increase in the regulated rate.

Energy efficiency

Law 121 on energy efficiency, issued on July 18, 2014, imposed new obligations on sellers in terms of information that must be disclosed in billing. Furthermore, it establishes the criteria for launching the new smart metering systems and requires that distribution companies must have an energy manager and perform an energy audit every four years.
At the same time, the launch of smart meter pilot projects was postponed from 2014 to 2015, with a resulting extension of the timeline for their wide-scale installation.

Distribution rates

On November 5, 2014, the national regulator made the following changes to the methodology for determining the distribution rates approved in 2013 for the third regulatory period covering the years 2014 through 2018:
> distributors will benefit from efficiencies achieved with

regard to grid losses at the end of the regulatory period, rather than on an annual basis;

> for the fourth regulatory period (2019-2023), the Regulatory Asset Base (RAB) recognized at the beginning of 2019 will no longer be indexed to the inflation rate;
> the ex-post bonus of 0.5% on the Weighted Average Cost of Capital (WACC) for smart meters was eliminated.

In addition, on December 12, 2014, the regulator, ANRE, reduced the real pre-tax WACC recognized from 8.52% to 7.7% starting from January 1, 2015. The new distribution rates for 2015 were published on December 19, 2014. Only the rates for the distribution company Banat experienced a reduction of 2-3%.

Russia

Government Decree 505/2014 - Decisions on wholesale and capacity rates

On June 4, 2014, the government published the decree establishing that capacity market (KOM) prices will remain as indexed for 2014 (equal to 6.5%, in line with the increase in the CPI for 2013) and eliminating, starting from 2015, indexing for KOM prices and the regulated capacity and energy rates for 2014 and 2015.

Government Decree 820/2014 - Rules on the operation of the wholesale electricity market and capacity auctions for 2014

With Government Decree 820/2014, published on August 20, 2014, the Government presented more stringent requirements for participation in auctions, seeking to encourage generation companies to comply with planned maintenance schedules and the orders of the system operator. The main measures envisaged in the decree include:

> the elimination of capacity payments if limits set by the system operator for maintenance are exceeded (180 days a year or 360 days over four years);
> an increase, as from January 2015, in the value of a number of penalty coefficients pre-agreed with power generators;
> introduction of an option to submit capacity bids for plants in operation for more than 55 years and a live steam pressure of less than 9 megapascal only if they had a utilization factor of more than 8% the previous year.

The heat market

On October 2, 2014, Government Decree 1949/2014 was published, setting out the main stages of the reform of the heat market. With regard to the liberalization of prices for end users, the decree provides for a transition period during which prices are defined with respect to the price of a domestic boiler (to be calculated using an as-yet undefined method) using annual indexing of rates. The decree also defines the "Unified Heat Suppliers" (UHS) who act as system operators, suppliers and commercial distributors in their respective zones. The implementation of the new market design should be completed by the start of 2023. The transition period will begin in 2015, during which the detailed measures for implementing the reform are expected to be issued.

On December 1, 2014, Federal Law 404/2014 concerning heat supplies was enacted. It represents one of the first implementing acts of the reform of the heat market. The law introduces, with effect from January 1, 2015, the possibility of entering into bilateral contracts for heat producers and consumers of steam and/or industrial users of directly connected heat, with prices being negotiable up to a ceiling determined on the basis of the relevant tariffs. As from January 1, 2018, it will also be possible to use bilateral contract for the supply of steam and/or heat at fully liberalized prices for directly connected industrial users, with the exception of users with an annual consumption of less than 50,000 gigacalories (GCal) (including residential customers).

Start of trading on gas exchange

On October 24, 2014, trading began on the first gas exchange in Russia, established by the St. Petersburg International Mercantile Exchange (SPIMEX). For now, the only contracts traded are for volumes to be delivered in the subsequent month, but in the near future the exchange will also offer weekly and daily products. Gazprom and other independent gas producers are being encouraged to channel some of their output through the trading platform. The exchange rules give Gazprom the right to handle half of the volumes, with independent suppliers handling the remainder. For 2015, the goal is to achieve a trading volume of at least 35 billion cubic meters. The volumes of gas traded on the exchange have priority in transportation. The launch of the gas exchange is a key stage in the liberalization of the gas market and enhancing price transparency.

Slovakia

General information

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

More than half of the electricity generated in Slovakia is produced by nuclear power plants, following by conventional thermal and hydroelectric power. Lignite is the only domestic fossil fuel used in electricity generation. This is the reason its use is considered to be in the "general economic interest" and is regulated under special rules, which govern the operation of the Nováky power plant (ENO). The remuneration system will be in effect until 2020 and the local regulatory authority (URSO) recognizes the costs incurred by the plant in an annual decree. The regulation of renewables generation underwent a sweeping reform with the enactment of Law 309/2009. The support mechanism uses a feed-in tariff guaranteed for 15 years. All customers can choose their own supplier and the market has been entirely liberalized since 2007. Final prices for residential customers and small and medium-sized companies that consume no more than 30 MWh per year are still regulated by the local regulatory authority (URSO).

On November 5, 2014, the government adopted a new energy policy that sets the objectives and priorities for the energy sector through 2035, including the construction of a nuclear power plant, the continuation of the rules applied to the Nováky thermal plant and the extension of the operating permit for the Slovenské elektrárne nuclear plant.

Decree on the regulation of the electricity industry

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

> with regard to fees for access to the transmission and distribution grids (G-component), an access fee was levied on generators connected to the transmission or distribution grids, to apply as from 2014. The fee was set at a maximum of €0.5/MWh for generators connected to the transmission grid, while for generators connected to the distribution grid the fee is calculated at 30% of the cost of the reserved capacity, with no cap;

> suppliers of auxiliary services and suppliers electric electricity to the transmission grids, as well as hydroelectric 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.

Energy efficiency

Directive 2012/27/EC on energy efficiency was transposed into national legislation in October 2014. The main elements of the law transposing the directive are: the definition of a regulatory framework for energy efficiency in order to achieve the targets set out in the directive; the establishment of non-binding targets for energy companies; the introduction of energy savings obligations in the residential sector; the definition and implementation of energy audits, energy services and energy performance contracts; and the specification of the rights and duties of national monitoring authorities.

Suspension of the Gabčíkovo hydroelectric plant

Following the Slovakian government's decision to terminate the contract between Slovenské elektrárne and the state-owned company Vodohospodárska výstavba, operation of the Gabčíkovo hydroelectric plant will be suspended as of March 10, 2015.

Renewable Energy Division

Bulgaria

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

> reduced the incentive period from 15 to 12 years for all

resources, except for photovoltaic, for which the period was cut from 25 to 20 years;

> the rates are calculated annually (June) and are held constant during the entire incentive period (without indexing);

> eligibility for incentives takes effect as from the date the work is completed.

In the course of approving the 2014 Budget Act, two further measures charged to renewables generators were introduced, which take effect as from January 2014:

> a tax of 20% on profits from the sale of electricity;

> a cap on the amount of electricity that can be sold to the national market operator (NEK) at the preferential prices.

In June 2014, the Bulgarian regulator began to require renewable energy producers to make imbalancing payments. In order to stabilize the balancing market, the government announced a number of measures in December, such as introducing a ceiling on imbalancing prices (range of between €0 and €100/MWh) and a number of changes to the methodology for calculating imbalancing costs.

Greece

The Greek incentive system uses a feed-in tariff differentiated by renewable energy resource. The incentives are awarded through a 20-year contract for all resources, with the exception of roof-mounted photovoltaic systems with a capacity of less than 10 kW, which have a 25-year contract. Law 4092/2012, partially modified in May 2013 by Law 4153/2013, introduced a temporary tax (July 2012 - June 2014) on the revenues of existing renewable energy plants (equal to 10% for all renewable technologies except for photovoltaic, for which the tax is either 37-42% or 34-40% based upon the plant's commercial operation date).

On March 30, 2014, the Greek parliament approved Law 4254 – the so-called "New Deal" – seeking to rationalize subsidies for renewables. The main changes, which took effect as from April 1, 2014, include:

> a partial reduction of the revenues registered in 2013 with the issue of a credit note (10% on revenues from wind and mini-hydro and 35-37.5% on revenues from photovoltaics);

> a reduction, as from April 1, 2014, of the feed-in tariffs (FITs) applied to existing plants of about 6% for wind and mini-hydro plants and about 45% on photovoltaic plants, and the consequent elimination of the Turnover Tax in force until the end of June 2014;

> reduction of feed-in tariffs for new plants entering service after April 1, 2014;

> elimination of the mechanism for adjusting the feed-in tariffs at 25% of the consumer price index;

> extension of the validity of power purchase agreements (PPAs) by seven years on certain conditions.

Romania

The main form of incentive in Romania for all renewable energy resources is the green certificates system. The only exception regards hydroelectric plants with a capacity of more than 10 MW, which are not eligible for any incentive mechanism. Sellers are required to purchase a specified share of renewable energy each year through the purchase of green certificates on the basis of annual targets set by law for the share of gross generation from renewables. The Romanian regulator publishes the mandatory share, revised to balance supply and demand. The value of the green certificates varies on the basis of coefficients that differ by generation technology. The price of the green certificates is determined by law within a specified range (cap & floor). Sellers are subject to penalties in the event of non-compliance. The measure temporarily modifying the green certificate system (EGO 57/2013) was issued in June and received final approval in December 2013. It temporary suspended (from July 1, 2013 to March 31, 2017) trade in part of the green certificates due to renewables generators. Trading in the deferred green certificates could gradually resume after April 1, 2017 for photovoltaic and mini-hydro and after January 1, 2018 for wind, continuing until December 2020.

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

On March 19, 2014, the Romanian government reduced the share of electricity generated from renewables to be incentivized in 2014 to 11.1% from 15%.

On June 11, 2014 the government approved a Decision, published in the Official Journal on July 4, 2014, that introduces a mechanism for the exemption from the obligation to acquire green certificates for a number of large electricity users. The measure was approved by the European Commission on October 15, 2014. The support system, which has a term of 10 years and is applicable as from December 1, 2014, will reduce the obligation in a variable amount depending on the

level of consumption and expenditure on electricity of each company, up to a maximum of 85%.
On December 12, 2014 the government approved the share of electricity generated from renewables to be incentivized in 2015 to 11.9% from 16%.

Spain

The Spanish incentive system for renewables was mainly based on feed-in tariff and feed-in premium mechanisms. The energy policies for both 2012 and 2013 mainly focused on the need to resolve the "rate deficit" problem. That is why, with Royal Decree Law 1/2012, the Spanish government suspended the pre-register procedures and eliminated incentive mechanisms for new renewable energy projects not already entered in the register.
Law 15/2012 introduced a tax of 7% on electricity generated with any technology and a royalty of 22% for the use of water for electricity generation (reduced by 90% for plants with a capacity of less than 50 MW).
In 2013, Royal Decree 2/2013 eliminated the option of remuneration based on the market price plus a feed-in premium, leaving only the feed-in tariff option (price of energy included) or the market price, with no premium, and modified the basis of the indexing used for the feed-in tariff for renewables and cogeneration.
As part of the reform of the electricity sector begun in July 2013 through the adoption of Royal Decree Law 9/2013, on June 6, 2014 Royal Decree 413/2014, regulating production from renewable energy resources, co-generation and residual waste, was approved. The decree introduces a new remuneration system based on the concept of "reasonable profitability", which is equal to the yield on 10-year government securities plus 300 basis points. For the first regulatory period, lasting six years starting from June 2013, the return on investment is expected to be 7.4% in real terms before taxes. The new system calls for remuneration based on the sale of electricity at the market price, to which supplemental annual remuneration is added only in the event the market price is not enough to ensure the established reasonable profitability. Any supplemental remuneration is calculated based upon the standard operating and investment costs of an efficient, well-run company and for clusters of plants. These standard parameters were determined on June 20, 2014 with the approval of Ministerial Order IET/1045/2014. On July 8, 2014, Enel Green Power filed an administrative appeal of Royal Decree 413/2014 and Ministerial Order IET/1045/2014. As to the appeal of the Royal Decree, the company is waiting for the next phase of the process. With regard to the appeal of the Ministerial Order, the Spanish Supreme Court was asked for additional information and, once this information is presented, Enel Green Power will have 20 business days starting from the date of receipt of such documentation in which to submit its claims.
On August 5, 2014, Ministerial Order IET/1459/2014 was published. It defines the parameters for remuneration and the mechanism for assigning specific remuneration rules to new wind and photovoltaic plants in the extra-peninsular electrical systems.

Portugal

The rate system for wind farms is primarily based upon a feed-in tariff mechanism. On June 24, 2014, Decree Law 94/2014 was published in an effort to increase the capacity of existing wind farms that meet certain technical requires and wind resources. The Decree Law governs the conditions for delivering power in excess of the connection capacity to the grid and the associated remuneration.

Latin America

The development of renewable energy resources in Latin America is less diversified than in Europe. In particular, the territory has historically had electric matrixes with a large number of major hydroelectric plants, although in the last few years a gradual diversification has been under way. The main remunerative approach involves long-term power purchase agreements (PPA), tax incentives and facilitated transport rates.

Brazil

The incentive system for renewable energy in Brazil was created in 2002 with the implementation of a feed-in mechanism (PROINFA), and was then harmonized with the sales system for conventional power using competitive auctions. The auctions are divided between new plants and existing plants and comprise:
> *Leilão Fontes Alternativas*, reserved to renewable wind, biomass and hydroelectric technologies up to 50 MW;
> *Leilão Energia de Reserva*, for which all projects that will enter operation within three years of the date on which the auction is held are eligible. These auctions are normally organized to increase reserve capacity and/or promote the development of certain technologies (such as renewables);

> *Leilão de Energia Nova*, for which all projects that will enter operation more than three years after the date on which the auction is held are eligible. These auctions are divided into A-3 and A-5 auctions on the basis of the generator's obligation to supply the energy awarded after three or five years.

An auction typically has two phases: the descending-clock phase in which the auction organizer establishes the opening price for the auction and the generators submit decreasing bids; and the pay-as-bid phase in which the remaining generators further reduce the price until the supply of power covers all the demand up for auction. The winning bidders are granted long-term contracts whose term varies by resource: 15 years for thermal biomass plants, 20 years for wind plants and 30 years for hydroelectric plants.

Four auctions were held in 2014, resulting in contracts being signed for a total of more than 8 GW (of which more than 90% for new capacity). More specifically, on October 31, 2014, the first federal reserve auction, with a block of capacity reserved for solar power was held, with around 890 MW awarded.

On December 17, 2014, the Ministry of Energy published the new sector expansion plan (PDE2023 - *Plano Decenal de Expansão de Energia*), which envisages significant growth in renewable capacity. Based upon the plan presented, the government estimates that wind capacity will rise an average of 2 GW per year until 2023, while solar and biomass capacity will account for around 13% of total installed capacity in Brazil by 2023.

On November 25, 2014, with Resolution 1832, the regulator, ANEEL, modified the range in which the differences settlement price (*Preço de liquidação das diferenças* - PLD) is permitted to fluctuate, setting the new floor (around €12/MWh) and ceiling (around €151/MWh).

Chile

Chile has a system mandating achievement of specified renewable energy targets for those who withdraw power for sale through distributors or sales companies. The law sets two different targets based upon the date the contract is signed:

> for all power under contract between August 31, 2007 and June 30, 2013, renewable resources are to account for 5% of the electricity starting from 2014, an amount that will increase by 0.5% per year to reach a share of 10% by 2024;

> for all contracts signed starting from July 1, 2013, Law 20698 of 2013 sets a target of 20% by 2025 to be achieved by gradually raising the initial share of 6% in 2014.

All renewable energy resources are eligible for the purposes of meeting the requirement. For hydroelectric plants with a capacity of up to 40 MW, the system provides for a corrective factor which counts all of the first 20 MW and a declining proportion of the capacity between 20 and 40 MW. The mechanism also establishes penalties for failure to achieve the mandatory share.

In May 2014, the country's new Energy Agenda was presented, setting out the primary energy policy targets, the next regulatory steps to be taken and the plans of investments that the government intends to make in its next term. Specifically with regard to renewables, the Agenda confirms the target of cutting energy consumption by 20% by 2025 and introduces an additional target that 45% of new capacity to be installed between 2014-2025 be supplied by renewable power plants.

Mexico

In 2014, the laws and regulations resulting from the important energy reform measures, published on December 20, 2013 and intended to reorganize the energy and oil industries, were gradually approved and published.

In August, the secondary energy reform legislation was published. With regard to the electricity sector, the following were published:

> *Ley de la Industria Eléctrica*, which calls for the introduction of a competitive power generation market and the creation of an independent operator to manage the market, the introduction of a clean energy certificates mechanism and the establishment of rules governing the transition period prior to the official launch of the wholesale power market;

> *Ley de Energía Geotérmica*, which defines a special regulatory framework for exploration activities and electricity generation from geothermal resources, the mechanism for identifying areas to be concessioned and the procedures for awarding such concessions;

> *Ley de la Comisión Federal de Electricidad*, which redefines the role and structure of the former public electricity monopolist (Federal Electricity Commission - CFE).

On October 31, 2014 the relative regulations, including the guidelines for a "*Certificados de Energía Limpia*" mechanism to achieve the target of 35% of electricity generated from non-polluting resources by 2024, were published. This requirement will come into force starting from 2018 and the corresponding target will be determined by March 2015.

In preparation for the launch of the wholesale market,

scheduled for January 1, 2016, the independent market operator (CENACE - *Centro Nacional de Control de la Energía*) was officially established.
With regard to the remuneration of plants generating power from renewable resources, the regulatory framework prior to the reform was based upon the renewables promotion law (LAERFTE), published in 2008. Specifically, private investors participated as either as independent power producers who sold all their output to the *Comisión Federal de Electricidad* using auction mechanisms, self-suppliers or small-scale producers (with an installed capacity of less than 30 MW) who sold their output at rates governed by the *Comisión Federal de Electricidad*.
In line with the new regulatory structure:

> plants in operation on the date the market is launched and those party to an interconnection contract will be permitted to maintain the remuneration arrangement they had prior to the reform;

> new plants and those that are not yet party to an interconnection contract will be able to take advantage of a different sales system introduced under the reform (auctions for supplying regulated customers, bilateral contract with free-market customers and wholesale spot market) that is currently being defined.

In the first few months of 2015 the Federal Electricity Commission (*Comisión Federal de Electricidad*) will identify the sites where it plans to autonomously develop geothermal power and those sites that will later be auctioned off to private investors for development (*Ronda Zero*).

Central America

SIEPAC - Regional Electricity Market

The final section of the SIEPAC transmission line for the Regional Electricity Market (REM), officially launched on June 1, 2013 by the regional regulator (CRIE - *Comisión Regional de Interconexión Eléctrica*), was completed on September 29, 2014.
During the second Half of 2014, CRIE also issued a series of resolutions designed to complete the regional regulations and terminate 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 six countries in Central America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama).

Panama

On June 12, 2013, in line with an energy policy directed at diversifying the energy mix, the Panamanian government ratified Law 605, which establishes tax incentives to support the development of solar power. The new incentives provide for an exemption from import tax, tax credits and the option of acceleration depreciation.
On March 31, 2014, the President of the Republic published Resolution 41, authorizing payment of $75 million, to be spread out between March 31, 2014 and December 31, 2016, to the Enel Group hydroelectric plant Fortuna. This amount was authorized as a result of production restrictions imposed by the government on the plant due to the government's delay in expanding the Panama transmission grid.
On October 22, 2014 Resolution AN 7966 was published, introducing the option of exporting electricity through the Regional Electricity Market. The measure will allow market operators to bypass the current limitations of the transmission grid in expectation of its expansion, which is scheduled to occur between 2016 and 2017.

Costa Rica

The regulator, ARESEP, modified the rates for new and existing renewable power plants based upon the results of a series of public consultations held in November. The changes will have a positive impact on existing plants (hydroelectric and wind), the rates for which were increased by 13%. However, the effect on new plants will be negative since the rate was reduced by 16% compared with the 2014 level.

USA

The United States has a two-level renewables incentive system. The federal level envisages various types of support, including tax incentives for production and investment (the Production Tax Credit and the Investment Tax Credit), accelerated depreciation and federal subsidies. At the state level, the main incentive is a Renewable Portfolio Standard (RPS) mechanism, i.e. a system of mandatory percentages of generation from renewables for utilities, with targets differing from state to state. Most states have adopted systems of tradable certificates but there is no corresponding platform active at the federal level.
The Production Tax Credit (PTC), the tax incentive to encourage renewable electricity generation, expired at the end

of 2013. It was renewed by the Tax Increase Prevention Act of December 20, 2014. Thanks to this extension, eligible projects that were "under construction" by December 31, 2014 could qualify for the PTC. The Internal Revenue Service (IRS) is expected to issue additional guidelines defining the concept of "continuous efforts", which is required for qualification, in the first and second Quarter of 2015.

The Investment Tax Credit, the tax incentive for investment in renewables, is still applicable to plants that enter service by December 31, 2016.

On June 2, 2014, the Environmental Protection Agency (EPA) published a proposed regulation for fossil-fuel power plants currently in operation that aims to achieve a 30% reduction in CO_2 emissions by 2030 as compared with 2005 levels. Specific emission-reduction targets were established for each state and they were given ample flexibility in the policies and strategies to be adopted. The consultation phase has been completed and the proposal is currently being revised, but the EPA expects it to be definitively approved by the third Quarter of 2015. In that case, the states will have until June 2016 to present their plans for reaching the targets to the EPA.

South Africa

In May 2011, South Africa approved a target of 17.8 GW of installed renewable capacity by 2030 based upon the long-term energy strategy set out in the 2010-2030 Integrated Resource Plan. The primary tool to be used in achieving this target is the Renewable Energy Independent Power Producer Procurement (REIPPPP), an auction system launched in 2011 that seeks to install around 7 GW in new renewable capacity between 2014 and 2020 (hydroelectric <40 MW, concentrated solar and photovoltaic, wind, biomass, biogas and landfill gas power). Currently, fiive rounds (bid windows) are scheduled, four of which have already been held. As of now, around 5,000 MW of capacity has been awarded, including Round 4, the winners of which will be announced in the first Quarter of 2015.

After a pre-qualification phase, which is concerned with technical and financial issues, qualified projects are chosen based upon two criteria: the bid price (weighted 70%) and the economic development content of the project (weighted 30%). The latter is based upon a series of parameters focusing on the economic development of the country, including local content and the creation of jobs for South Africans, especially non-whites.

The winners will be invited to enter into a 20-year Power Purchase Agreement with the national utility, Eskom, with payments guaranteed by the government.

Main risks and uncertainties

Due to the nature of its business, the Group is exposed to a variety of risks, notably market risks, credit risk, liquidity risk, industrial and environmental risks and regulatory risk. In order to mitigate its exposure to these risks, the Group conducts specific analysis, monitoring, management and control activities, as described in this section.
From an organizational standpoint, Enel adopts governance arrangements, both at the Group level and at the Division/country/business line level, for managing and controlling financial risks (market, credit and liquidity risks) that assign strategic policy-making and supervision responsibilities for risk management to special committees, establish policies and procedures for identifying risk management and control roles and responsibilities and define a system of operational limits.

Risks connected with market liberalization and regulatory developments

The energy markets in which the Group operates are currently undergoing gradual liberalization, which is being implemented using different approaches and timetables from country to country.
As a result of these processes, the Group is exposed to increasing competition from new entrants and the development of organized markets.
The business risks generated by the natural participation of the Group in such markets have been addressed by integrating along the value chain, with a greater drive for technological innovation, diversification and geographical expansion. More specifically, the initiatives taken have increased the customer base in the free market, with the aim of integrating downstream into final markets, optimizing the generation mix, improving the competitiveness of plants through cost leadership, seeking out new high-potential markets and developing renewable energy resources with appropriate investment plans in a variety of countries.
The Group often operates in regulated markets or regulated regimes, and changes in the rules governing operations in such markets and regimes, and the associated instructions and requirements with which the Group must comply, can impact our operations and performance.
In order to mitigate the risks that such factors can engender, Enel has forged closer relationships with local government and regulatory bodies, adopting a transparent, collaborative and proactive approach in tackling and eliminating sources of instability in regulatory arrangements.

Risks connected with CO_2 emissions

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

Market risks

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

The financial risk governance arrangements adopted by the Group establish specific internal committees responsible for policy setting and supervision of risk management, as well as specific policies at the Group and individual Division/business line levels that establish the roles and responsibilities for risk management, monitoring and control processes, ensuring compliance with the principle of organizational separation of units responsible for operations and those in charge of managing risk.

The financial risk governance system also defines a system of operating limits at the Group and individual Division/business line levels for the various types of risk, which are monitored periodically by risk management units.

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

Risks connected with commodity prices and supply continuity

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

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

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

For a more detailed examination of commodity risk management and the outstanding derivatives portfolio, please see note 41 of the consolidated financial statements.

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

Exchange rate risk

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

> cash flows in respect of the purchase or sale of fuel or electricity on international markets;

> cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign subsidiaries or the purchase or sale of equity investments;

> financial liabilities assumed by the holding company or the individual subsidiaries denominated in currencies other than the currency of account or functional currency of the company holding the liability;

> financial assets/liabilities measured at fair value.

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

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

For more details, please see note 41 of the consolidated financial statements.

Interest rate risk

The nature of the financial risks to which the Group is exposed is such that changes in interest rates could give rise to increases in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.
The main source of exposure to interest rate risk for the Enel Group comes from the fluctuation in the interest rates associated with its floating-rate debt and from the need to refinance debt falling due on changing market terms and conditions.
Our interest rate risk management policy seeks to maintain the risk profile established within the framework of the formal risk governance procedures of the Group, curbing borrowing costs over time and limiting the volatility of results. This goal is pursued through the strategic diversification of the nature of our financial assets and liabilities and the use of derivatives on over-the-counter markets.
For more details, please see note 41 of the consolidated financial statements.

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could impact the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).
Beginning in the last few years, with the instability and uncertainty of the financial markets and the global economic crisis, average payment times for trade receivables by counterparties have increased. In order to pursue the minimization of credit risk, the Group's general policy calls for the application of uniform criteria in all the main regions/countries/business lines for measuring credit exposures in order to promptly identify any deterioration in credit quality – determining any mitigation actions to implement – and to enable the consolidation and monitoring of exposures at the Group level.
As regards credit risk in respect of commodities transactions, Enel uses a uniform counterparty assessment system across the Group, which has also been implemented at the local level. Beginning in 2013, portfolio limits approved by the Group Credit Risk Committee were applied and monitored by region/country/business line and at the consolidated level.
As to credit risk in respect of financial transactions, including those involving derivatives, risk is minimized by selecting counterparties with high credit ratings from among leading Italian and international financial institutions, portfolio diversification, entering into margin agreements for the exchange of cash collateral, and/or the use of netting arrangements. In 2014, operating limits on credit risk approved by the Group Financial Risk Committee were again applied and monitored, using an internal valuation system, at both the individual region/country/business line level and at the consolidated level.
As part of the management of credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables for specific segments of the commercial portfolio. Partly in view of the macroeconomic environment, as from 2011 the use of assignments was extended both geographically and to invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales (such as, for example, receivables from generation activities, sales of electricity as part of energy management operations, the sale of green certificates or electricity transport services).
All of the above transactions are considered as non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Liquidity risk

Liquidity risk is the risk that the Group, while solvent, would not be able to discharge its obligations in a timely manner or would only be able to do so on unfavorable terms owing to factors connected to the perception of its riskiness by the market or to systemic crises (credit crunches, sovereign debt crises, etc.).
As part of the Group's formal risk governance procedures, risk management policies are designed to maintain a level of liquidity sufficient to meet its obligations over a specified time horizon, without having recourse to additional sources of financing, as well as to maintain a prudential liquidity buffer sufficient to meet unexpected obligations. In addition, in order to ensure that the Group can discharge its medium and

long-term commitments, Enel pursues a borrowing strategy that provides for a diversified structure of financing sources to which it can turn and a balanced maturity profile. Liquidity requirements are primarily met through cash flows generated by normal operations, ensuring the appropriate management of any excess liquidity.

In order to optimize liquidity management within the Group, Enel SpA (directly and through its subsidiary Enel Finance International NV) meets the cash needs of the Group companies through centralized access to the money and capital markets and provides management and coordination services for Group companies that can access market financing directly.

Underscoring the Enel Group's continued capacity to access the credit market despite the recent crisis in the financial markets, in 2014 the Group carried out bond issues with a total value of €2.4 billion, of which €1.6 billion by Enel SpA, in the form of hybrid instruments, and €436 million by Endesa Chile in the form of Yankee Bonds.

In the final Quarter of 2014, Enel Finance International NV initiated a liability management program in the total amount of €4 billion, to be executed by December 31, 2015. It is intended to optimize the management of excess liquidity, enabling the reduction of gross debt, lowering the average cost of funds and improving the maturity profile.

The Company subsequently carried out its first transaction with the repurchase of its own bonds with a total nominal value of €762 million.

For more information, please see note 40 "Financial instruments" to the consolidated financial statements.

Rating risk

Credit ratings, which are assigned by rating agencies, impact the possibility of a company to access the various sources of financing and the associated cost of that financing. Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the company.

At the end of 2014, despite the downgrade of Italian Republic securities (BBB- with a stable outlook, compared with BBB and a negative outlook previously), Standard & Poor's confirmed Enel's rating at BBB with a stable outlook.

That decision mainly reflected the Group's broad geographical and technological diversification outside Europe, as well as the expectation that the Company will achieve and maintain performance and financial targets commensurate with its current rating as a result of its continued deleveraging efforts and the large contribution of regulated activities.

At the end of the year Enel's rating was: (i) "BBB" for Standard & Poor's with a stable outlook; (ii) "BBB+", with a stable outlook for Fitch; and (iii) "Baa2", with a negative outlook for Moody's.

Country risk

By now, more than 50% of the revenues of the Enel Group are generated outside Italy. The major international expansion of the Group – located, among other countries, in Latin America and Russia – therefore requires the Group to assess its exposure to country risk, namely the macroeconomic, financial, regulatory, market, geopolitical and social risks whose manifestation could have a negative impact on income or jeopardize corporate assets. In order to mitigate this form of risk, the Group has adopted a country risk calculation model (using a shadow rating approach) that specifically monitors the level of country risk in the areas in which the Group operates.

Overall, the world economy experienced a hesitant recovery in economic activity in 2014, and the risk of a relapse in the next two years still threatens. World trade, which is expanding more slowly than in the period before the financial crisis six years ago, struggled to gain traction until the autumn of last year.

In Europe, growth in 2015 is forecast to rise to 1.7% for the European Union as a whole and 1.3% for the euro area, while in 2016 those rates are expected to rise to 2.1% and 1.9% respectively, thanks to stronger internal and external demand, a very accommodative monetary policy stance and a broadly neutral fiscal stance.

The prospects for growth in Europe as a whole are still dampened by an unfavorable environment for investment and high unemployment. Key developments last autumn improved the short-term outlook, however: oil prices fell more rapidly than before, the euro depreciated sharply, the ECB announced it would begin a quantitative easing program and the European Commission presented its investment plan for Europe. All of these factors will have a positive impact on growth.

The macroeconomic projections for the US economy are very optimistic, reflecting the highly expansionary monetary policy stance and the very positive data on unemployment, which has fallen considerably.

The outlook for other areas of the world is mixed, although still positive. In Japan, the increase in value-added tax in April 2014 harmed the economy more than expected. Given the expansionary stance of monetary policy, in the coming Quarters the Japanese economy should return to moderate growth. In China, economic activity has remained relatively robust, but is structurally low (6-7%), which is hardly surprising given the level of development the country has achieved and the potential constraint represented by the labor force. The situation in other major emerging economies is varied: while the Indian economy is picking up steam, the recovery in Brazil is shaky. Once again, expectations for Russia have deteriorated: as a result of the geopolitical tensions over Ukraine and the low price of oil, the country has slipped into a recession that threatens to trigger a foreign exchange crisis. The state of alert in the Middle East and North Africa remains high owing to developments in Syria and Libya, which could trigger lasting changes in regional and global balances, with consequent uncertainty that could impact the global macroeconomic environment.

Industrial and environmental risks

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business.
Industrial and environmental risks are managed by the Global Generation business line using statistical modeling techniques, which assess risks in probabilistic and monetary terms for each plant/grid/project. In addition to typically industrial risk models (business interruption, operation and maintenance), Enel has developed models to measure disaster risks linked to seismic events, a model for assessing fire risks and environmental models to assess the exposure of each plant to risks involving all possible segments of the environment, such as the air, water, land and underground. All of this is done with the objective of identifying the most critical areas and preparing appropriate instruments to safeguard the industrial value of plants.
During 2014, Enel developed an assessment model for industrial and environmental risks for the Upstream Gas area. In addition, we also conducted exercises to assess risks associated with the operation of the distribution networks managed by the Infrastructure and Networks business line.
In order to mitigate such risks, the Group adopts leading prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and recourse to international best practices.
Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution, that may occur during the production and distribution of electricity and gas.
As part of its strategy of maintaining and developing its cost leadership in the markets in which it has generation operations, the Group is involved in numerous projects for the development, improvement and reconversion of its plants. These projects are exposed to the risks commonly associated with construction activities, which the Group mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.
New risk assessment models were also developed for project risk management, which enable the Group, as part of its capital intensive initiatives, to measure the quantitative and statistical aspects of postponements of the commercial operation date and the potential increase in investment costs due to the associated risks, including those posed by environmental factors.
With regard to nuclear power generation, Enel operates in Slovakia through Slovenské elektrárne and in Spain through Endesa. In relation to its nuclear activities, the Group is exposed to operational risk and may face additional costs because of, *inter alia*, accidents, safety violations, acts of terrorism, natural disasters, equipment malfunctions, malfunctions in the storage, movement, transport and treatment of nuclear substances and materials. In the countries where Enel has nuclear operations, specific laws based on international conventions require operators to obtain insurance coverage for liability for risks associated with the use and transport of nuclear fuel, with coverage ceilings and other terms and conditions set by law. Other mitigating measures have been taken in accordance with international best practices.

Outlook

In order to compete effectively in the macroeconomic environment of today and tomorrow and, at the same time, seize new business opportunities in the energy industry, the Enel Group is shifting to a new industrial strategy based on four key pillars: i) achieving high levels of operating efficiency through the optimal management of the costs and maintenance capex of our assets; ii) reviving the Group's "industrial" growth with a sharp increase in growth capex; iii) actively managing our portfolio with a view to creating value; and iv) the Group's new dividend policy. The Enel Group's new business plan therefore sets out the priorities and action plans necessary to pursue these objectives. In order to boost operating efficiency, we will leverage our new global business lines in order to share internal best practices for optimizing operating expenses and managing assets efficiently. The new path to industrial growth will be sustained by major investment in promising growth markets and businesses, beginning with renewables, by expanding our positioning in areas where we are already operating, such as in Latin America, and entering new countries, partly with a view to subsequently positioning ourselves in other businesses. Other growth areas will include managing new smart distribution grids and expanding our range of value-added products and services in retail markets. The active management of our portfolio will be targeted at the disposal of non-strategic assets and subsequent reinvestment of the proceeds in order to create value and rationalize the Group structure. Finally, Enel has decided to introduce a new dividend policy, which lends certainty to the pay-out in the short term and creates scope for substantial growth in the medium to long term.

The Group has a unique presence in the world utilities market, thanks both to its size in absolute terms and its highly diversified base of generation technologies. In addition, we have established a well-balanced position along the entire value chain and are extremely well diversified geographically. Our new organizational structure will enable management to exploit these strengths effectively, expanding our sources of value creation more rapidly and more incisively in the highly turbulent and diversified evolution of the global environment in which we operate.

On the basis of the key factors outlined above, the targets set out in the business plan are reported below.

		2015	2016	2017	CAGR 2015-2019
Recurring EBITDA	Billions of euro	~15.0	~15.0	~15.6	~3%
Net ordinary income	Billions of euro	~3.0	~3.1	~3.4	~10%
Minimum dividend	euro/share	0.16	0.18		~17%
Pay-out	%	50	55	60	
Operating cash flow/Net financial debt	%	21	24	27	~9%

		2015-2019
Gross capex	Billions of euro	34.0
Cash flow from operations	Billions of euro	~49.5
Free cash flow	Billions of euro	~15.5
Net free cash flow (after dividends)	Billions of euro	~1.5

Other information

Non-EU subsidiaries

At the date of approval by the Board of Directors of the financial statements of Enel SpA for 2014 – March 18, 2015 – the Enel Group meets the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" (hereinafter "non-EU subsidiaries") established by CONSOB with Article 36 of the Market Rules (approved with Resolution 16530 of June 25, 2008, as amended).

Specifically, we report that:

> in application of the materiality criteria for the purposes of consolidation provided for in Article 36, paragraph 2, of the CONSOB Market Rules, 17 non-EU subsidiaries of the Enel Group have been identified to which the rules in question apply on the basis of the consolidated accounts of the Enel Group at December 31, 2013.
They are: 1) Ampla Energia e Serviços SA (a Brazilian company belonging to the Endesa Group); 2) Chilectra SA (a Chilean company belonging to the Endesa Group); 3) Compañía Distribuidora y Comercializadora de Energía - Condensa SA ESP (a Colombian company belonging to the Endesa Group); 4) Companhia de Interconexão Energética SA - CIEN (a Brazilian company belonging to the Endesa Group); 5) Compañía Eléctrica do Tarapacá SA - Celta (a Chilean company belonging to the Endesa Group); 6) Companhia Energética do Cearà - Coelce SA (a Brazilian company belonging to the Endesa Group); 7) Edegel SA (a Peruvian company belonging to the Endesa Group); 8) Emgesa SA ESP (a Colombian company belonging to the Endesa Group); 9) Empresa de Distribución Eléctrica de Lima Norte - Edelnor SAA (a Peruvian company belonging to the Endesa Group); 10) Empresa Distribuidora Sur - Edesur SA (an Argentine company belonging to the Endesa Group); 11) Empresa Nacional de Electricidad - Endesa Chile SA (a Chilean company belonging to the Endesa Group); 12) Endesa Brasil SA (a Brazilian company belonging to the Endesa Group); 13) Enel Green Power Chile Limitada (a Chilean company belonging to the Enel Green Power Group); 14) Enel Green Power North America Inc. (a US company belonging to the Enel Green Power Group); 15) Enel Kansas LLC (a US company belonging to the Enel Green Power Group); 16) Enersis SA (a Chilean company belonging to the Endesa Group); and 17) Enel Russia (a Russian subsidiary of Enel Investment Holding BV);

> the balance sheet and income statement for the 2014 financial statements of the above companies included in the reporting package used for the purpose of preparing the consolidated financial statements of the Enel Group will be made available to the public by Enel SpA (pursuant to Article 36, paragraph 1a) of the CONSOB Market Rules) at least 15 days prior to the day scheduled for the Ordinary Shareholders' Meeting called to approve the 2014 financial statements, together with the summary statements showing the essential data of the latest annual financial statements of subsidiaries and associated companies (pursuant to the applicable provisions of Article 77, paragraph 2-*bis*, of the CONSOB Issuers Regulation approved with Resolution 11971 of May 14, 1999, as amended);

> the articles of association and composition and powers of the control bodies from all the above subsidiaries have been obtained by Enel SpA and are available in updated form to CONSOB where the latter should request such information for supervisory purposes (pursuant to Article 36, paragraph 1b) of the CONSOB Market Rules);

> Enel SpA has verified that the above subsidiaries:
- provide the auditor of the Parent Company, Enel SpA, with information necessary to perform annual and interim audits of Enel SpA (pursuant to Article 36, paragraph 1 c-i) of the CONSOB Market Rules);
- use an administrative and accounting system appropriate for regular reporting to the management and auditor of the Parent Company, Enel SpA, of income statement, balance sheet and financial data necessary for preparation of the consolidated financial statements (pursuant to Article 36, paragraph 1 c-ii) of the CONSOB Market Rules).

Approval of the financial statements

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

Disclosures on financial instruments

The disclosures on financial instruments required by Article 2428, paragraph 2, no. 6-*bis* of the Civil Code are reported in note 31 "Financial instruments", note 32 "Risk management", note 33 "Derivatives and hedge accounting" and note 34 "Fair value measurement" to the separate financial statements of Enel SpA.

Transactions with related parties

For more information on transactions with related parties, please see note 35 to the separate financial statements of Enel SpA.

Own shares

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

Atypical or unusual operations

Pursuant to the CONSOB Notice of July 28, 2006, Enel did not carry out any atypical or unusual operations in 2014.
Such operations include transactions whose significance, size, nature of the counterparties, object, method for calculating the transfer price or timing could give rise to doubts concerning the propriety and/or completeness of disclosure, conflicts of interest, preservation of company assets or protection of minority shareholders.

Subsequent events

Significant events following the close of the year are discussed in note 50 to the consolidated financial statements.

Sustainability

How we operate

At Enel, sustainability is a strategic, integrated part of business management, development and growth with a view to creating value over the medium to long term, both for the Company and for all of our stakeholders.

For the first time under Enel's new organizational structure, a specific Innovation & Sustainability unit reports directly to the Chief Executive Officer so as to underscore the fact that these two areas of activity make an integral contribution to creating a new model of business and competitiveness for the Company. At the country level, we have also appointed sustainability managers, who report directly to the country manager in order to implement the Group's strategy guidelines and policies at the local level and to develop the sustainability projects and other activities specific to each area.
It is a model aimed at achieving an increasing level of integration of sustainability within our business and related strategies by defining true support mechanisms and ensuring periodic disclosures as well as communications within the Company.

This model is fully in line with the indications of the United Nations Global Compact, of which Enel has been an active member since 2004, reiterating the importance of an increasing integration of sustainability within a company's strategic decision-making processes. A specific training program, the Global Compact Board Programme, involving a number of international experts as facilitators of dialog with boards of directors, is currently under way. Enel was one of the first organizations in the world to have participated in the pilot phase of the program, and the first training session with the Group's Board of Directors was held in November 2014.

Integration of sustainability into business processes is based on, and further extends, the experience gained within the Group in developing models of operations (for Business Development, Engineering & Construction, and Operation & Maintenance) aimed at creating shared, inclusive value over the medium to long term.
Indeed, the efficiency and efficacy of business processes, during both development and operations, depend significantly on the creation of stable, constructive relationships with the various stakeholders as well as on the ability to become a synergistic part of the community while preventing and managing any socio-environmental impact.
Framing this entire process are the principles of ethics, transparency, anti-corruption, human rights and safety that have always been a distinctive feature of Enel's operations and which are a part of policies and standards of conduct that are applicable throughout the Group.

In 2012, in recognition of the latest international trends and innovations, Enel began a process of identifying and assessing the interests and expectations of the various stakeholders and integrating them into business strategy in accordance with the procedures and processes through which the Company is meeting their expectations (i.e. the materiality analyses). The union of these two points of view will make it possible to identify the issues that, due to their relevance and significance, are of central importance to both Enel and our stakeholders and to then verify the degree of alignment or misalignment between external expectations and internal relevance. Within such context, stakeholder-engagement efforts are to be strengthened in 2015 in order to understand and monitor the needs and expectations of the various stakeholders.

These efforts are the starting point from which to define and develop the priorities that the Group intends to pursue over the coming years and to set specific targets and objectives.
The 2015-2019 sustainability plan focuses on the following areas of commitment:

- creating economic and financial value;
- governance and transparency;
- natural resources, climate and the environment;
- development of human resources;
- access to energy;
- shared value and responsible relationships with the communities;
- programs and other initiatives for customers and suppliers;
- health and safety.

Enel undertakes to constantly manage and measure sustainability performance by using and developing mechanisms that allow for an integrated, standardized system of projects and information that are kept constantly up to date based on developments in the scope of operations and relevant standards, while promoting the sharing of best practices and experience.

With a view towards increasing transparency towards our stakeholders, the Group monitors and actively participates in the development of new frontiers in reporting towards integrated communication of performance, both financially and in other areas. For example, we have contributed to defining the G4 guidelines of the Global Reporting Initiative (GRI) and have contributed to the pilot program of the International Integrated Reporting Council (IIRC), and we will also be supporting the GRI in defining the project "Reporting 2025" in order to promote international dialog on the future of sustainability reporting.

The reporting process involves collecting and calculating specific key performance indicators of economic, environmental and social sustainability, in accordance with the GRI international standards and the Electric Utility Sector Supplement (EUSS), as well as with the principles of accountability of the United Nations Global Compact.

Projects, activities, performance and the other main results are presented in Enel's Sustainability Report, which this year also includes the Environmental Report, the completeness and reliability of which are verified by an accredited external auditing firm, by the Control and Risk Committee, and by the Corporate Governance Committee. The document is then approved by the Enel SpA Board of Directors before being presented to the shareholders.

The report is also analyzed by socially responsible investment funds, which continue to increase in number. As of December 31, 2014, 134 socially responsible investors held shares in Enel capital (vs. 117 in 2013) for a total interest held of 5.9% in Enel shares in circulation (vs. 5.5% in 2013), equal to 8.6% of the float (vs. 8% in 2013).

For the eleventh straight year, Enel's commitment in this regard has been recognized by being included in the Dow Jones Sustainability Index, a market benchmark which includes the world's leading companies that meet strict economic, social and environmental criteria.
In 2014, we were also included in the selective Dow Jones Sustainability World index and earned the prestigious Gold Class recognition for sustainability in the 2015 RobecoSAM Sustainability Yearbook, a publication now in its twentieth edition and which assesses the sustainability performance of the world's leading corporations. Enel is one of only three Gold Class organizations in the Electric Utility segment and one of only four Italian Gold Class corporations.
For the first time, Enel has also been included in the STOXX Global ESG Leaders and is one of the utilities in the prestigious CDP Italy Climate Disclosure Leadership index for 2014 as a leader in terms of the quality, thoroughness and transparency of our climate-change data.
Finally, Enel was again included in the FTSE4Good index, which measures environmentally sustainable corporate practices, relations with stakeholders, respect for human rights, the quality of working conditions and tools that companies employ to fight corruption.

The four pillars of corporate ethics

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

Code of Ethics

Adopted in 2002, the Code of Ethics is an expression of our ethical responsibilities and commitments in doing business and in all company activities, while also guiding and standardizing company conduct based on the utmost transparency, respect and fairness towards all stakeholders. The Code is binding for all Enel employees and collaborators throughout the Group and takes account of the cultural, social and economic diversity of the various countries in which we operate. All of the companies in which Enel has an equity interest and the Group's major suppliers are also required to adhere to the general principles contained therein. Any stakeholder can report a violation or suspected violation of the Code of Ethics through dedicated channels.

Compliance Model (Legislative Decree 231/2001) - "Model 231"

The Compliance Model pursuant to Legislative Decree 231/2001 (which was revised in 2014 in response to the introduction of new crimes envisaged under applicable law) supplements the rules of content found in the Code of Ethics and is aimed at preventing the risk of the commission of the crimes specified under the Decree, including those of corruption in both the public and private sectors. The principles found in the model extend to all of the Group's foreign subsidiaries through the adoption of specific guidelines.

Zero-Tolerance-of-Corruption Plan

The Zero-Tolerance-of-Corruption (ZTC) Plan supplements both the Code of Ethics and the Compliance Model and reinforces our commitment to combatting corruption while promoting the implementation of the recommendations regarding the related principles defined by Transparency International. The plan was adopted in 2006 as a concrete move marking Enel's participation in the Global Compact (a 2000 UN program of action) and the Partnering Against Corruption Initiative (PACI) promoted by the World Economic Forum in Davos in 2005.

Policy on Business and Human Rights

In order to give effect to the guidelines of the UN Forum on Business and Human Rights, in 2013, the Board of Directors of Enel SpA approved the Human Rights Policy, which was subsequently extended to all of the Group's subsidiaries. In line with the Code of Ethics, this policy sets out the commitments and responsibilities in respect of human rights on the part of the employees of Enel SpA and its subsidiaries, whether they be directors or employees in any manner of those companies. Similarly, with this formal commitment, Enel explicitly becomes a promoter of the observance of such rights on the part of contractors, suppliers and business partners as part of its business relationships.
Within the scope of the due diligence in respect of human rights, we also launched the risk-assessment process aimed at identifying the main risks in the area of human rights that the Company may encounter in the course of operations in various countries and through relations with third parties in general.

Net efficient capacity by primary energy source

MW

	2014	2013 restated	Change	
Net efficient thermal capacity:				
- coal	17,048	17,277	(229)	-1.3%
- CCGT	16,112	16,071	41	0.3%
- fuel oil/gas	21,018	22,592	(1,574)	-7.0%
Total	**54,178**	**55,940**	**(1,762)**	**-3.1%**
Net efficient nuclear capacity	**5,132**	**5,132**	**-**	**-**
Net efficient renewable capacity:				
- hydroelectric	29,653	29,836	(183)	-0.6%
- wind	5,774	5,163	611	11.8%
- geothermal	833	795	38	4.8%
- biomass and co-generation	100	120	(20)	-16.7%
- other	442	258	184	71.3%
Total	**36,802**	**36,172**	**630**	**1.7%**
Total net efficient capacity	**96,112**	**97,244**	**(1,132)**	**-1.2%**

Net efficient capacity by geographical area

MW

	2014	2013 restated	Change	
Italy	**36,823**	**39,277**	**(2,454)**	**-6.2%**
Iberian peninsula	23,549	23,556	(7)	-
Latin America	18,300	16,764	1,536	9.2%
Russia	9,107	9,107	-	-
Slovakia	4,968	5,399	(431)	-8.0%
North America	2,083	1,683	400	23.8%
Romania	534	534	-	-
Belgium	406	406	-	-
Greece	290	290	-	-
France	-	186	(186)	-
South Africa	10	-	10	-
Bulgaria	42	42	-	-
Total net efficient capacity	**96,112**	**97,244**	**(1,132)**	**-1.2%**

Net electricity generation by primary energy source

GWh

	2014	2013 restated	Change	
Net thermal generation:				
- coal	81,991	81,212	779	1.0%
- CCGT	37,395	39,478	(2,083)	-5.3%
- fuel oil/gas	29,654	29,312	342	1.2%
Total	**149,040**	**150,002**	**(962)**	**-0.6%**
Net nuclear generation	**39,182**	**40,516**	**(1,334)**	**-3.3%**
Net renewable generation:				
- hydroelectric	74,315	72,671	1,644	2.3%
- wind	14,054	12,231	1,823	14.9%
- geothermal	5,954	5,581	373	6.7%
- biomass and co-generation	166	497	(331)	-66.6%
- other	390	281	109	38.8%
Total	**94,879**	**91,261**	**3,618**	**4.0%**
Total net electricity generation	**283,101**	**281,779**	**1,322**	**0.5%**

Net electricity generation by geographical area

GWh

	2014	2013 restated	Change	
Italy	**71,824**	**71,201**	**623**	**0.9%**
Iberian peninsula	74,040	73,231	809	1.1%
Latin America	64,753	65,276	(523)	-0.8%
Russia	42,376	41,901	475	1.1%
Slovakia	20,550	21,343	(793)	-3.7%
North America	6,674	5,360	1,314	24.5%
Romania	1,268	1,080	188	17.4%
Belgium	690	1,373	(683)	-49.7%
Greece	488	566	(78)	-13.8%
France	347	362	(15)	-4.1%
South Africa	8	-	8	-
Bulgaria	83	86	(3)	-3.5%
Total net electricity generation	**283,101**	**281,779**	**1,322**	**0.5%**

Other generation ratios

	2014	2013 restated	Change	
Generation from renewable resources (% of total)	33.5	32.4	1.1	3.5%
"Zero-emission" generation (% of total)	47.4	46.8	0.6	1.3%
ISO 14001-certified net efficient capacity (% of total)	94.3	93.9	0.4	0.4%
Average efficiency of thermal plants (%)	40.3	39.8	0.5	1.3%
Specific emissions of CO_2 from net generation (gCO_2/kWh_{eq}) (1)	395	396	(1)	-0.3%
Specific water consumption (l/kWheq)	0.64	0.64	-	-

(1) Specific emissions are calculated as total emissions from simple thermal generation and co-generation of electricity and heat as a ratio of total renewables generation, nuclear generation, simple thermal generation and co-generation of electricity and heat (including the contribution of heat in MWh equivalent).

Customers by geographical area

Average no.

	2014	2013 restated	Change	
Electricity:				
- Italy	27,207,897	27,819,881	(611,984)	-2.2%
- Latin America	14,633,393	14,252,906	380,487	2.7%
- Iberian peninsula	11,290,283	11,376,287	(86,004)	-0.8%
- Romania	2,670,892	2,663,728	7,164	0.3%
- other countries	5,985	5,841	144	2.5%
Total electricity customers	**55,808,450**	**56,118,643**	**(310,193)**	**-0.6%**
Natural gas:				
- Italy	3,470,692	3,245,996	224,696	6.9%
- Spain	1,205,463	1,214,038	(8,575)	-0.7%
Total natural gas customers	**4,676,155**	**4,460,034**	**216,121**	**4.8%**

Safety rates

No.

	2014	2013 restated	Change	
Enel injury frequency rate	**1.32**	**1.43**	**(0.11)**	**-7.8%**
Enel injury severity rate	**0.07**	**0.07**	**-**	**-**
Enel serious and fatal injuries				
Serious injuries (1)	1	7	(6)	-85.7%
Fatal injuries	3	6	(3)	-50.0%
Total	**4**	**13**	**(9)**	**-69.2%**
Serious and fatal injuries at contractors				
Serious injuries (1)	22	16	6	37.5%
Fatal injuries	16	10	6	60.0%
Total	**38**	**26**	**12**	**46.2%**

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

Other rates

No.

	2014	2013 restated	Change	
Average hours of training per employee	42.3	40	2.3	5.8%
Verified violations of the Code of Ethics (1)	27	36	(9)	-25.0%

(1) In 2014, an analysis was performed of violations reported in 2013. As a result, the number of verified violations for 2013 was reclassified from 27 to 36.

Creating value for stakeholders

Enel's stakeholders are individuals, groups or institutions whose contribution is needed to achieve its mission or who have a stake in its pursuit.
The economic value created and shared by Enel gives a good indication of how the Group has created wealth for the following stakeholders: shareholders, lenders, employees and government.

Millions of euro

	2014	2013 restated (1)
Revenue	75,791	78,663
Income/(expense) from commodity contracts measured at fair value	(225)	(378)
External costs	53,390	55,213
Gross global value added from continuing operations	**22,176**	**23,072**
Gross value added from discontinued operations	**-**	**-**
Gross global value added	**22,176**	**23,072**
distributed to:		
shareholders	1,222	1,410
lenders	3,007	2,886
employees	4,864	4,555
government	654	4,120
enterprises	12,429	10,101

(1) 2013 figures have been restated to reflect the amendment, with retrospective effect, of IFRS 11.

Towards sustainable innovation

Innovation is a key part of Enel's strategy and culture of enterprise, and we have always been committed to adopting cutting-edge models, methods and technologies in order to provide our customers with excellent service quality. This drive for innovation touches all areas of the value chain, from conventional power generation to renewable energy and including smart grids and energy efficiency.

In 2014, the Enel Group invested €74 million in research and innovation across the various areas of business.

In order to find, develop and take advantage of the best solutions available, Enel has recently adopted an open-innovation approach that enables us to get the best out of both our technological capabilities and other opportunities coming from the innovation ecosystem as a whole, while involving multiple actors both inside and outside the organization.

Various projects have been launched, such as the Eidos Market crowdsourcing platform, which is open to all employees of the Group and has thus far collected over 4,000 ideas, as well as the initiative "Join the Race to the Clean Energy Future", launched by Enel Green Power, and "Endesa 2244", both aimed at the diverse world of innovators.

In 2014, Enel was named one of Europe's top five firms in "Technology Intelligence" by the German Fraunhofer Institute, which selected Enel out of 207 European companies in recognition of our organization, methods and tools of technology intelligence and innovation.

Renewable energy

Renewable energy is one of Enel's key strategies for reducing CO_2 emissions and, at the same time, for making our production portfolio more competitive. There is great growth potential in terms of installed capacity, and intensive efforts are under way to develop increasingly efficient, effective technologies that can be used in a variety of contexts around the world. For this reason, Enel is active in all of the leading renewable generation technologies, and we are identifying technologies that can help to take advantage of resources that are currently not being used, such as the energy of the sea.

In October 2014, Enel Green Power, together with the French firm DCNS, was selected by the Chilean Organization for Economic Development (*Corporación de fomento de la Producción* - CORFO) to create an international center of excellence for marine energy, known as the Marine Energy Research and Innovation Center (MERIC).

In the area of solar energy, the technology partnership with Innova Solar Energy, a company active in the solar and thermodynamic segments and specialized in concentrator systems, has reached maturity, and the Trinum machines – small-scale concentrating cogeneration thermodynamic solar systems – have been successfully installed in Italy, Chile and Brazil.

In 2014, Enel's know-how in geothermal technology was focused on developing diagnostics to improve reliability and reduce the operating and maintenance costs of existing AMIS (*Abbattimento Mercurio e Idrogeno Solforato* - "Mercury and Hydrogen Sulfide Abatement") systems for the treatment of non-condensable gases, of power generation systems, and of systems for the treatment of steam prior to entering the plant. Work was also done to support the start-up of the first hybrid solar-geothermal plant at the Stillwater site (Nevada, USA), including the development of models and taking advantage of experience gained at the Archimede plant.

Energy storage

Energy storage is a key aspect in ensuring the high-quality, safe management of power grids that feature a high degree of discontinuous, intermittent generation from renewable resources. In Italy, we launched the project "Active RES into the grid", including partnerships with international leaders in order to test their electrochemical storage technologies on their own systems. More specifically, three storage systems are to be installed at two wind farms and one photovoltaic plant connected to the medium-voltage grid, the latter of which was completed in 2014. The purpose of the project is to test advanced energy management functions in order to minimize intermittence and maximize the use of existing connections. During the year, an energy storage system was also installed in the Chilean village of Ollagüe at an off-grid hybrid wind-photovoltaic plant with a diesel backup generator. In this case, the system will be able to provide the village with a constant supply of electricity, while also covering around 85% of the needs of its inhabitants by way of renewable energy.

Smart grids and distributed generation

Enel is a leading player, both within Italy and internationally, in numerous initiatives working towards innovations in

energy distribution systems in order to continue increasing grid efficiency. The most significant projects and initiatives currently under way concern "smart grids", which add innovative digital solutions to traditional technologies in order to make power grid management more flexible by increasing the efficacy of how information is gathered.
One of the most immediate applications of these smart grids is their integration with renewable energies, which helps to achieve the environmental targets set by the European Community. Throughout Europe, Enel works to share best practices and participates in defining long-term strategies for the mass introduction of smart-grid technology into European power grids.
In Italy, we have completed the demonstration called for under the Isernia-Carpinone project, aimed at applying innovative solutions to improve both grid efficiency and the quality of service provided to our customers. Enel is also responsible for technical directions for the European project Grid4EU, which encompasses six different projects in various nations and has the goal of conducting wide-scale testing under real operating conditions of advanced smart grids aimed at promoting the use and management of distributed power generation, supporting energy efficiency, and enabling and integrative active demand and new uses of electricity. Various smart-grid projects are also under way in Spain and Latin America, including the ICONO project for the development of functions for monitoring distributed power generation, automating the network, and improving operating efficiency, reliability and safety.
The innovative technologies and skills developed by the Enel Group have enabled us to promote the concept of "smart cities" in various parts of the world, uniting environmental protection, energy efficiency and economic sustainability within a single urban model.
In Italy, the first pilot projects are under way in Genoa, Bari, Cosenza and L'Aquila, where Enel is supporting the local town councils. Enel is also active in smart-city projects being funded at the European level. In 2014, work continued on the creation and development of smart cities in Santiago, Chile, and Búzios, Brazil.
In Brazil, we completed the installation of a new prototype of the Triangle-based Omni-purpose Building (TOB), which is to be used as the front office for the development of micro-credit for the local population. Based on a design that Enel has patented internationally, the TOB uses both photovoltaic modules and storage systems and is able to provide a variety of services to the local population depending on the method of use.

The Enel Group is also greatly committed to a number of projects in various countries to create an innovative, technologically advanced network of smart infrastructures to recharge electric vehicles, so as to promote the use of these vehicles and favor more sustainable mobility. In Italy, we completed work in 2014 regarding an alternating-current charging solution, and we created the first multi-standard rapid charging station, which integrates three smart meters and can thereby charge three vehicles at the same time.

End uses and energy efficiency

In order to contribute to energy efficiency and the European long-term (2030-2050) targets for CO_2 reduction, Enel is developing innovative technologies and new electricity services for customers, in order to optimize and rationalize energy consumption. The customer becomes the protagonist with the use of electronic support tools that make consumption transparent, while incentivizing active involvement in the energy market and promoting a rational use of energy, thereby bringing benefits for environmental sustainability and for the system as a whole, as it becomes more accessible and more reliable.
In this regard, the Enel Info+ Isernia pilot project began in 2012 and came to a close in 2014. This project featured testing of Enel smart info for the first time on a wide scale. This device gives customers easy access to meter data regarding their energy consumption and generation, thereby promoting greater awareness of consumption habits and the adoption of more efficient behavior. From 2012 to 2014, around 6,000 kits were distributed to low-voltage users in the province of Isernia. The experience demonstrated the efficacy of smart info in the pursuit of energy efficiency and made it possible to identify new functions and improvements for the technology, which were implemented in 2014.
Enel Energia is developing its own solution for the Connected Home, which will be able to analyze consumption. As a part of these efforts, Enel is turning to partners who are experts in non-intrusive load-monitoring (NILM) algorithms in calculating the consumption of individual home appliances. In 2014, the first project to enable the monitoring of home consumption, "*Come Consumo*" (How I Consume), featured the start of testing with 80 electricity customers in order to determine the impact of the devices in monitoring consumption habits.
Various projects are also under way in Spain and South America, including:
> "Energrid", for the development of low-cost sensor pro-

totypes for smart energy management based on analysis and control, via the internet, of power generation and energy consumption;

> "Greenmomit", for the development and testing of a thermostat and low-cost satellite devices to integrate into the Endesa multi-service platform that can increase home energy efficiency;

> "Multi-Service Platform", with the goal of giving customers easy access to energy-consumption information, specifying the various uses, and information as to how to optimize consumption, in addition to receiving other services to help them in the day-to-day management of the home or office.

Conventional power generation

With regard to improving the operating versatility of our power plants, Enel is engaged in a number of projects aimed at ensuring and constantly improving performance and conversion efficiency. In 2014, in order to achieve these objectives, we focused on fine-tuning low-cost techniques to reduce nitrogen oxide emissions, while also developing tools for the monitoring, diagnostics, and control of gas and coal-fueled thermal plants in order to optimize operations, reduce consumption and emissions, and optimize maintenance.

We are also studying new technologies that can increase plant reliability under more flexible operations and extend the range of fuels that can be used in existing power plants. In terms of containing emissions, in 2014 we worked to characterize the emission of macro- and micro-pollutants on high-efficiency exhaust-treatment systems with the goal of assessing the room for improvement and performance over time.

Over the last year, Enel consolidated the organization's capabilities and focused on developing processes and technologies that are able to reduce and optimize water consumption at the Group's thermal power plants, and we continued working on projects related to advanced automation and diagnostics.

Customers

The leadership of a company such as Enel, which serves over 60 million electricity and gas customers, necessarily involves great attention both to the customer and to service quality, aspects that concern more than just the provision of electricity and/or natural gas, extending, above all, to intangible aspects of our service that concern the perception and satisfaction of our customers. A great many initiatives to digitalize our services are under way in various countries (new web sites as well as apps, social networking, etc.).
We have also launched programs and other initiatives for people with disabilities in order to ensure the effective communication of important information to our customers.

In 2014 in Italy, we implemented offerings for the sale of high-performance, energy-efficient turnkey products, while promoting the development of more efficient technologies, which has had a positive impact on related areas and has provided customers with significant savings compared with the previous generation of technology while also leading to a reduction in environmental impact. In particular, the offering of LED lighting launched in May 2014 by Enel Energia has contributed to disseminating new LED technology by promoting the replacement of existing light bulbs in the home and providing customers with savings on the consumption of energy.
In 2014, various awareness campaigns were also carried out in order to make information easier to understand related to both sales and management.
In addition, the launch of "*bolletta zoom*", a dynamic version of the online utility bill, has enabled us to present billing information to our customers in a more intuitive, interactive manner.
The attention we have dedicated to issues related to service quality can also be seen in the numerous customer satisfaction surveys conducted for the free and enhanced protecion electricity markets and the gas market, both residential and business, which, in 2014, involved over 90,000 interviews conducted by specialized outsourcers.
Our customer service channels are also subject to rigorous evaluations each year by an external certifying body, and in 2014 Enel Energia and Enel Servizio Elettrico obtained confirmation of their ISO 9001 certification with no non-compliance being reported for the "Punto Enel" offices, the contact centers or the online channels.
The 100% Compliance project also continued. This project involves a team of specialists in the field of service quality and seeks to monitor and improve the quality of the responses sent to customers who write to our sales companies with complaints, requests for billing adjustments, or simply to request information. In 2014, in order to improve the quality of our response to complaints, we launched the project "Full Quality", which involves phoning our customers to notify them that their request is being handled, followed by a written reply and a follow-up phone call to inform them that the reply has been sent. With the satisfaction noted with these customers, we have seen an improvement in the perception of quality, and the customers have expressed their appreciation for the attention received.
Enel was also the first energy company in Italy or in Europe to implement joint-conciliation procedures with consumer associations in order to resolve disputes of a commercial nature. This process is entirely free of charge and takes place via an online platform, thereby making it possible to quickly resolve any issues out of court with the Enel companies that conduct sales in Italy, i.e. Enel Energia and Enel Servizio Elettrico.

In order to provide our customers with the best support possible, since 2003, in Spain and Portugal, Endesa has adopted a *Plan de Excelencia en la Atención Comercial* (the Excellence in Customer Service Plan), which seeks to improve customer satisfaction indicators year after year. In 2014, efforts under the plan focused on improving the quality of customer service (both via phone and in person) and on operating procedures, and we have developed a project aimed at getting to know the customer better, so that we can adapt to their needs both better and more quickly.
Use of the web site "www.endesaonline.com" saw significant growth of around 30% over 2013, as did the online billing service.
For many years, Endesa has also provided an ombudsman service, which is independent from the company's organization and provides customers with another channel for dialog concerning the services the company provides. The ombudsman interacts with both internal and external contacts and recommends new ways for identifying the customers' needs and expectations, as well as ways for improving the company's customer services.

In Latin America, in order to improve customer service quality and handle their various needs, we launched numerous projects in 2014.

In Argentina, there is the project "*Oficinas moviles*" (mobile offices), which makes it possible to reach customers even in very rugged areas or where there is no other service office. We have also opened a new phone center to handle customer calls and have developed a web site that makes it possible to serve customers 24 hours a day, 365 days a year.
In Colombia in 2014, in order to further develop the service culture, work continued on the program "*A tu lado*", which features various ways of contacting and managing customers and meeting their needs in various locations (in their neighborhood, in shopping centers, etc.), while promoting the efficient, safe use of energy.
In Chile, work continued on development of the program "*Vínculo Emocional con el Cliente*" (VEC), which seeks to strengthen the customer relationship through various loyalty programs. In 2014 in particular, we launched the project "*Chilectra Contigo*" in order to increase customer-service channels to include the use of mobile offices in high-traffic areas.
In Peru, we have developed "FONOEMPRESA", a fast, efficient telephone support service that has made it possible to handle an average of 1,000 calls per month with large-scale customers while providing fast, personalized service.
In Brazil, the project "*Hora del cliente*" has the goal of increasing the awareness and sensitivity of customer relationship managers as to their customers' needs and desires. Two events, "*Ampla Invita*" and "*Coelce Invita*", were also organized for government and other large-scale accounts in order to share experiences and strengthen ties.

In Romania, the "Enel Kiosk" initiative is enabling customers to access public digital kiosks in order to submit meter readings, view invoices, and download forms. It is also a way of saving time and paper, protecting the environment and, above all, meeting the customers' needs in terms of ease of use, while also increasing their level of satisfaction.
We have also launched "Enel Assistance", the first value-added service system in the Romanian energy market to provide residential customers the ability to easily manage system failures in their homes by accessing a national network of professionals that can provide service and repairs 24 hours a day.

Society

The intrinsic nature of the electricity business, in which power plants and distribution networks are built to last several decades and the service provided is an essential part of social and economic development, requires that we establish a lasting relationship with the communities in which we operate. Enel can make a concrete contribution to social and economic development in these communities through various types of initiatives, such as the expansion of infrastructures, education and training programs, projects of social inclusion, and support for local cultural and economic activities. Enel specifically develops projects and other initiatives of social responsibility, which are selected by way of analyses of materiality, detailed peer benchmarking, and studies of trends in sustainability, while also adapting to the needs of the various countries in which we operate, whether they have mature or emerging economies.
The areas of development that have been given the highest priority concern: access to energy and eliminating the barriers to entry for low-income consumers; implementing the program to support high-quality education and employability training, particularly in emerging nations; and projects of social inclusion and in support of economic development in the areas in which the Enel Group operates.

Responsible relations with the communities

Strengthening the Group's leadership necessarily involves forging a responsible partnership with the local communities and areas which host our power plants and other activities, credibility in relations with the governments and authorities in the countries in which Enel operates and a stable, ongoing and integrated relationship with all stakeholders, based on trust and respect for shared values.
This constant interaction with the local communities is at the heart of Enel's relationship with them. In order to maintain constructive exchange and involvement in managing Enel's impact on the local communities, it is necessary, first of all, for those communities to be more aware of the Group's activities. This is the reasoning behind all of our initiatives aimed at bringing the general public closer to the world of energy, such as publications about our projects, tours of our plants, speaking opportunities at cultural and scientific events, informational videos, the publication of information about our work sites, the *Natura e Territorio* (Nature and the Territory) programs to promote sports and recreation, cultural itineraries and nature walks around our plants, and all of the other initiatives to promote our industrial heritage.
For example, Enel introduces young people to the world of energy, helping them understand the sources of energy, generation plants and the path electricity takes to get to their home, and increasing their awareness of energy savings,

thereby nudging the younger generations towards more sustainable behavior. Energy, science, technology, environment: these are the key works of the "PlayEnergy" initiative, a free project combining entertainment and education that Enel has been organizing for the last 12 years in schools in 10 different countries, all with the goal of disseminating a responsible energy culture among young people, starting with knowledge to enable responsible decision-making. This commitment is renewed each year, involving thousands of students of all ages with the use of on- and off-line materials and local initiatives.
The various efforts under way include the programs we are developing in Latin America to provide communities with the tools and capabilities they need for their members to be better able to enter the job market (especially in energy-related fields), including through partnerships with schools.

Enabling electricity

Currently, there are about 1.3 billion people in the world that have no access to electricity and over 2 billion are being served by inadequate infrastructures or are unable to pay for their utilities due to financial hardship. Given this context, the fight against energy poverty is the focus of one of the United Nations Millennium Development Goals, as reaffirmed by the UN General Assembly, which unanimously declared the period 2014-2024 as the Decade of Sustainable Energy for All.
Within this context, as a member of the United Nations Global Compact LEAD, at the end of 2011 Enel launched the Enabling Electricity program with the goal of creating a new business model based on the access to energy, one which targets both people living in isolated rural areas and those who live in the outskirts of major metropolitan areas. To date, with projects under way in 12 countries, the program has provided access to electricity to over 2.5 million people around the world.

Specifically, the project is based on three areas of action:
> projects aimed at facilitating access to electricity through new distributed power generation technologies and grid infrastructures;
> projects to eliminate the economic barriers to electricity in territories such as Latin America;
> projects with the local communities in order to develop and share capacity-building capabilities, which provide disadvantaged populations with the experience of the Enel Group.

In 2014, thanks to the Company's international commitment to the issue of access to energy, Enel's CEO and General Manager, Francesco Starace, became a member of the Sustainable Energy for All advisory board.

Innovation is an essential means of promoting both social and energetic sustainability, making it possible to study new approaches to business and new technological solutions where the traditional model has proven inadequate in meeting the needs of the community.

Our people

Organization

In 2014, the Enel Group altered its organizational structure to a matrix, business-oriented model in order to achieve the following objectives:
> the reduction of complexity;
> the centralized allocation of capital;
> increased efficiency in investments and operating costs;
> the implementation of best practices across geographic areas;
> clear, shared responsibilities across global and regional lines of business.

The structure is now organized into:
> **five Global Divisions**, which are responsible in all of the Group's geographic areas for operating, maintaining and developing assets and conducting trade;
> **two regions and two countries**, which are responsible for managing relationships with customers, with the public sector, and with regulators, for the sale of electricity and gas at the country level, and for providing services and corporate activities to the Global Divisions in the country concerned, integrating the activities of the business lines in the various countries;
> **two global service functions**, which are responsible for the integrated management of all of the Group's ICT and procurement activities;
> **seven holding company functions**, which focus on policy-making, coordination and strategic control for the Group as a whole.

Compared with the previous structure, the main changes concerned the creation of **three new Global Divisions** (Global Infrastructure and Networks, Global Generation and Global Trading), the **countries Italy** and **Iberia**, and the **Latin**

America Region, which joins the **Eastern Europe Region** (previously known as the International Division), as well as the assignment of responsibilities concerning the activities of Risk Control and Insurance to the Administration, Finance and Control holding company function.

More specifically:
the **Global Infrastructure and Networks** Division is responsible, at the Group level, for:
> optimizing the allocation of investments while maximizing service quality and return on investment;
> managing the electricity infrastructures and distribution networks while maximizing operating efficiency, taking advantage of synergies, implementing advanced technologies, and sharing responsibility with the individual countries for achieving the EBITDA, cash flow and revenue targets;
> developing the business portfolio of infrastructure and power grids through mergers and acquisitions and by participating in public tenders (e.g. for new licenses), both in countries where Enel has a presence and where we do not.

The **Global Generation** Division is responsible, at the Group level, for:
> optimizing the allocation of capital expenditure while maximizing return on investment and technical performance;
> managing the operation and maintenance of the power plants in accordance with production plans and with safety and environmental laws, regulations and policies while maximizing operating efficiency, taking advantage of synergies across geographic areas, and sharing responsibility with the countries and with the Global Trading Division for reaching EBITDA, cash flow and revenue targets;
> developing the power generation business, both in existing countries and in new areas;
> managing engineering and construction activities in line with the objectives of quality, cost and timeframes assigned to each project; managing research and development projects aimed at improving operating performance of our power plants.

The **Global Trading** Division is responsible, at the Group level, for:
> maximizing gross energy margins in our markets of interest and in respect of the assigned risk limitations while sharing responsibility with the countries and with the Global Generation Division for EBITDA targets;
> optimizing the hedging strategy and the global portfolio's exposure to commodity risk;
> optimizing production through power plant dispatching, the provision of gas and other fuels (coal, petcoke, petroleum products, biomass), and related operational and logistical activities, such as depot management;
> managing gas trading (including LNG) and electricity trading on the wholesale markets and the trading of other energy commodities, energy derivatives, and structured energy products, and managing related origination activities.

Within the scope of their specific geographic areas, the **regions** and **countries** are responsible for ensuring a context that is suited to the business and to serving the customer while sharing responsibility with the Global Divisions for achieving EBITDA, cash flow and revenue targets and managing the following aspects within their respective areas:
> relations with the public sector, with regulators, with the media, and with all other stakeholders of the Group;
> development of the local customer portfolio, including responsibility for the related financial performance;
> services and corporate activities to support the business lines at the country level while maximizing efficiency and quality and maintaining responsibility over costs;
> the overall financial and economic equilibrium of the country, including responsibility for cash flows and debt.

As at December 31, 2013, the total workforce of the Enel Group numbered 68,961 employees, of which over half employed by Group companies abroad.
Applicability of IFRS 11 as of January 1, 2014 resulted in the deconsolidation of over 1,000 employees from the Group.
During the year, the number of employees fell by around 1,400, mostly reflecting the net negative balance between new hires and terminations. The main changes concerned Italy, where there were a great many terminations of employment (52% of the total terminations for the Group) in application of the early-retirement mechanism allowed by Article 4 of Law 92/2012, which were partially offset by new hires (51% of the total new hires for the Group). This move has also resulted in generational change within our Italian firms.

Human resources hiring, management and development

In 2014, the Enel Group confirmed its constant commitment to human resources management and to the development and motivation of our people, while promoting the creation

of a model that supports change and allows for the rapid dissemination of a corporate culture based on two key elements: accountability and merit.
Our current organizational model promotes the internationalization of the Company while allowing for the sharing of experiences and best practices.
At Enel, we place a great deal of emphasis on excellence and on the need to rely on people who are able to work effectively in a global environment and take advantage of their talents. A key element is the creation of a pool of employees of high potential (through the "Potential Observatory") in which to invest, including through integrated training and development programs based on their experience and the strategic responsibilities assigned.

The hiring process includes a verification of behavioral and motivational aspects and of technical/professional knowledge related to the position to be held. This involves a range of tools that varies based on the target profile and on local practice, including:
> an assessment center for junior positions, which includes group testing and interviews;
> behavioral interviews, which focus on past experience, skills and motivation;
> technical/professional interviews.

First, there is a verification within the Company to determine if there are people that can be promoted from within before beginning any hiring process that may be necessary. Generally speaking, preference is given to local candidates unless there is a specific need for hiring internationally. For technical and operational positions, the Company gives preference, where possible, to candidates living in the areas surrounding the place of work.
The channels most used for recruiting are the organization's database (containing all applications submitted, divided by country), external databases, and the lists of graduates provided by secondary schools and universities. In 2014, in order to achieve global synergies in employer branding, we also defined a partnership with a global professional network that, in addition to presenting the company profile, enables the hiring managers in the various countries to publish job offers and requests for candidate submissions.

Hiring programs vary depending on the target concerned. More specifically, the orientation of young talent is centered around their personal and professional development by involving them in on-the-job training and other structured training programs in order to provide them with the skills needed for the job. Internal mobility programs also share this goal of career growth by promoting the development of cross-business skills.

The Enel Group also has a single model of performance evaluation in all of the countries in which we operate, which includes a common calendar and supporting information system. The process calls for:
> conduct assessment within the organization, which is done in one of two ways, depending on the target concerned: the 360° Evaluation (for positions within senior management and other key positions) and the Behavior Performance Review;
> the identification and measurement of the key performance indicators that each individual must achieve in their jobs, which uses the following tools: the Objectives Performance Review (OPR) and Task Management (for employees without a variable salary component).

The reviewers will discuss and validate the evaluations of their teams during the Calibration phase in order to improve review quality by comparing and discussing the criteria used.
At the same time as the supervisor's evaluation, there is a self-assessment by the employee related to conduct established under the Leadership Model.
The final phase of the process is the feedback meeting between the employee and the supervisor in which the evaluations are analyzed and development efforts for the following year are defined.

In order to meet the various career needs of our employees, Enel has a multitier training system based on the levels of training that can be provided:
> the **Leadership Curriculum**, which is a collection of initiatives for performance improvement and the development of potential from the early stages of an individual's employment, accompanying them through all of the significant stages of their career;
> the **technical and functional academies**, which are designed to develop technical and specialist skills within the various professional families;
> **campaign-based training**, the purpose of which is to disseminate best practices (e.g. safe driving) and the cross-business knowledge that underlies the Company's culture (e.g. corporate social responsibility, the Code of Ethics, the Compliance Model);
> **Division-specific training**, which seeks to meet specific

needs related to processes of organizational and/or specialist change;
- **safety training**, aimed at promoting the culture of prevention and wellbeing and the sharing of best practices.

In 2014, work continued on identifying and disseminating best practices in the area of training while bringing together the most interesting initiatives contributing the greatest value within the Group.

In April 2014, a flash survey on Climate and Safety was launched throughout the Group with the goal of measuring the impact of action plans and other developments within the main areas for improvement identified by the previous survey held in 2012. A sample population of employees in the various countries in which Enel operates, selected using statistical parameters (such as geography, organizational unit, age, professional category, etc.) were involved in the survey, which involved a questionnaire of 33 questions (23 on engagement and 10 on safety) available in 9 languages and in either electronic format or hard copy. Participation levels reached 64% throughout the Group.

Based on our awareness of the fact that valuing diversity in gender, age, culture, and ability is key to innovation in processes and ideas and in the creation of value, Enel has also launched "project diversity". Indeed, diversity management within the Company is seen as an opportunity for employees to grow in their careers and as individuals. This initiative joins the great many others that have been pursued over the years, including projects and best practices that testify to our commitment to promoting and respecting human dignity, while safeguarding diversity and rejecting any form of aggression or discrimination.

Labor relations

Enel complies with the labor laws of the various countries in which we operate and with the International Labor Organization (ILO) conventions on labor rights (freedom of association and of collective bargaining, consultation, the right to strike, etc.), while systematically promoting dialog between the parties and seeking an adequate level of agreement on and participation in Company strategies by employees.

Labor relations efforts at the Group level continue to be conducted in accordance with the model established under Enel's Global Framework Agreement (GFA) signed in Rome in 2013 with the Italian federations and with the global federations IndustriAll and Public Services International. This agreement is based on the principles of human rights, of labor rights and of the best, most advanced systems of transnational labor relations for multinational corporations and organizations, including the ILO.

During the year, an initial meeting with the employee representatives of the Group and with the national secretariats focused on the presentation of Enel's new organizational structure (July 31, 2014). Numerous meetings were also held with the Select Committee concerning implementation of the Group's new model of organization. The 2014 plenary session of the Global Works Council was held, due merely to a technical postponement, on January 21-23, 2015, and concerned the new organization, the Group's financial performance as at September 30, 2014, and an update on the Group's health and safety indexes.

Workplace health and safety

Enel has always placed the health, safety and overall wellbeing of employees and contractors at the center of our corporate culture.

For Enel, 2014 was a year of profound organizational change, which also affected the organization and primary processes regarding health and safety with the goal of better integrating safety into our business and of defining a single, standardized approach that also takes account of local needs.

The operating companies of the Enel Group implement a certified system of health and safety management that complies with the OHSAS 18001:2007 standard and which is verified each year by external accredited bodies. This process includes the periodic assessment and monitoring of the risks to which employees, contractors and the community at large are exposed.

Workplace accident developments

In 2014, Enel's accident frequency and severity indexes came to 1.32 and 0.07, respectively, and the operational accident frequency rate declined by 3%. The operational accident frequency rate focuses on certain types of especially serious accidents that are the most related to the Company's core business (e.g. electrocutions, falling from heights, blows-crushing-cuts, exposure to hazardous agents, and explosions).

In 2014, there were three fatal accidents involving Enel personnel, and there were 16 fatal accidents involving employees of contractors.

For each serious or mortal accident in 2014, a group of experts was appointed, in line with applicable procedures, in order to look into the causes, dynamics and circumstances and to determine any action to be taken in order to prevent similar situations from recurring. After the analysis process, targeted actions for improvement were defined, most of which have already been implemented.

The work of the cross-functional working group has also continued, the purpose of which is to discuss accident experiences and working methods while placing particular emphasis on flue maintenance.

In 2014, Enel and Endesa were also confirmed as best in class in occupational health and safety within the electrical utilities segment of the Dow Jones Sustainability Index.

Project "One Safety"

Launched in 2012, "One Safety" continues to be one of the primary means of promoting and furthering Enel's culture of safety thanks to its two main lines of action, i.e. the Leadership area for the enhancement of leadership for safety and the Conduct area for the promotion of safe, responsible conduct, both of which actively involve all Enel employees as well as the various contractor firms.

Leadership

The leadership program began in 2012 within the scope of the GOAL Managerial Training Program and involved more than 1,000 managers around the world in 32 training sessions. Training then focused on 200 internal trainers, who began a cascade-training program in 2013. This program was completed in 2014 and centered around an analysis of the Enel film "The Heart of the Matter". A total of 6,500 people were involved in 370 training sessions in all countries of the Group, including both the internal trainers and the cascade-training programs.

These efforts were accompanied by "safety walks" of Enel facilities, which were conducted by heads of organizational units and company functions in order to demonstrate their focus and commitment to promoting a culture of safety while ensuring the adoption of safe, responsible conduct and verifying the condition of plant and equipment. In 2014, more than 3,000 safety walks were held throughout the Group.

Conduct

It has been nearly three years since the global launch, and "One Safety" has transformed from a project to a systematic process of observing conduct that is increasingly rooted in the Company's culture. Since 2012, over 10 million behaviors have been observed at the nearly 1,000 facilities selected throughout Enel. "One Safety" has also been implemented in 25 shared civil sites in a manner specific to office spaces.

In 2014, three workshops were held in Italy, Russia and Spain in order to define measures for improvement to be implemented, based on the experience gained, in order to ensure that the process remains effective. Out of these meetings came the guidelines for carrying out the project in line with local needs, the introduction of new means of preventing human error, and a greater focus on the quality of the observations.

Safety in tender processes

When it comes to safety, Enel makes no distinction between our own employees and those of our contractors, and we confirmed our commitment to promoting and ensuring the safety of contractor employees again in 2014.

Companies wanting to work for Enel must demonstrate, and then periodically verify, that they meet strict safety requirements. The vendor qualification and rating systems for contractors have become a consolidated part of our business processes.

As part of the general contract conditions for the Group, there are specific clauses regarding health and safety, including in reference to the minimum safety requirements that any subcontractors used must meet.

In 2014, after an initial pilot phase, participation in the project "**One Safety Contractors**" was extended to contractors throughout the Group. Over 240 companies joined the project in 2014 and observed the conduct of their employees. Many of these contractors have also established plans for improvement and received benefits, such as reductions in their security deposit, increases in their safety points under the vendor rating system, and the right to use an Enel logo designed specifically for the project.

Throughout the Group, contractors have been involved in training and awareness efforts, and periodic **Contractor Safety Days** have been organized. These workshops are dedicated to contractors in order to share information on accident trends and to promote the main initiatives implemented for the purposes of constant improvement.

In concert with the activities aimed at increasing contractor awareness of health and safety issues, Enel has continued with field inspections and monitoring of works done by contractors. In 2014, safety controls were also enhanced by way of over 260,000 controls throughout the Group, for an increase of 24% over the previous year.

Safety for the community and other third parties

All electricity and gas production and distribution systems throughout our territory have been constructed in accordance with applicable laws, regulations and engineering standards in order to eliminate or minimize risks to the community that could potentially arise in relation to these infrastructures. We also periodically update both the assessment of operating risks related to production processes and the consequent preventive and protective measures established to control these risks, thereby ensuring worker health and safety while also safeguarding third parties and all of the communities in the areas in which we operate.

Structural safety and technological innovation

In 2014, experimentation continued with a number of safety innovation projects, including the "Zero Accidents Project" (ZAP), which seeks to improve safety management at large-scale work sites; the "Active Safety at Work" project, the goal of which is to promote the use and control of personal protection devices when conducting distribution activities; and the "BOA" project, aimed at supporting the management of interference during power plant maintenance.

For a number of years now, we have also been pursuing a plan for infrastructure improvements to our fleet of Company vehicles, which included the adoption of new safety systems and support devices, which have been implemented progressively on all new vehicles in the fleet.

Development of the culture of safety: communication and training

So as to reiterate the strategic importance of health and safety in the workplace as a social value and guide in conducting business, Enel has designed a variety of promotional campaigns and training initiatives. In November, we launched "Focus on Health and Safety" as an opportunity for reflection and discussion in advance of "International Health and Safety Week" during the first half of 2015. For "Focus on Health and Safety", over 700 initiatives in every country in which we operate were organized, including "Cleaning Days" in Spain, "One Safety" workshops in Slovakia, first-aid courses in Romania and Costa Rica and course on the use of defibrillators in Italy, safety walks in Peru and Argentina, a safety quiz in Greece, emergency management simulations in Russia, and contractor meetings and other health seminars in many other countries in which the Group operates.

In 2014, we provided nearly one million hours of safety training and awareness activities related to both hard and soft skills in order to both comply with legal obligations and increase the specific skills and knowledge of workers throughout the Group.

During the year in Italy, in order to enhance the perception of risk in office areas, the pilot phase of the project "Involve Yourself in Safety" was launched. This project is based on the experience gained with the project "Six Months of Safety" and is intended for young talents working in staff areas in order to increase their awareness of issues of health and safety in the workplace, while also creating greater synergy between work and the various aspects of safety. In 2015, implementation will continue throughout the Group.

Health

The Enel Group is constantly committed to providing a safe and healthful workplace and to creating a culture of prevention while promoting health in the workplace as an essential component in improving working life and productivity as a whole.

The **Global Health Plan** launched in 2013 was further consolidated in 2014 with the publication of two documents:

> the **Health Policy**, which applies to the entire Group and defines the basic principles of the culture of safety and wellbeing in the workplace;

> the **Policy of Stress Prevention and Promotion of Organizational Wellbeing**, which promotes wellbeing in the workplace and best practices for increasing awareness and preventing factors that lead to stress.

Within the scope of the Health Plan and as concerns the issue of cardiovascular disease, in 2014 we launched a **program for the installation and use of defibrillators**, which involved the most populous facilities of the Group around the world.

Finally, the Enel Group participated in the International Labor Organization (ILO) project "**Safe Work Without Alcohol and Drugs**", an initiative promoted and funded by the Office of the President of the Council of Ministers aimed at developing company plans for the prevention of drug and alcohol use in the workplace.

Climate strategy and the environment

Managing environmental issues, fighting climate change and fostering environmentally sustainable development are strategic factors in the operation and development of a business and are decisive elements in establishing leadership in energy markets.

Enel recognizes the central importance of the fight against climate change within the scope of the responsibilities of a global player in the energy industry and has, for years now, been taking steps to reduce greenhouse gas emissions in all of the countries in which we operate, both by observing the obligations of the ETS Directive and by implementing our own long-term strategy.

In that regard, since 2009 Enel has taken action in this field, signing on to the Eurelectric initiative under which 60 firms have committed to transforming the European electricity sector into a CO_2 "emissions-neutral" industry by 2050. In addition, in 2014 Enel joined two global platforms, the Caring for Climate Initiative (adopting the Business Leadership Criteria on Carbon Pricing) and the Put a Price on Carbon Statement. The two initiatives, launched by the United Nations and the World Bank, respectively, call on companies to demonstrate their leadership in dealing with climate change through action to support a carbon emissions price and the adoption of that price in their own investment decisions.

As of today, more than 47% of the power Enel generates comes from zero-emission sources. More than 800 MW of new capacity from renewable sources were installed by Enel Green Power in 2014, confirming our commitment to the development of carbon-free power generation, a commitment which will continue in the years to come.

Today, Enel has renewable resource power plants around the world, with some 36,800 MW of net efficient capacity, representing 38.3% of the total capacity of the Group's generation assets.

Since 1990 (the benchmark year for the Kyoto Protocol), specific CO_2 emissions for the Enel Group have declined by more than 36%, thanks to increased generation from renewable resources (+4% in 2014) due to the expansion of installed capacity and favorable water conditions. This performance is in line with the target set for 2020, equal to 395 g/kWh. In addition, Enel reduced emissions by 15% compared with 2007, the year immediately preceding the first commitment period defined by the Kyoto Protocol.

For a number of years now, Enel has also been active on the voluntary emissions reduction market, which is intended for parties (i.e. companies, institutions, end users, etc.) who intend to monitor or neutralize the carbon footprint of their various internal and external activities (e.g. events, publications, products and services, events, etc.). All of these initiatives are associated with the "CO_2 NEUTRAL" trademark that Enel registered in 2011.

Alongside these mitigation policies, the Enel Group is also working on adapting to the process of climate change. Extreme weather can have a significant impact on the level and quality of power generation, distribution and provision over both the short term and the long term. For this reason, Enel, working through Endesa, has launched a pilot project in Spain to determine the vulnerability of three hydroelectric plant along the Guadalquivir reservoir to climate changes over the span of a hundred years.

Enel has also set itself other targets to achieve by 2020 that regard the most significant environmental issues associated with the Group's operations: a reduction of 10% in total specific emissions of sulfur dioxide (SO_2), a decrease of 10% in total specific emissions of nitrogen oxides (NO_x); a reduction of 50% in total specific emissions of particulates; and a reduction of 10% in total specific consumption of water. All reductions are in relation to 2010 levels.

Another key element of environmental policy is the gradual application of our internationally recognized Environmental Management System to all of the Enel Group's operations. Currently, ISO 14001- certified systems represent more than 94% of net efficient capacity, while the remainder is attributable to the net capacity of the plants that are part of the medium/long-term disposal plan.

In addition the environmental management systems, opportunities for improvement and priority areas for action are identified with the help of the MAPEC (Mapping of Environmental Compliance) methodology, which makes it possible to map the main areas of development in environmental governance.

In the nuclear power field, Enel is publicly committed to ensuring that its plants adopt a clear nuclear safety policy and that those facilities are operated so as to ensure absolute priority for safety and protection of employees, the general public and the environment. Enel's nuclear safety policy, which was approved in 2010 and is published on the corporate website (http://www.enel.com/en-GB/sustainability/our_responsibility/enel_nuclear/), promotes excellence in all plant operations, adopting a rationale that goes beyond mere regulatory compliance and seeks instead to ensure the adoption of management approaches that incorporate the principles of continuous improvement and safe management of risks.

Water resource management

Water is an essential part of electricity generation and Enel is fully aware that the future availability of this resource is threatened in energy scenarios owing to the interaction of factors such as the increase in the world's population, the economic development of the emerging countries and climate change.

Enel has long sought to enhance the efficiency of its management of the water it uses and conducts ongoing monitoring of all power plants located in areas threatened by water scarcity at the following levels of analysis:

> mapping of the production sites located in areas of potential water scarcity, where the average value of renewable water resources per capita is less than the target set by the FAO and also identified by using special software developed by the World Business Council for Sustainable Development;

> identification of "critical" production sites, i.e. those with fresh water supplies;

> more efficient management by making changes to plants or processes to maximize use of waste water and sea water;

> monitoring of climate and vegetation data for each site.

Globally, Enel returns about 99% of the water used, and only about 5% of the Group's total output uses and/or consumes fresh water in water-stressed areas.

In 2014, overall water consumption amounted to 185.9 million cubic meters, a reduction on 2013 as a result of the decline in thermal and nuclear generation. Specific consumption in 2014 came to 0.64 l/kWh, in line with 2013, confirming Enel's goal of reducing water consumption by 10% from its 2010 level by 2020.

Preserving biodiversity

Preserving biodiversity is one of the strategic objectives of Enel's environmental policy.

The Group promotes a number of projects throughout the world with the aim of supporting the preservation of ecosystems and the natural habitats of the various territories in which we operate, while playing an active role in the local communities.

In 2014, Enel continued its mapping and updating of the biodiversity protection efforts of the Group, an integral part of the Group Biodiversity Plan.

The projects are in areas adjacent to production plants and other installations and involve projects of various types, including monitoring, safeguarding, research and development, corrective or compensatory measures, and social and environmental studies.

Enel plans any operations that might impact ecosystems using a "mitigation hierarchy" approach, which establishes a scale of priorities in selecting actions:

> avoid or prevent any potential adverse impact;

> reduce the effects of actions;

> apply mitigation techniques;

> offset the residual impact.

For each installation, Enel analyzes proximity with protected areas, conservation values, the presence of valuable ecosystems, biotopes and endangered animal or plant species in accordance with international classifications such as the "Red List" of the International Union for Conservation of Nature and Natural Resources (IUCN).

As regards plant operations, in many areas, in agreement with local authorities, independent experts perform biomonitoring studies of the land, rivers and sea in order to assess the impact of operations on biodiversity and the adequacy of any compensatory or improvement measures taken.

Supplier management

In conducting its business and managing relationships with its suppliers, Enel is inspired by the principles contained in the Code of Ethics, the Zero-Tolerance-of-Corruption Plan, the Compliance Model under Legislative Decree 231/2001, and its Policy on Human Rights.

The Group provides clear disclosure on the specific principles and internal rules governing the operations of the Company and expects its suppliers be inspired by the same values in managing activities and relationships with their stakeholders.

Enel awards procurement contracts for works, services and supplies in accordance with the provisions of law and the principles of economy, fairness, competition and publicity, using procurement procedures that ensure companies can participate with the utmost transparency, objectivity and equality of treatment.

In addition, specific sustainability criteria are adopted in the qualification process, in procurement decisions, in contractual language and in procedures for verification of the performance of suppliers.

Important requirements in the qualification process are protecting the health and safety of workers and preserving the environment. In particular, for all product groups involved in works to be contracted out, suppliers are assessed on the basis of the Safety Index, which considers the organizational arrangements of the supplier that are intended to ensure compliance with the relevant standards and monitoring (including OHSAS 18001 certification, which is becoming mandatory for all contractors, including small firms). For product groups with an environmental impact, suppliers must also implement an ISO 14001-compliant environmental management system. This requirement is being extended to all sectors that could raise potential issues in this area.

The qualification process is completed by the vendor rating system, which has been implemented at all Enel units in Italy and abroad. It is designed to monitor the performance of suppliers and contractors with regard to both the propriety of their conduct during tender procedures and the safety, quality and punctuality of their performance during execution. More specifically, the vendor rating is used to monitor respect for the environment and compliance with safety standards and human rights regulations.

In all of its contracts for works, services and supplies, Enel uses specific contractual clauses requiring all of its suppliers/partners to comply with the principles of the Code of Ethics, the Zero-Tolerance-of-Corruption Plan, the Compliance Model, and the Policy on Human Rights.

These general terms and conditions of contract are made up of a general part, which is applicable across all countries, plus a series of country annexes, containing the specific clauses applicable in individual countries. There are currently nine annexes (one each for Italy, Spain, Portugal, Chile, Peru, Colombia, Brazil, Romania and Slovakia) and a further seven will be part of the next edition (Russia, Argentina, Guatemala, Panama, El Salvador, Mexico and Costa Rica).

With these clauses, Enel requires its contractors and subcontractors to respect ethical and social obligations, and obligations concerning child labor and protection of women, equal treatment, non-discrimination, abuse and harassment, freedom to unionize, freedom of association and representation, prevention of forced labor, safety and environmental protection requirements, health and sanitary conditions and conditions concerning work rules, pay, social security contributions, insurance and taxes. In order to ensure compliance with these obligations, Enel reserves the right to carry out control and monitoring activities, and to terminate contracts in the event of proven violations.

Finally, Enel has established a single global registration point for suppliers and for all Enel Group companies. This represents a single interface for the entire global procurement community (PortalOne). After a quick and easy registration process, any supplier from around the world can fully its entire relationship with any company of the Enel Group, respond to invitations to tender, manage their qualification process, see their own vendor rating, etc.

Related parties

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

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Acquirente Unico - Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Purchase of electricity on the Power Exchange for pumping and plant planning
GSE - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market Purchase of transport, dispatching and metering services
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Purchase of fuels for generation plants, storage services and natural gas distribution
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, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.
All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity, Gas and the Water System.

For more details on transactions with related parties, please see the discussion in note 47 to the consolidated financial statements.

Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2014		at Dec. 31, 2013 restated	
Financial statements - Enel SpA	**558**	**25,136**	**1,372**	**25,867**
Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	(3,211)	(82,169)	7	(77,828)
Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of non-controlling interests	20,710	79,257	6,149	74,861
Consolidation differences at the Group consolidation level	(890)	9,294	(745)	12,235
Intercompany dividends	(15,715)	-	(3,540)	-
Elimination of unrealized intercompany profits, net of tax effects and other minor adjustments	(935)	(12)	(8)	806
TOTAL SHAREHOLDERS OF THE PARENT COMPANY	**517**	**31,506**	**3,235**	**35,941**
NON-CONTROLLING INTERESTS	**255**	**19,639**	**1,545**	**16,891**
CONSOLIDATED FINANCIAL STATEMENTS	**772**	**51,145**	**4,780**	**52,832**

Consolidated financial statements

Consolidated income statement

Millions of euro	Notes	2014	of which with related parties	2013 restated [1]	of which with related parties
Revenue					
Revenue from sales and services	7.a	73,328	*5,751*	75,427	*8,736*
Other revenue and income	7.b	2,463	*367*	3,236	*404*
	[*Subtotal*]	**75,791**		**78,663**	
Costs					
Electricity, gas and fuel purchases	8.a	36,928	*7,595*	38,954	*10,367*
Services and other materials	8.b	17,179	*2,440*	16,698	*2,561*
Personnel	8.c	4,864		4,555	
Depreciation, amortization and impairment losses	8.d	12,670		6,951	
Other operating expenses	8.e	2,362	*53*	2,821	*24*
Capitalized costs	8.f	(1,524)		(1,434)	
	[*Subtotal*]	**72,479**		**68,545**	
Net income/(expense) from commodity contracts measured at fair value	9	**(225)**	***46***	**(378)**	***78***
Operating income		**3,087**		**9,740**	
Financial income from derivatives	10	2,078		756	
Other financial income	11	1,248	*23*	1,693	*37*
Financial expense from derivatives	10	916		1,210	
Other financial expense	11	5,540	*28*	4,043	*33*
Share of income/(losses) of equity investments accounted for using the equity method	12	(35)		217	
Income before taxes		**(78)**		**7,153**	
Income taxes	13	(850)		2,373	
Net income from continuing operations		**772**		**4,780**	
Net income from discontinued operations		**-**		**-**	
Net income for the year (shareholders of the Parent Company and non-controlling interests)		**772**		**4,780**	
Attributable to shareholders of the Parent Company		517		3,235	
Attributable to non-controlling interests		255		1,545	
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.05*		*0.34*	
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)	14	*0.05*		*0.34*	
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.05*		*0.34*	
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)	14	*0.05*		*0.34*	

(1) The consolidated income statement for 2013 has been restated to reflect the effects of the retrospective application of IFRS 11. For more details, please see note 4 below. In addition, the consolidated income statement has been modified to improve the presentation of costs for purchases of raw materials and electricity and the impact on profit or loss of derivatives. This entailed a number of reclassifications of the figures for 2013 in order to ensure comparability.

Statement of consolidated comprehensive income

Millions of euro	Notes	2014	2013 restated [1]
Net income for the year		**772**	**4,780**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges		(347)	(190)
Share of the other comprehensive income of equity investments accounted for using the equity method		(13)	(18)
Change in the fair value of financial assets available for sale		(23)	(105)
Exchange rate differences		(717)	(3,192)
Other comprehensive income not recyclable to profit or loss			
Remeasurements of net defined benefit liabilities/(assets)		(307)	(188)
Total other comprehensive income/(loss) for the period	31	**(1,407)**	**(3,693)**
Total comprehensive income/(loss) for the period		**(635)**	**1,087**
Attributable to:			
- shareholders of the Parent Company		(205)	1,514
- non-controlling interests		(430)	(427)

(1) The consolidated income statement for 2013 has been restated to reflect the effects of the retrospective application of IFRS 11. For more details, please see note 4 below.

Consolidated balance sheet

Millions of euro	Notes						
ASSETS		**at Dec. 31, 2014**		at Dec. 31, 2013 restated [1]		at Jan. 1, 2013 restated	
			of which with related parties		*of which with related parties*		*of which with related parties*
Non-current assets							
Property, plant and equipment	15	73,089		80,263		82,189	
Investment property	16	143		181		197	
Intangible assets	17	16,612		18,055		19,950	
Goodwill	18	14,027		14,967		15,809	
Deferred tax assets	19	7,067		6,186		6,767	
Equity investments accounted for using the equity method	20	872		1,372		1,951	
Derivatives	21	1,335		444		953	
Other non-current financial assets	22	3,645		5,970	*4*	4,588	*74*
Other non-current assets	23	885		817	*15*	781	*55*
	[*Total*]	**117,675**		**128,255**		**133,185**	
Current assets							
Inventories	24	3,334		3,555		3,290	
Trade receivables	25	12,022	*1,220*	11,378	*1,278*	11,555	*904*
Tax receivables	26	1,547		1,709		1,603	
Derivatives	21	5,500		2,690		2,224	
Other current financial assets	27	3,984		5,607	*2*	7,650	*37*
Other current assets	28	2,706	*142*	2,557	*161*	2,281	*70*
Cash and cash equivalents	29	13,088		7,873		9,726	
	[*Total*]	**42,181**		**35,369**		**38,329**	
Assets classified as held for sale	30	**6,778**		**241**		**317**	
TOTAL ASSETS		**166,634**		**163,865**		**171,831**	

(1) The consolidated balance sheet at December 31, 2013 has been restated to reflect the effects of the retrospective application of IFRS 11, of amendments of IAS 32 and of the completion of the allocation of the purchase price of a number of business combinations carried out by the Renewable Energy Division in 2013. For more details, please see note 4 below. In addition, the balance sheet has been modified to improve the presentation of receivables and payables in respect of construction contract and the balance sheet impact of derivatives. This entailed a number of reclassifications of the figures at December 31, 2013, in order to ensure comparability.

Millions of euro	Notes						
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2014**		at Dec. 31, 2013 restated [1]		at Jan. 1, 2013 restated	
			of which with related parties		*of which with related parties*		*of which with related parties*
Equity attributable to the shareholders of the Parent Company							
Share capital		9,403		9,403		9,403	
Reserves		3,362		7,084		8,747	
Retained earnings (loss carried forward)		18,741		19,454		17,625	
	[*Total*]	**31,506**		**35,941**		**35,775**	
Non-controlling interests		**19,639**		**16,891**		**16,303**	
Total shareholders' equity	31	**51,145**		**52,832**		**52,078**	
Non-current liabilities							
Long-term borrowings	32	48,655		50,905		55,733	
Post-employment and other employee benefits	33	3,687		3,677		4,521	
Provisions for risks and charges	34	4,051		6,504		7,256	
Deferred tax liabilities	19	9,220		10,795		11,658	
Derivatives	21	2,441	*24*	2,216		2,487	
Other non-current liabilities	35	1,464	*2*	1,259	*2*	1,143	*2*
	[*Total*]	**69,518**		**75,356**		**82,798**	
Current liabilities							
Short-term borrowings	32	3,252		2,484		3,968	
Current portion of long-term borrowings	32	5,125		4,658		4,023	
Provisions for risk and charges	34	1,187		1,467		1,291	
Trade payables	36	13,419	*3,159*	12,363	*3,708*	13,089	*3,551*
Income tax payable		253		286		354	
Derivatives	21	5,441		2,940		2,534	
Other current financial liabilities	37	1,177		1,100	*4*	1,105	*1*
Other current liabilities	39	10,827	*3*	10,359	*24*	10,584	*39*
	[*Total*]	**40,681**		**35,657**		**36,948**	
Liabilities included in disposal groups classified as held for sale	30	**5,290**		**20**		**7**	
Total liabilities		**115,489**		**111,033**		**119,753**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**166,634**		**163,865**		**171,831**	

(1) The consolidated balance sheet at December 31, 2013, has been restated to reflect the effects of the retrospective application of IFRS 11, of amendments of IAS 32 and of the completion of the allocation of the purchase price of a number of business combinations carried out by the Renewable Energy Division in 2013. For more details, please see note 4 below.

Statement of changes in consolidated shareholders' equity

	Share capital and reserves attributable to the shareholders of the Parent Company						
	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from cash flow hedge	Reserve from measurement of financial instruments AFS
At January 1, 2013	**9,403**	**5,292**	**1,881**	**2,262**	**92**	**(1,482)**	**229**
Effect of application of IFRS 11	-	-	-	-	11	42	-
At January 1, 2013 restated	**9,403**	**5,292**	**1,881**	**2,262**	**103**	**(1,440)**	**229**
Dividends and interim dividends	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-		-	-
Change in scope of consolidation	-	-	-	-	98	-	-
Comprehensive income for the period	-	-	-	-	(1,285)	(152)	(101)
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*(1,285)*	*(152)*	*(101)*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2013 restated	**9,403**	**5,292**	**1,881**	**2,262**	**(1,084)**	**(1,592)**	**128**
Dividends and interim dividends	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	6	21	-
Comprehensive income for the period	-	-	-	-	(243)	(235)	(23)
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	*(243)*	*(235)*	*(23)*
- net income/(loss) for the period	-	-	-	-	-	-	-
At December 31, 2014	**9,403**	**5,292**	**1,881**	**2,262**	**(1,321)**	**(1,806)**	**105**

Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using the equity method	Reserve for employee benefits	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
749	**78**	**8**	**(362)**	**17,625**	**35,775**	**16,312**	**52,087**
-	-	(53)	-	-	**-**	**(9)**	**(9)**
749	**78**	**(45)**	**(362)**	**17,625**	**35,775**	**16,303**	**52,078**
-	-	-	-	(1,410)	**(1,410)**	**(829)**	**(2,239)**
(28)	6	-	4	4	**(14)**	**1,740**	**1,726**
-	(22)	-	-	-	**76**	**104**	**180**
-	-	(13)	(170)	3,235	**1,514**	**(427)**	**1,087**
-	-	*(13)*	*(170)*		***(1,721)***	***(1,972)***	***(3,693)***
-	-	-	-	*3,235*	***3,235***	***1,545***	***4,780***
721	**62**	**(58)**	**(528)**	**19,454**	**35,941**	**16,891**	**52,832**
-	-	-	-	(1,222)	**(1,222)**	**(1,541)**	**(2,763)**
(2,831)	(255)	-	-	-	**(3,086)**	**5,385**	**2,299**
(3)	-	3	59	(8)	**78**	**(666)**	**(588)**
-	-	(19)	(202)	517	**(205)**	**(430)**	**(635)**
-	-	*(19)*	*(202)*	-	***(722)***	***(685)***	***(1,407)***
-	-	-	-	*517*	***517***	***255***	***772***
(2,113)	**(193)**	**(74)**	**(671)**	**18,741**	**31,506**	**19,639**	**51,145**

Consolidated statement of cash flows

Millions of euro	Notes	2014		2013 restated (1)	
			of which with related parties		*of which with related parties*
Income before taxes for the year		**(78)**		**7,154**	
Adjustments for:					
Amortization and impairment losses of intangible assets		1,709		1,598	
Depreciation and impairment losses of property, plant and equipment		10,212		4,698	
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)		1,285		(264)	
Accruals to provisions		911		1,023	
Net financial (income)/expense		2,580		2,322	
(Gains)/Losses from disposals and other non-monetary items		(720)		(92)	
Cash flow from operating activities before changes in net current assets		15,899		16,439	
Increase/(Decrease) in provisions		(1,740)		(1,889)	
(Increase)/Decrease in inventories		(62)		(266)	
(Increase)/Decrease in trade receivables		(1,440)	*58*	(531)	*(374)*
(Increase)/Decrease in financial and non-financial assets/liabilities		212	*39*	(602)	*42*
Increase/(Decrease) in trade payables		1,315	*(549)*	(871)	*157*
Interest income and other financial income collected		1,300	*23*	1,275	*37*
Interest expense and other financial expense paid		(4,030)	*28*	(3,695)	*33*
Income taxes paid		(1,396)		(2,606)	
Cash flows from operating activities (a)		**10,058**		**7,254**	
- of which discontinued operations		-		-	
Investments in property, plant and equipment		(6,021)		(5,311)	
Investments in intangible assets		(680)		(610)	
Investments in entities (or business units) less cash and cash equivalents acquired		(73)		(206)	
Disposals of entities (or business units) less cash and cash equivalents sold		312		1,409	
(Increase)/Decrease in other investing activities		325		615	
Cash flows from investing/disinvesting activities (b)		**(6,137)**		**(4,103)**	
- of which discontinued operations		-		-	
Financial debt (new long-term borrowing)	32	4,582		5,336	
Financial debt (repayments and other net changes)		(2,400)		(9,619)	
Collections/(Payments) for sale/(acquisition) of non-controlling interests		1,977		1,814	
Incidental expenses in disposal of equity interests without loss of control		(50)		(85)	
Dividends and interim dividends paid		(2,573)		(2,044)	
Cash flows from financing activities (c)		**1,536**		**(4,598)**	
- of which discontinued operations		-		-	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**(102)**		**(421)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		**5,355**		**(1,868)**	
Cash and cash equivalents at the beginning of the year (2)		7,900		9,768	
Cash and cash equivalents at the end of the year (3)		13,255		7,900	

(1) The consolidated statement of cash flows has been restated to reflect the retrospective application of IFRS 11. For more details, please see note 4 below.
(2) Of which cash and cash equivalents equal to €7,873 million at January 1, 2014 (€9,726 million at January 1, 2013), short-term securities equal to €17 million at January 1, 2014 (€42 million at January 1, 2013) and cash and cash equivalents pertaining to assets held for sale equal to €10 million at January 1, 2014 (none at January 1, 2013).
(3) Of which cash and cash equivalents equal to €13,088 million at December 31, 2014 (€7,873 million at December 31, 2013), short-term securities equal to €140 million at December 31, 2014 (€17 million at December 31, 2013) and cash and cash equivalents pertaining to assets held for sale in the amount of €27 million at December 31, 2014 (€10 million at December 31, 2013).

Notes to the consolidated financial statements

1

Form and content of the financial statements

Enel SpA has its registered office in Viale Regina Margherita 137, Rome, Italy, and since 1999 has been listed on the Milan stock exchange. Enel is an energy multinational and is one of the world's leading integrated operators in the electricity and gas industries, with a special focus on Europe and Latin America.

The consolidated financial statements for the period ended December 31, 2014 comprise the financial statements of Enel SpA, its subsidiaries and Group holdings in associates and joint ventures, as well as the Group's share of the assets, liabilities, costs and revenue of joint operations ("the Group"). A list of the subsidiaries, associates, joint operations and joint ventures included in the scope of consolidation is attached.

The consolidated financial statements were approved for publication by the Board on March 18, 2015.

These financial statements have been audited by Reconta Ernst & Young SpA.

Basis of presentation

The consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

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

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Group or in the 12 months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the close of the financial year.

The consolidated income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from discontinued operations attributable to shareholders of the Parent Company and to non-controlling interests.

The indirect method is used for the consolidated statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations.

The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the next section below.

The consolidated financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement bases applied to each individual item, and of non-current assets and disposal groups classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise. The consolidated financial statements provide comparative information in respect of the previous period.
In addition, the Group has presented balance sheet figures at January 1, 2013, owing to the retrospective application of IFRS 11 and the amendments of IAS 32, as discussed in note 4 "Restatement of comparative disclosures".

2

Accounting policies and measurement criteria

Use of estimates and management judgment

Preparing the consolidated financial statements under IFRS-EU requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected through profit or loss if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.
In order to enhance understanding of the financial statements, the following sections examine the main items affected by the use of estimates and the cases that reflect management judgments to a significant degree, underscoring the main assumptions used by managers in measuring these items in compliance with the IFRS-EU. The critical element of such valuations is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.
Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Use of estimates

Revenue recognition
Revenue from sales to customers is recognized on an accruals basis. Revenue from sales of electricity and gas to retail customers is recognized at the time the electricity or gas is supplied and includes, in addition to amounts invoiced on the basis of periodic meter readings (pertaining to the year), an estimate of the value of electricity and gas distributed during the period but not yet invoiced, which is equal to the difference between the amount of electricity and gas delivered to the distribution network and that invoiced in the period, taking account of any network losses. Revenue between the date of the last meter reading and the end of the year is based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pension plans and other post-employment benefits
Some of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.
Certain employees are also eligible for other post-employment benefit schemes.
The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.
Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases, the inflation rate and trends in the cost of medical care.
These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.
Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets
The carrying amount of non-current assets is reviewed periodically and wherever circumstances or events suggest

that a review is necessary. Goodwill is reviewed at least annually. Such assessments of the recoverable amount of assets are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 18 below.
In particular, the recoverable amount of non-current assets and goodwill is based on estimates and assumptions used in order to determine the amount of cash flow and the discount rates applied. Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their possible future disposal, in accordance with the Company's most recent approved plan.
The estimation of the factors used in the calculation of the recoverable amount is discussed in more detail in the section "Impairment of non-financial assets". Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactment of Law 134/2012
Law 134 of August 7, 2012 containing "urgent measures for growth" (published in the *Gazzetta Ufficiale* of August 11, 2012), introduced a sweeping overhaul of the rules governing hydroelectric concessions. Among its various provisions, the law establishes that five years before the expiration of a major hydroelectric water diversion concession and in cases of lapse, relinquishment or revocation, where there is no prevailing public interest for a different use of the water, incompatible with its use for hydroelectric generation, the competent public entity shall organize a public call for tender for the award for consideration of the concession for a period ranging from 20 to a maximum of 30 years.
In order to ensure operational continuity, the law also governs the methods of transfer ownership of the business unit necessary to operate the concession, including all legal relationships relating to the concession, from the outgoing concession holder to the new concession holder, in exchange for payment of a price to be determined in negotiations between the departing concession holder and the grantor agency, taking due account of the following elements:

> for intake and governing works, penstocks and outflow channels, which under the consolidated law governing waters and electrical plants are to be relinquished free of charge (Article 25 of Royal Decree 1775 of December 11, 1933), the revalued cost less government capital grants, also revalued, received by the concession holder for the construction of such works, depreciated for ordinary wear and tear;
> for other property, plant and equipment, the market value, meaning replacement value, reduced by estimated depreciation for ordinary wear and tear.

While acknowledging that the new regulations introduce important changes as to the transfer of ownership of the business unit with regard to the operation of the hydroelectric concession, the practical application of these principles faces difficulties, given the uncertainties that do not permit the formulation of a reliable estimate of the value that can be recovered at the end of existing concessions (residual value).
Accordingly, management has decided to not attempt to formulate an estimate of residual value.
The fact that the legislation requires the new concession holder to make a payment to the departing concession holder prompted management to review the depreciation schedules for assets classified as to be relinquished free of charge prior to Law 134/2012 (until the year ended on December 31, 2011, given that the assets were to be relinquished free of charge, the depreciation period was equal to the closest date between the term of the concession and the end of the useful life of the individual asset), calculating depreciation no longer over the term of the concession but, if longer, over the economic and technical life of the individual assets. If additional information becomes available to enable the calculation of residual value, the carrying amounts of the assets involved will be adjusted prospectively.

Determining the fair value of financial instruments
The fair value of financial instruments is determined on the basis of prices directly observable in the market, where available, or, for unlisted financial instruments, using specific valuation techniques (mainly based on present value) that maximize the use of observable market inputs. In rare circumstances where this is not possible, the inputs are estimated by management taking due account of the characteristics of the instruments being measured.
In accordance with IFRS 13, the Group includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk, using the method discussed in note 45. Changes in the assumptions made in estimating the input

data could have an impact on the fair value recognized for those instruments.

Recovery of deferred tax assets

At December 31, 2014, the consolidated financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.

The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. However, where the Group should become aware that it is unable to recover all or part of recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.

Provisions have been recognized to cover all significant liabilities for cases in which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of nuclear power plants and the storage of waste fuel and other radioactive materials, the estimation of the future cost is a critical process, given that the costs will be incurred over a very long span of time, estimated at up to 100 years.

The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Group considers it will have to pay for the decommissioning operation.

The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the plant is located.

That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework governing health and environmental protection.

Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.

Other

In addition to the items listed above, the use of estimates regarded share-based payment plans and the fair value measurement of assets acquired and liabilities assumed in business combinations. For these items, the estimates and assumptions are discussed in the notes on the accounting policies adopted.

Management judgments

Identification of cash generating units (CGUs)

In application of IAS 36 "*Impairment of assets*", the goodwill recognized in the consolidated financial statements of the Group as a result of business combinations has been allocated to individual or groups of CGUs that will benefit from the combination. A CGU is the smallest group of assets that generates largely independent cash inflows.

In identifying such CGUs, management took account of the specific nature of its assets and the business in which it is involved (geographical area, business area, regulatory framework, etc.), verifying that the cash flows of a given group of assets were closely independent and largely autonomous of those associated with other assets (or groups of assets).

The assets of each CGU were also identified on the basis of the manner in which management manages and monitors those assets within the business model adopted, which until December 31, 2014, was consistent with the organizational model adopted in 2012, as discussed in the report on operations.

In particular, the CGUs identified in the Iberia and Latin America Division are represented by groups of electricity/gas production, distribution and sales assets in the Iberian peninsula and certain countries in Latin America that are managed on a unified basis by the Group, including in financial matters. The CGUs identified in the Generation and Energy Management Division and the Sales Division are represented by assets resulting from business combinations involving gas regasification operations in Italy and the domestic retail gas market or by uniform groups of assets operating in the sale or generation of electricity. The CGUs identified in the Renewable Energy Division are represented (with a number of minor exceptions made in Italy and Spain to reflect the Group organizational model) by the group of assets exclusively associated with the generation of electricity from renewable energy resources located in geographical areas considered uniform on the basis of regulatory and contractual aspects and characterized by a high degree of interdependence of business processes and substantial integration in the same geographical area. The CGUs identified in the International Division are represented by electricity generation and distribution/sales assets identified with business combinations and which constitute, by geographical area and business, individual units generating independent cash flows. The CGUs identified by management to which the goodwill recognized in these consolidated financial statements has been allocated are indicated in the section on intangible assets, to which the reader is invited to refer.

The number and scope of the CGUs are updated systematically to reflect the impact of new business combinations and reorganizations carried out by the Group, and to take account of external factors that could impact the ability of groups of assets to generate independent cash flows.

Determination of the existence of control

Under the provisions of IFRS 10, which the Group has adopted since January 1, 2014, with retrospective application as from January 1, 2013, control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is defined as the current ability to direct the relevant activities of the investee based on existing substantive rights.

The existence of control does not depend solely on ownership of a majority shareholding, but rather it arises from substantive rights that each investor holds over the investee. Consequently, management must use its judgment in assessing whether specific situations determine substantive rights that give the Group the power to direct the relevant activities of the investee in order to affect its returns.

For the purpose of assessing control, management analyses all facts and circumstances including any agreements with other investors, rights arising from other contractual arrangements and potential voting rights (call options, warrants, put options granted to non-controlling shareholders, etc.). These other facts and circumstances could be especially significant in such assessment when the Group holds less than a majority of voting rights, or similar rights, in the investee.

Following such analysis of the existence of control, which had already been done in previous years under the provisions of the then-applicable IAS 27, the Group consolidated certain companies (Emgesa and Codensa) on a line-by-line basis even though it did not hold more than half of the voting rights. That approach was maintained in the assessment carried out in application of IFRS 10 on the basis of the requirements discussed above, as detailed in the attachment "Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2014" to these financial statements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of control.

Determination of the existence of joint control and of the type of joint arrangement

Under the provisions of the new IFRS 11, which the Group has adopted as from January 1, 2014, with retrospective application as from January 1, 2013, a joint arrangement is an agreement where two, or more parties, have joint control.

Joint control exists when the decisions over the relevant activities require the unanimous consent of at least two parties of a joint arrangement.

A joint arrangement can be configured as a joint venture or a joint operation. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the arrangement. Conversely, joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement.

In order to determine the existence of the joint control and the type of joint arrangement, management must apply judgment and assess its rights and obligations arising from the arrangement. For this purpose, the management considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Following that analysis, on first-time application, the Group has considered its interests in SF Energy and Asociación Nuclear Ascó-Vandellós II as joint arrangements. Subsequently, as from January 1, 2014 and following changes in the shareholders' agreements between the partners, which gave rise to a change in the governance arrangements of SE Hydropower, producing a situation of joint control, the latter investee has also been treated as a joint arrangement.

For the sake of completeness, we report that all other companies classified as under joint control in accordance with the earlier IAS 31 have been reclassified as joint ventures under IFRS 11.

The Group re-assesses whether or not it has joint control if facts and circumstances indicate that changes have occurred in one or more of the elements considered in verifying the existence of joint control and the type of the joint arrangement.

Determination of the existence of significant influence over an associate

Associated companies are those in which the Group exercises significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not exercise control or joint control over those policies. In general, it is presumed that the Group has a significant influence when it has an ownership interest of 20% or more.

In order to determine the existence of significant influence, management must apply judgment and consider all facts and circumstances.

The Group re-assesses whether or not it has significant influence if facts and circumstances indicate that there are changes to one or more of the elements considered in verifying the existence of significant influence.

Application of IFRIC 12 "*Service concession arrangements*" to concessions

IFRIC 12 "*Service concession arrangements*" applies to "public-to-private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to the main public facilities for a specified period of time in return for managing the infrastructure used to deliver those public services.

More specifically, IFRIC 12 applies to public-to-private service concession arrangements if the grantor:

> controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

> controls – through ownership or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

In assessing the applicability of these provisions for the Group, management carefully analyzed existing concessions.

On the basis of that analysis, the provisions of IFRIC 12 are applicable to some of the infrastructure of a number of companies in the Iberia and Latin America Division that operate in Brazil (Ampla and Coelce).

Related parties

Related parties are mainly parties that have the same controlling entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include entities that operate post-employment benefit plans for employees of Enel SpA or its associates (specifically, the FOPEN and FONDENEL pension funds), as well as the members of the Boards of Auditors, and their immediate family, and the key management personnel, and their immediate family, of Enel SpA and its subsidiaries. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include directors.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed/has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as when the investor has existing rights that give it the current ability to direct the relevant activities.

The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2014 in accordance with the accounting policies adopted by the Parent Company.

If a subsidiary uses different accounting policies from those adopted in preparing the consolidated financial statements for similar transactions and facts in similar circumstances, appropriate adjustments are made to ensure conformity with Group accounting policies.

Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements, respectively, from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and the other components of other comprehensive income are attributed to the owners of the Parent and non-controlling interests, even if this results in a loss for non-controlling interests.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full.
Changes in ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions, with the carrying amounts of the controlling and non-controlling interests adjusted to reflect changes in their interests in the subsidiary. Any difference between the fair value of the consideration paid or received and the corresponding fraction of equity acquired or sold is recognized in consolidated equity.
When the Group ceases to have control over a subsidiary, any interest retained in the entity is remeasured to its fair value, recognized through profit or loss, at the date when control is lost. In addition, any amounts previously recognized in other comprehensive income in respect of the former subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities.

Investments in joint arrangements and associates

A joint venture is an entity over which the Group exercises joint control and has rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement, whereby decisions about the relevant activities require unanimous consent of the parties sharing control.
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over the investee.
The Group's investments in its joint ventures and associates are accounted for using the equity method.
Under the equity method, these investments are initially recognized at cost and any goodwill arising from the difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities at the acquisition date is included in the carrying amount of the investment. Goodwill is not individually tested for impairment.
After the acquisition date, their carrying amount is adjusted to recognize changes in the Group's share of profit or loss of the associate or joint venture. The OCI of such investees is presented as specific items of the Group's OCI.
Distributions received from joint venture and associates reduce the carrying amount of the investments.
Profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associate or joint venture.
The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount.
If the investment ceases to be an associate or a joint venture, the Group recognizes any retained investment at its fair value, through profit or loss. Any amounts previously recognized in other comprehensive income in respect of the former associate or joint venture are accounted for as if the Group had directly disposed of the related assets or liabilities.
If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to exercise a significant influence or joint control, the Group continues to apply the equity method and the share of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction is accounted for as if the Group had directly disposed of the related assets or liabilities.
When a portion of an investment in an associate or joint venture meets the criteria to be classified as held for sale, any retained portion of an investment in the associate or joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion classified as held for sale takes place.
Joint operations are joint arrangements whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. For each joint operation, the Group recognized assets, liabilities, costs and revenue on the basis of the provisions of the arrangement rather than the participating interest held.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate. Non-monetary assets and liabilities in foreign currency stated at cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date that value was determined. Any exchange rate differences are recognized through profit or loss.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.

In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the presentation currency used in the consolidated financial statements are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items.

Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized proportionately in the income statement on the disposal (partial or total) of the subsidiary.

Business combinations

Business combinations initiated before January 1, 2010 and completed within that financial year are recognized on the basis of IFRS 3 (2004).

Such business combinations were recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus costs directly attributable to the acquisition. This cost was allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the cost of the acquisition and the fair value of the net assets acquired pertaining to the shareholders of the Parent Company was recognized as goodwill. Any negative difference was recognized in profit or loss. The value of non-controlling interests was determined in proportion to the interest held by minority shareholders in the net assets. In the case of business combinations achieved in stages, at the date of acquisition any adjustment to the fair value of the net assets acquired previously was recognized in equity; the amount of goodwill was determined for each transaction separately based on the fair values of the acquiree's net assets at the date of each exchange transaction.

Business combinations carried out as from January 1, 2010 are recognized on the basis of IFRS 3 (2008), which is referred to as IFRS 3 (Revised) hereafter.

More specifically, business combinations are recognized using the acquisition method, where the purchase cost (the consideration transferred) is equal to the fair value at the purchase date of the assets acquired and the liabilities incurred or assumed, as well as any equity instruments issued by the purchaser. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values as at the acquisition date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of any non-controlling interests, and the net value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit or loss.

The value of non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

In the case of business combinations achieved in stages, at the date of acquisition of control the previously held equity interest in the acquiree is remeasured to fair value and any positive or negative difference is recognized in profit or loss.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration classified as an asset or a liability that is a financial instrument within the scope of IAS 39 are recognized either in profit or loss or in other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS-EU. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

Fair value measurement

For all fair value measurements and disclosures of fair value, that are either required or permitted by international accounting standards, the Group applies IFRS 13.
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).
The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e. the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so.
When measuring fair value, the Group takes into account the characteristics of the asset or liability, in particular:

> for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
> for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e. the risk that an entity will not fulfill an obligation;
> in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenses directly attributable to bringing the asset to the location and condition necessary for its intended use.
The cost is also increased by the present value of the estimate of the costs of decommissioning and restoring the site on which the asset is located where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".
Property, plant and equipment transferred from customers to connect them to the electricity distribution network and/or to provide them with ongoing access to a supply of electricity is initially recognized at its fair value at the time of the transfer.
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the assets themselves. Borrowing costs associated with the purchase/construction of assets that do not meet such requirement are expensed in the period in which they are incurred.
Certain assets that were revalued at the IFRS-EU transition date or in previous periods are recognized at their fair value, which is considered to be their deemed cost at the revaluation date.
Where individual items of major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.
Subsequent costs are recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in profit or loss as incurred.
The cost of replacing part or all of an asset is recognized as an increase in the carrying amount of the asset and is depreciated over its useful life; the net carrying amount of the

replaced unit is derecognized through profit or loss.

Property, plant and equipment, net of its residual value, is depreciated on a straight-line basis over its estimated useful life, which is reviewed annually and, if appropriate, adjusted prospectively. Depreciation begins when the asset is available for use.

The estimated useful life of the main items of property, plant and equipment is as follows

Civil buildings	20-70 years
Buildings and civil works incorporated in plants	20-85 years
Hydroelectric power plants:	
- penstock	20-75 years
- mechanical and electrical machinery	24-40 years
- other fixed hydraulic works	25-100 years
Thermal power plants:	
- boilers and auxiliary components	19-46 years
- gas turbine components	10-40 years
- mechanical and electrical machinery	10-45 years
- other fixed hydraulic works	10-66 years
Nuclear power plants	60 years
Geothermal power plants:	
- cooling towers	10-20 years
- turbines and generators	20-30 years
- turbine parts in contact with fluid	10-25 years
- mechanical and electrical machinery	20-22 years
Wind power plants:	
- towers	20-25 years
- turbines and generators	20-25 years
- mechanical and electrical machinery	15-25 years
Solar power plants:	
- mechanical and electrical machinery	15-40 years
Public and artistic lighting:	
- public lighting installations	18-25 years
- artistic lighting installations	20-25 years
Transmission lines	20-50 years
Transformer stations	10-60 years
Distribution plant:	
- high-voltage lines	30-50 years
- primary transformer stations	10-60 years
- low- and medium-voltage lines	23-50 years
Meters:	
- electromechanical meters	2-27 years
- electricity balance measurement equipment	2-35 years
- electronic meters	10-20 years

The useful life of leasehold improvements is determined on the basis of the term of the lease or, if shorter, on the duration of the benefits produced by the improvements themselves.

Land is not depreciated as it has an undetermined useful life.

Assets recognized under property, plant and equipment are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net carrying amount of the derecognized assets.

Assets to be relinquished free of charge

The Group's plants include assets to be relinquished free of charge at the end of the concessions. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. For plants in Italy, the concessions terminate in 2020 and 2040 (respectively, for plants located in the Autonomous Province of Trento and in the Autonomous Province of Bolzano) and 2029 (for all others). Within the regulatory framework in force until 2011, if the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands were to be relinquished free of charge to the government in good operating condition. Accordingly, depreciation on assets to be relinquished was calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In the wake of the legislative changes introduced with Law 134 of August 7, 2012, the assets previously classified as assets "to be relinquished free of charge" connected with the hydroelectric water diversion concessions are now considered in the same manner as other categories of "property, plant and equipment" and are therefore depreciated over the economic and technical life of the asset (where this exceeds the term of the concession), as discussed in the section above on the "Depreciable value of certain elements of Italian hydroelectric plants subsequent to enactement of Law 134/2012", which you are invited to consult for more details.

In accordance with Spanish Laws 29/1985 and 46/1999, hydroelectric power stations in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The terms of the concessions extend up to 2067.

A number of generation companies that operate in Argentina, Brazil and Mexico hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.

As regards the distribution of electricity, the Group is a concession holder in Italy for this service. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance sheet value of the assets themselves and their profitability.
In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over the useful lives of the assets.
The Enel Group also operates under administrative concessions for the distribution of electricity in other countries (including Spain and Romania). These concessions give the right to build and operate distribution networks for an indefinite period of time.

Infrastructure within the scope of IFRIC 12 "*Service concession arrangements*"

Under a "public-to-private" service concession arrangement within the scope of IFRIC 12 "*Service concession arrangements*", the operator acts as a service provider and, in accordance with the terms specified in the contract, it constructs/upgrades infrastructure used to provide a public service and operates and maintains that infrastructure for the period of the concession.
The Group, as operator, does not recognize the infrastructure within the scope of IFRIC 12 as property, plant and equipment and it accounts for revenue and costs relating to construction/upgrade services as discussed in the section "Construction contracts". In particular, the Group measures the consideration received or receivable for the construction/upgrading of infrastructure at its fair value and, depending on the characteristics of the service concession arrangement, it recognizes:

> a financial asset, if the operator has an unconditional contractual right to receive cash or another financial asset from the grantor (or from a third party at the direction of the grantor) and the grantor has little discretion to avoid payment. In this case, the grantor contractually guarantees to pay to the operator specified or determinable amounts or the shortfall between the amounts received from the users of the public service and specified or determinable amounts (defined by the contract), and such payments are not dependent on the usage of the infrastructure; and/or

> an intangible asset, if the operator receives the right (a license) to charge users of the public service provided. In such a case, the operator does not have an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

If the Group (as operator) has a contractual right to receive an intangible asset (the right to charge users of the public service), borrowing costs are capitalized using the criteria specified in the section "Property, plant and equipment".
During the operating phase of concession arrangements, the Group accounts for operating service payments in accordance with criteria specified in the section "Revenue".

Leases

The Group holds property, plant and equipment and intangible assets for its various activities under lease contracts.
These contracts are analyzed on the basis of the circumstances and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.
A finance lease is defined as a lease that transfers substantially all the risks and rewards incidental to ownership of the related asset to the lessee. All leases that do not meet the definition of a finance lease are classified as operating leases.
On initial recognition assets held under finance leases are recognized as property, plant and equipment and the related liability is recognized under long-term borrowings. At inception date finance leases are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments due, including the payment required to exercise any purchase option.
The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the Group will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.
Payment made under operating lease are recognized as a cost on a straight-line basis over the lease term.
Although not formally designated as lease agreements, certain types of contract can be considered as such if the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and if the arrangement conveys a right to use such assets.

Investment property

Investment property consists of the Group's real estate held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods and services.
Investment property is measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses.
Investment property, excluding land, is depreciated on a straight-line basis over the useful lives of the assets.
Impairment losses are determined on the basis of criteria discussed below.
The breakdown of the fair value of investment property is detailed in note 45 "Assets measured at fair value". Investment property is derecognized either at the time of its disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.

Intangible assets

Intangible assets are identifiable assets without physical substance controlled by the entity and capable of generating future economic benefits. They are measured at purchase or internal development cost when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable expenses necessary to make the assets ready for their intended use.
Internal development costs are recognized as an intangible asset when both the Group is reasonably assured of the technical feasibility of completing the intangible asset and that the asset will generate future economic benefits and it has intention and ability to complete the asset and use or sell it.
Research costs are recognized as expenses.
Intangible assets with a finite useful life are reported net of accumulated amortization and any impairment losses.
Amortization is calculated on a straight-line basis over the item's estimated useful life, which is reassessed at least annually; any changes in amortization policies are reflected on a prospective basis. Amortization commences when the asset is ready for use. Consequently, intangible assets not yet available for use are not amortized, but are tested for impairment at least annually.
Intangible assets have a definite useful life, with the exception of a number of concessions and goodwill.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.
Intangible assets are derecognized either at the time of their disposal or when no future economic benefit is expected from their use or disposal. Any gain or loss, recognized through profit or loss, is calculated as the difference between the net consideration received in the disposal, where present, and the net book value of the derecognized assets.
The estimated useful life of the main intangible assets, distinguishing between internally generated and acquired assets, is as follows:

Development costs:	
- internally generated	3-5 years
- acquired	3-5 years
Industrial patents and intellectual property rights:	
- internally generated	5 years
- acquired	3-25 years
Concessions, licenses, trademarks and similar rights:	
- internally generated	-
- acquired	2-60 years
Other:	
- internally generated	2-5 years
- acquired	3-40 years

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, as measured at fair value at the acquisition date, over the net fair value of the acquiree's identifiable assets and liabilities. After initial recognition, goodwill is not amortized, but is tested for recoverability at least annually using the criteria discussed in the section "Impairment of non-financial assets". For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the identified cash generating units.
Goodwill relating to equity investments in associates and joint ventures is included in their carrying amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is evidence of impairment. If such

evidence exists, the recoverable amount of any involved asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.
In order to determine the recoverable amount of property, plant and equipment, intangible assets and goodwill, the Group generally adopts the value-in-use criterion.
The value in use is represented by the present value of the estimated future cash flows generated by the asset in question. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.
The future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue, operating costs and investments.
These projections cover the next five years. Consequently, cash flows related to subsequent periods are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate for the particular sector and country.
The recoverable amount of assets that do not generate independent cash flows is determined based on the cash generating unit to which the asset belongs.
If the carrying amount of an asset or of a cash generating unit to which it is allocated is higher than its recoverable amount, an impairment loss is recognized in profit or loss under "Depreciation, amortization and impairment losses".
Impairment losses of cash generating units are firstly charged against the carrying amount of any goodwill attributed to it and then against the other assets, in proportion to their carrying amount.
If the reasons for a previously recognized impairment loss no longer obtain, the carrying amount of the asset is restored through profit or loss, under "Depreciation, amortization and impairment losses", in an amount that shall not exceed the net carrying amount that the asset would have had if the impairment loss had not been recognized and depreciation or amortization had been performed.
The recoverable amount of goodwill and intangible assets with an indefinite useful life is tested for recoverability annually or more frequently if there is evidence suggesting that the assets may be impaired. The original value of goodwill is not restored even if in subsequent years the reasons for the impairment no longer obtain.
If certain specific identified assets owned by the Group are impacted by adverse economic or operating conditions that undermine their capacity to contribute to the generation of cash flows, they can be isolated from the rest of the assets of the CGU, undergo separate analysis of their recoverability and impaired where necessary.

Inventories

Inventories are measured at the lower of cost and net realizable value except for inventories involved in trading activities, which are measured at fair value with recognition through profit or loss.
Cost is determined on the basis of average weighted cost, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated costs to sell or, where applicable, replacement cost.
For the portion of inventories held to discharge sales that have already been made, the net realizable value is determined on the basis of the amount established in the contract of sale.
Inventories include environmental certificates (green certificates, energy efficiency certificates and CO_2 emissions allowances) that were not utilized for compliance in the reporting period. As regards CO_2 emissions allowances, inventories are allocated between the trading portfolio and the compliance portfolio, i.e. those used for compliance with greenhouse gas emissions requirements. Within the latter, CO_2 emissions allowances are allocated to sub-portfolios on the basis of the compliance year to which they have been assigned.
Inventories also include nuclear fuel stocks, the use of which is determined on the basis of the electricity generated.
Materials and other consumables (including energy commodities) held for use in production are not written down if it is expected that the final product in which they will be incorporated will be sold at a price sufficient to enable recovery of the cost incurred.

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Under this criteria, revenue, expenses and profit are attributed in proportion to the work completed.
When it is probable that total contract costs will exceed total contract revenue, the expected loss on the construction contract is recognized as an expense immediately, re-

gardless of the stage of completion of the contract.
When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.
The stage of completion of the contract in progress is determined, using the cost-to-cost method, as a ratio between costs incurred for work performed to the reporting date and the estimated total contract costs. In addition to initial amount of revenue agreed in the contract, contract revenue includes any payments in respect of variations, claims and incentives, to the extent that it is probable that they will result in revenue and can be reliably measured.
The amount due from customers for construction contract is presented as an asset; the amount due to customers for construction contract is presented as a liability.

Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.
A financial asset or liability is recognized in the consolidated financial statements when, and only when, the Group becomes party to the contractual provisions of the instrument (the trade date).
Financial instruments are classified as follows under IAS 39:

> financial assets and liabilities at fair value through profit or loss;
> held-to-maturity financial assets;
> loans and receivables;
> available-for-sale financial assets;
> financial liabilities measured at amortized cost.

Financial assets and liabilities at fair value through profit or loss

This category includes: securities, equity investments in entities other than subsidiaries, associates and joint ventures and investment funds held for trading or designated as at fair value through profit or loss at the time of initial recognition.
Financial instruments at fair value through profit or loss are financial assets and liabilities:

> classified as held for trading because acquired or incurred principally for the purpose of selling or repurchasing at short term;
> designated as such upon initial recognition, under the option allowed by IAS 39 (the fair value option).

Such financial assets and liabilities are initially recognized at fair value with subsequent gains and losses from changes in their fair value recognized through profit or loss.

Held-to-maturity financial assets

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, quoted on an active market and not representing equity investments, for which the Group has the positive intention and ability to hold until maturity. They are initially recognized at fair value, including any transaction costs, and subsequently measured at amortized cost using the effective interest method.

Loans and receivables

This category mainly includes trade receivables and other financial receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted on an active market, other than those the Group intends to sell immediately or in the short-term (which are classified as held for trading) and those that the Group, on initial recognition, designates as either at fair value through profit or loss or available for sale. Such assets are initially recognized at fair value, adjusted for any transaction costs, and are subsequently measured at amortized cost using the effective interest method, without discounting unless material.

Available-for-sale financial assets

This category mainly includes listed debt securities not classified as held to maturity and equity investments in other entities (unless classified as "designated as at fair value through profit or loss"). Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.
These financial instruments are measured at fair value with changes in fair value recognized in other comprehensive income.
At the time of sale, or when a financial asset available for sale becomes an investment in a subsidiary as a result of successive purchases, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Impairment of financial assets

At each reporting date, all financial assets classified as loans and receivables (including trade receivables), held to maturity or available for sale, are assessed in order to determine if there is objective evidence that an asset or a group of financial assets is impaired.

An impairment loss is recognized if and only if such evidence exists as a result of one or more events that occurred after initial recognition and that have an impact on the future cash flows of the asset and which can be estimated reliably.

Objective evidence of an impairment loss includes observable data about, for example:

> significant financial difficulty of the issuer or obligor;
> a breach of contract, such as a default or delinquency in interest or principal payments;
> evidence that the borrower will enter bankruptcy or other form of financial reorganization;
> a measurable decrease in estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

For financial assets classified as loans and receivables or held to maturity, once an impairment loss has been identified, its amount is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate. This amount is recognized in profit or loss.

The carrying amount of trade receivable is reduced through use of an allowance account.

If the amount of a past impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the impairment is reversed through profit or loss.

Further factors are considered in case of impairment of available for sale equity investments, such as significant adverse changes in the technological, market, economic or legal environment.

A significant or prolonged decline in fair value constitutes objective evidence of impairment and, therefore, the fair value loss previously recognized in other comprehensive income is reclassified from equity to income.

The amount of the cumulative loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss. An impairment loss on an available for sale equity investment cannot be reversed.

If there is objective evidence of impairment for unquoted equity instruments measured at cost because fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current rate of interest for a similar financial asset. Reversal of impairment are not permitted in these cases either.

The amount of the impairment loss on a debt instrument classified as available for sale, to be reclassified from equity, is the cumulative fair value loss recognized in other comprehensive income. Such impairment loss is reversed through profit or loss if the fair value of the debt instrument objectively increases as a result of an event that occurred after the impairment loss was recognized.

Cash and cash equivalents

This category includes deposits that are available on demand or at very short term, as well as highly liquid short-term financial investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

In addition, for the purpose of the consolidated statement of cash flows, cash and cash equivalents do not include bank overdrafts at period-end.

Financial liabilities at amortized cost

This category mainly includes borrowings, trade payables, finance lease obligations and debt instruments.

Financial liabilities other than derivatives are recognized when the Group becomes a party to the contractual clauses of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

A derivative is a financial instrument or another contract:

> whose value changes in response to the changes in an underlying variable such as an interest rate, commodity or security price, foreign exchange rate, a price or rate index, a credit rating or other variable;
> that requires no initial net investment, or an initial net investment that is smaller than would be required for a contract with a similar response to changes in market factors;
> that is settled at a future date.

Derivative instruments are classified as financial assets or liabilities depending on whether their fair value is positive or negative and they are classified as "held for trading" and measured at fair value through profit or loss, except for those designated as effective hedging instruments.

For more details about hedge accounting, please see note 43 "Derivatives and hedge accounting".

All derivatives held for trading are classified as current assets or liabilities.

Derivatives not held for trading purposes but measured at fair value through profit or loss since they do not qualify for hedge accounting and derivatives designated as effective hedging instruments are classified as current or non-current on the basis of their maturity date and the Group's intention to hold the financial instrument until maturity or not.

Embedded derivatives

An embedded derivative is a derivative included in a "combined" contract (the so-called "hybrid instrument") that contains another non-derivative contract (the so-called host contract) and gives rise to some or all of the combined contract's cash flows.

The main Group contracts that may contain embedded derivatives are contracts to buy or sell non-financial items with clauses or options that affect the contract price, volume or maturity.

Such contracts, which are not financial instruments to be measured at fair value, are analyzed in order to identify any embedded derivative, which are to be separated and measured at fair value. This analysis is performed when the Group becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows. Embedded derivatives are separated from the host contract and accounted for as derivatives when:

> host contract is not a financial instrument measured at fair value through profit or loss;
> the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
> a separate contract with the same terms as the embedded derivative would meet the definition of a derivative.

Embedded derivatives that are separated from the host contract are recognized in the consolidated financial statements at fair value with changes recognized through profit or loss (except when the embedded derivative is part of a designated hedging relationship).

Contracts to buy or sell non-financial items

In general, contracts to buy or sell non-financial items that are entered into and continue to be held for receipt or delivery, in accordance with the Group's normal expected purchase, sale or usage requirements, do not fall within the scope of IAS 39 and are then recognized in accordance with the normal accounting treatment of such transactions (the "own use exemption").

Such contracts are recognized as derivatives and, as a consequence, at fair value through profit or loss only if:

> they can be settled net in cash; and
> they are not entered into in accordance with the Group's expected purchase, sale or usage requirements.

A contract to buy or sell non-financial items is classified as a "normal purchase or sale" if it is entered into:

> for the purpose of physical delivery;
> in accordance with the Group's expected purchase, sale or usage requirements.

The Group analyzes all contracts to buy or sell non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they should be classified and treated in accordance with IAS 39 or if they have been entered into for "own use".

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

> the contractual right to receive the cash flows associated with the asset expires;
> the Group has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements established by IAS 39 (the "pass through test");
> the Group has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or expired.

Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:

> there is a legally enforceable right to set off the recognized amounts; and
> it has the intention of either settling on a net basis, or realizing the asset and settling the liability simultaneously.

Post-employment and other employee benefits

Liabilities related to employee benefits paid upon or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date (the projected unit credit method). More specifically, the present value of the defined benefit obligation is calculated by using a discount rate determined on the basis of market yields at the end of the reporting period on high-quality corporate bonds.

The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.

If the value of plan assets exceeds the present value of the related defined benefit obligation, the surplus (up to the limit of any cap) is recognized as an asset.

As regards the liabilities (assets) of defined benefit plans, the cumulative actuarial gains and losses from the actuarial measurement of the liabilities, the return on the plan assets (net of the associated interest income) and the effect of the asset ceiling (net of the associated interest income) are recognized in other comprehensive income when they occur.

For other long-term benefits, the related actuarial gains and losses are recognized through profit or loss.

In the event of a change being made to an existing defined benefit plan or the introduction of a new plan, any past service cost is recognized immediately in profit or loss.

Employees are also enrolled in defined contribution plans under which the Group pays fixed contributions to a separate entity (a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Such plans are usually aimed to supplement pension benefits due to employees post-employment. The related costs are recognized in income statement on the basis of the amount of contributions paid in the period.

Termination benefits

Liabilities for benefits due to employees for the early termination of the employment relationship, both as a result of a decision by the Group or an employee's decision to accept voluntary redundancy in exchange for these benefits, are recognized at the earlier of the following dates:

> when the Group can no longer withdraw its offer of benefits; and
> when the Group recognizes a cost for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

The liabilities are measured on the basis of the nature of the employee benefits. More specifically, when the benefits represent an enhancement of other post-employment benefits, the associated liability is measured in accordance with the rules governing that type of benefit. Otherwise, if the termination benefits due to employees are expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for short-term employee benefits; if they are not expected to be settled wholly before 12 months after the end of the annual reporting period, the entity measures the liability in accordance with the requirements for other long-term employee benefits.

Share-based payments

Share-based payments made in consideration for services provided are recognized as personnel costs. These services are measured at the fair value of the instruments awarded at the grant date.

Share-based payments may involve equity-settled (stock options plans) or cash-settled (restricted share units incentive plans) instruments.

Stock option plans

The cost of services rendered by employees and remunerated through stock option plans is determined on the basis of the fair value of the options granted to employees at the grant date, measured using the Cox-Rubinstein pricing model. This model take into consideration all the characteristics of the option (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date consistent with the expected life of the plan.

The cost is recognized in the income statement, against an equity reserve, over the vesting period considering the best estimate possible of the number of options that will become exercisable.

Restricted share unit incentive plans

The cost of services rendered by employees and remunerated through restricted share unit (RSU) incentive plans is determined based on the fair value of the RSU granted to employees, in relation to the vesting of the right to receive the benefit. The fair value of the RSU is measured using the Monte Carlo pricing model. This model take into consideration all the characteristics of the RSU (term, exercise conditions, etc.), as well as the price and volatility of Enel shares over the vesting period.

The cost is recognized in the income statement, with recognition of a specific liability, over the vesting period, adjusting the fair value periodically, considering the best estimate possible of the number of RSU that will become exercisable.

Provisions for risks and charges

Provisions are recognized where there is a legal or constructive obligation as a result of a past event at the end of the reporting period, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is not immaterial, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability. If the provision is discounted, the periodic adjustment of the present value for the time factor is recognized as a financial expense.

When the Group expects some or all of the expenditure required to extinguish a liability will be reimbursed by a third party, the reimbursement is recognized as a separate asset if such reimbursement is virtually certain.

Where the liability relates to plant decommissioning and/or site restoration, the initial recognition of the provision is made against the related asset and the expense is then recognized in profit or loss through the depreciation of the asset involved.

Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.

In the case of contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contracts), the Group recognizes a provision as the lower of the costs of fulfilling the obligation that exceed the economic benefits expected to be received under the contract and any compensation or penalty arising from failure to fulfil it.

Changes in estimates of accruals to the provision are recognized in the income statement in the period in which the changes occur, with the exception of those in respect of the costs of decommissioning, dismantling and/or restoration resulting from changes in the timetable and costs necessary to extinguish the obligation or from a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets is fully recoverable. If this is not the case, a loss equal to the unrecoverable amount is recognized in the income statement.

Decreases in estimates are recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.

For more information on the estimation criteria adopted in determining liabilities for plant dismantling and site restoration, especially those associated with nuclear power plants or the storage of waste fuel and other radioactive materials, please see the section on the use of estimates.

Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that they will be received and that the Group will comply with all conditions attaching to them as set by the government, government agencies and similar bodies whether local, national or international.

When loans are provided by governments at a below-market rate of interest, the benefit is regarded as a government grant. The loan is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying amount of the loan and the funds received. The loan is subsequently measured in accordance with the requirements for financial liabilities.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the costs that the grants are intended to compensate.

Where the Group receives government grants in the form of a transfer of a non-monetary asset for the use of the Group, it accounts for both the grant and the asset at the fair value of the non-monetary asset received at the date of the transfer.

Grants related to long-lived assets, including non-monetary grants at fair value, i.e. those received to purchase, build or otherwise acquire non-current assets (for example, an item of property, plant and equipment or an intangible asset), are recognized on a deferred basis under other liabilities and are credited to profit or loss on a straight-line basis over the useful life of the asset.

Environmental certificates

Some Group companies are affected by national regulations governing green certificates and energy efficiency certifica-

tes (so-called white certificates), as well as the European "Emissions Trading System".
Green certificates accrued in proportion to electricity generated by renewable energy plants and energy efficiency certificates accrued in proportion to energy savings achieved that have been certified by the competent authority are treated as non-monetary government operating grants and are recognized at fair value, under other revenue and income, with recognition of an asset under other non-financial assets, if the certificates are not yet credited to the ownership account, or under inventories, if the certificates have already been credited to that account. At the time the certificates are credited to the ownership account, they are reclassified from other assets to inventories.
Revenue from the sale of such certificates are recognized under revenue from sales and services, with a corresponding decrease in inventories.
For the purposes of accounting for charges arising from regulatory requirements concerning green certificates, energy efficiency certificates and CO_2 emissions allowances, the Group uses the "net liability approach".
Under this accounting policy, environmental certificates received free of charge and those self-produced as a result of Group's operations that will be used for compliance purposes are recognized at nominal value (nil). In addition, charges incurred for obtaining (in the market or in some other transaction for consideration) any missing certificates to fulfil compliance requirements for the reporting period are recognized through profit or loss on an accruals basis under other operating expenses, as they represent "system charges" consequent upon compliance with a regulatory requirement.

Non-current assets (or disposal groups) classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use.
This classification criteria is applicable only when non-current assets (or disposal groups) are available in their present condition for immediate sale and the sale is highly probable.
If the Group is committed to a sale plan involving loss of control of a subsidiary and the requirements provided for under IFRS 5 are met, all the assets and liabilities of that subsidiary are classified as held for sale when the classification criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.
The Group applies these classification criteria as envisaged in IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.
Non-current assets (or disposal groups) and liabilities of disposal groups classified as held for sale are presented separately from other assets and liabilities in the balance sheet.
The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale are not reclassified or re-presented for prior periods presented.
Immediately before the initial classification of non-current assets (or disposal groups) as held for sale, the carrying amounts of such assets (or disposal groups) are measured in accordance with the IFRS-EU applicable to the specific assets or liabilities. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for any initial or subsequent write-down of the assets (or disposal groups) to fair value less costs to sell and gains for their reversals are included in profit or loss from continuing operations.
Non-current assets are not depreciated (or amortized) while they are classified as held for sale or while they are part of a disposal group classified as held for sale.
If the classification criteria are no longer met, the Group ceases to classify non-current assets (or disposal group) as held for sale. In that case they are measured at the lower of:

> the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized if the asset (or disposal group) had not been classified as held for sale; and

> the recoverable amount, which is equal to the greater of its fair value net of costs of disposal and its value in use, as calculated at the date of the subsequent decision not to sell.

Any adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is included in profit or loss from continuing operations.
A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

> represents a separate major line of business or geographical area of operations;
> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
> is a subsidiary acquired exclusively with a view to resale.

The Group presents, in a separate line item of the income statement, a single amount comprising the total of:

> the post-tax profit or loss of discontinued operations; and
> the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The corresponding amount is re-presented in the income statement for prior periods presented in the financial statements, so that the disclosures relate to all operations that are discontinued by the end of the current reporting period. If the Group ceases to classify a component as held for sale, the results of the component previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Therefore, in an agency relationship, the amount collected on behalf of the principal are excluded from revenue.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed by the Group.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

In arrangements under which the Group will perform multiple revenue-generating activities (a multiple-element arrangement), the recognition criteria are applied to the separately identifiable components of the transaction in order to reflect the substance of the transaction or to two or more transactions together when they are linked in such a way that the commercial effect cannot be understood without reference to the series of transactions as a whole.

More specifically, the following criteria are used depending on the type of transaction:

> revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and their amount can be reliably determined;
> revenue from the sale and transport of electricity and gas is recognized when these commodities are supplied to the customer and regard the quantities provided during the period, even if these have not yet been invoiced. It is determined using estimates as well as periodic meter readings. Where applicable, this revenue is based on the rates and related restrictions established by law or the Italian authority for electricity and analogous foreign authorities during the applicable period. In particular, the authorities that regulate the electricity and gas markets can use mechanisms to reduce the impact of the temporal mismatching between the setting of prices for energy for the regulated market as applied to distributors and the setting of prices by the latter for final consumers;
> revenue from the rendering of services is recognized by reference to the stage of completion of services at the end of the reporting periods in which the services are rendered. The stage of completion of the transaction is determined based on an assessment of the service rendered as a percentage of the total services to be rendered or as costs incurred as a proportion of the estimated total costs of the transaction. When it is not possible to reliably determine the value of the revenue, it is recognized only to the extent of the expenses recognized that are recoverable;
> revenue associated with construction contracts is recognized as specified in the section "Construction contracts";
> revenue from monetary and in-kind fees for connection to the electricity distribution network is recognized in full upon completion of connection activities if the service supplied is identified. If more than one separately identifiable service is identified, the fair value of the total consideration received or receivable is allocated to each service and the revenue related to the service performed in the period is recognized; in particular, if any ongoing services (electricity distribution services) are identified, the related revenue is generally determined by the terms of the agreement with the customer or, when such an agreement does not specify a period, over a period no longer than the useful life of the transferred asset;
> revenue from rentals and operating leases is recognized on an accruals basis in accordance with the substance of the relevant agreement.

Financial income and expense from derivatives

Financial income and expense from derivatives includes:

> income and expense from derivatives measured at fair value through profit or loss on interest rate and foreign exchange risks;
> income and expense from fair value hedge derivatives on interest rate risk;
> income and expense from cash flow hedge derivatives on interest rate and foreign exchange risks.

Other financial income and expense

For all financial assets and liabilities measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income and expense is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.
Interest income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured.
Other financial income and expense also includes changes in the fair value of financial instruments other than derivatives.

Income taxes

Current income taxes

Current income taxes for the period, which are recognized under "income tax payable" net of payments on account, or under "tax receivables" where there is a credit balance, are determined using an estimate of taxable income and in conformity with the applicable regulations.
In particular, such payables and receivables are determined using the tax rates and tax laws that are enacted or substantively enacted as at the end of the reporting period.
Current income taxes are recognized in profit or loss with the exception of current income taxes related to items recognized outside profit or loss that are recognized in equity.

Deferred tax items

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are enacted or substantively enacted as at end of the reporting period.
Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end.
Unrecognized deferred tax assets are re-assessed at each reporting date and they are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred taxes are recognized in profit or loss, with the exception of those in respect of items recognized outside profit or loss that are recognized in equity.
Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are set off if an entity has a legally enforceable right to set off the current tax assets and current tax liabilities that will arise at the time of their reversal.

Dividends

Dividends are recognized when the right to receive payment is established.
Dividends and interim dividends payable to Company's shareholders are recognized as changes in equity in the period in which they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

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Recently issued accounting standards

New accounting standards applied in 2014

The Group adopted the following accounting standards and amendments to existing standards with effect as from January 1, 2014:

> "IFRS 10 - *Consolidated financial statements*". Replaces "SIC 12 - *Consolidation - Special purpose entities*" and, for the part concerning consolidated financial statements, "IAS 27 - *Consolidated and separate financial statements*", the title of which was changed to "Separate financial statements". The standard introduces a new approach to determining whether an entity controls another (the essential condition for consolidating an investee), without modifying the consolidation procedures envisaged in the previous IAS 27. This approach must be applied to all investees, including special purpose entities, which are called "structured entities" in the new standard. While previous accounting standards gave priority – where control did not derive from holding a majority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses on the determination on three elements to be considered in each assessment: the power to direct relevant activities of the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns. The accounting effects of a loss of control or a change in the ownership interest that does not result in a loss of control are unchanged with respect to the provisions of the previous IAS 27.
> The retroactive application of the standard did not have an impact on the consolidated financial statements.

> "IAS 27 - *Separate financial statements*". Together with the issue of IFRS 10 and IFRS 12, the previous IAS 27 was also amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates.
> As the amendment does not regard the consolidated financial statements, the retrospective application of the amendments did not have an impact on Group.

> "IFRS 11 - *Joint arrangements*". Replaces "IAS 31 - *Interests in joint ventures*" and "SIC 13 - *Jointly controlled entities - non-monetary contributions by venturers*". Unlike IAS 31, which assessed joint arrangements on the basis of the contractual form adopted, IFRS 11 assesses them on the basis of how the related rights and obligations are attributed to the parties. In particular, the new standard identifies two types of joint arrangement: joint operations, where the parties to the arrangement have pro-rata rights to the assets and pro-rata obligations for the liabilities relating to the arrangement; and joint ventures, where the parties have rights to a share of the net assets or profit/loss of the arrangement. In the consolidated financial statements and the separate financial statements, accounting for an interest in a joint operation involves the pro-rata recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method. Proportionate consolidation is therefore no longer permitted.
> The effects of the retrospective application of the standard in the consolidated financial statements are discussed in note 4 "Restatement of comparative disclosures" below.

> "IAS 28 - *Investments in associates and joint ventures*". Together with the issue of IFRS 11 and IFRS 12, the previous IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of "SIC 13 - *Jointly controlled entities - non-monetary contributions by venturers*", describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures.
> The effects of the retrospective application of the standard in the consolidated financial statements are discussed – together with those generated by the introduction of IFRS 11 – in note 4 "Restatement of comparative disclosures" below.

> "IFRS 12 - *Disclosure of interests in other entities*". IFRS 12 brings together in a single standard the required di-

sclosures concerning interests held in subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard replaces the disclosures called for in the previous versions of IAS 27, IAS 28 and IAS 31 in order to ensure the disclosure of more uniform and consistent information, introducing new requirements for disclosures concerning subsidiaries with significant non-controlling shareholders and individually material associates and joint ventures, as well as structured entities.

The retrospective application of the measure did not have an impact on the consolidated financial statements.

> "Amendments to IAS 32 - *Financial instruments: presentation - Offsetting financial assets and financial liabilities*". The new version of IAS 32 establishes that a financial asset and a financial liability should be offset and the net amount reported in the balance sheet when, and only when, an entity:
a) has a legally enforceable right to set off the amounts; and
b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
The amendments to IAS 32 clarify that, in order to satisfy the first requirement, the right of set-off must not be conditioned upon the occurrence of a future event and must be legally enforceable in the normal course of business and in the event of breach, insolvency or bankruptcy. The company's intent to settle net items can be seen in the course of normal business practices, through the operation of financial markets and through the absence of restrictions on the ability to settle gross and net financial assets and liabilities simultaneously. With regard to this requirement, the amendments to IAS 32 state that, where the entity settles financial assets and liabilities separately, for the purpose of offsetting such in the financial statements, the gross settlement system must have specific characteristics that eliminate or reduce the degree of credit and liquidity risk to insignificant levels, as well as processing receivables and payables in a single settlement process.
The effects of the retrospective application of the amendments on these consolidated financial statements are discussed in note 4 "Restatement of comparative disclosures" below.

> "Amendments to IFRS 10, IFRS 11 and IFRS 12 - *Transition guidance*". The amendments are intended to clarify a number of issues concerning the first-time adoption of IFRS 10, IFRS 11 and IFRS 12. In particular, IFRS 10 was amended to clarify that the date of initial application of the standard shall mean "the beginning of the annual reporting period in which IFRS 10 is applied for the first time" (i.e. January 1, 2013). In addition, the amendments limited the comparative disclosures to be provided in the first year of application. IFRS 11 and IFRS 12 were amended analogously, limiting the effects, both in terms of restatement of financial data and of disclosures, of initial application of IFRS 11.
The retrospective application of the amendments did not have an impact on the consolidated financial statements.

> "Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment entities*". The amendments introduce an exception to the requirement under IFRS 10 to consolidate all subsidiaries if the parent qualifies as an "investment entity". More specifically, investment entities, as defined in the amendments, shall not consolidate their subsidiaries unless the latter provide services associated with the investment activities of the parent. Non-consolidated subsidiaries shall be measured in conformity with IFRS 9 or IAS 39. The parent of an investment entity shall, however, consolidate all of its subsidiaries (including those held through the investment entity) unless it also qualifies as an investment entity.
The retrospective application of the amendments did not have an impact on the consolidated financial statements.

> "Amendments to IAS 36 - *Recoverable amount disclosures for non-financial assets*". The amendments of IAS 36 as a consequence of the provisions of IFRS 13 did not reflect the intentions of the IASB concerning the disclosures to report about the recoverable amount of impaired assets. Consequently, the IASB amended the standard further, eliminating the disclosure requirements originally introduced by IFRS 13 and requiring specific disclosures concerning the measurement of fair value in cases in which the recoverable amount of impaired assets is calculated on the basis of fair value less costs of disposal. The amendments also require disclosures on the recoverable amount of assets or cash generating units for which an impairment loss has been recognized or reversed during the period.
The retrospective application of the amendments did not have an impact on the consolidated financial statements.

> "Amendments to IAS 39 - *Novation of derivatives and continuation of hedge accounting*". The amendments are intended to allow entities, under certain conditions, to continue hedge accounting in the case of novation of the hedging instrument with a central counterparty as a re-

sult of the introduction of a new law or regulation.
The retrospective application of the amendments did not have an impact on the consolidated financial statements.

Accounting standards taking effect at a future date

The following new standards, amendments and interpretations take effect after December 31, 2014:

> "IFRIC 21 - *Levies*", issued in May 2013. The interpretation defines when a liability in respect of the obligation to pay a levy (other than income taxes) due to the government, whether local, national or international must be recognized. More specifically, the interpretation established that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy (for example, upon reaching a given threshold level of revenue), as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time, the liability shall be recognized gradually over that period. The interpretation will take effect for periods beginning on or after June 17, 2014. The Group does not expect the future application of the provisions to have an impact.

> "Annual improvements to IFRSs 2011-2013 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group and will apply as from January 1, 2015. More specifically, the following standards were amended:
- "IFRS 3 - *Business combinations*"; the amendment clarifies that IFRS 3 does not apply to the financial statements of a joint arrangement in accounting for the formation of the joint arrangement itself;
- "IFRS 13 - *Fair value measurement*"; the amendment clarifies that the exception provided for in that standard of measuring financial assets and liabilities on the basis of the net exposure of the portfolio (the "portfolio exception") shall apply to all contracts within the scope of IAS 39 or IFRS 9 even if they do not meet the definitions in IAS 32 of financial assets or liabilities;
- "IAS 40 - *Investment property*"; under IAS 40, a property interest held by a lessee under an operating lease may be classified as an investment property if and only if the property would otherwise meet the definition of an investment property and if the lessee uses the fair value model to measure such investments. The amendment also clarifies that management judgment must be used to determine whether the acquisition of an investment property represents the acquisition of an asset or group of assets or is a business combination under the provisions of IFRS 3. That judgment must be consistent with the guidance of IFRS 3.

"Annual improvements to IFRSs 2011-2013 cycle" amended the Basis for Conclusions of "IFRS 1 - *First-time adoption of International Financial Reporting Standards*" to clarify that a first-time adopter may adopt a new IFRS whose adoption is not yet mandatorily effective if the new IFRS permits early application.

> "Annual improvements to IFRSs 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Group and will apply for period beginning on or after February 1, 2015. More specifically, the following standards were amended:
- "IFRS 2 - *Share-based payment*"; the amendment separates the definitions of "performance conditions" and "service conditions" from the definition of "vesting conditions" in order to clarify the description of each condition;
- "IFRS 3 - *Business combinations*"; the amendment clarifies how to classify any contingent consideration agreed in a business combination. Specifically, the amendment establishes that if the contingent consideration meets the definition of financial instrument it shall be classified as a financial liability or equity. In the former case, the liability shall be measured at fair value and changes in fair value shall be recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not meet the definition of financial instrument shall be measured at fair value and changes in fair value shall be recognized in profit or loss;
- "IFRS 8 - *Operating segments*"; the amendments introduce new disclosure requirements in order to enable the users of financial statements to understand the judgments adopted by management's in aggregating operating segments and the reasons for such aggregation. The amendments also clarify that the reconciliation of total segment assets and total assets of the entity is required only if provided periodically by management;
- "IAS 16 - *Property, plant and equipment*"; the amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount.

In addition, it also clarifies that the accumulated depreciation shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses;

- "IAS 24 - *Related party disclosures*"; the amendment clarifies that a management entity, i.e. an entity providing key management personnel services to an entity, is a related party of that entity. Accordingly, in addition to fees for services paid or payable to the management entity, the entity must report other transactions with the management entity, such as loans. The amendment also clarifies that if an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to those managers;
- "IAS 38 - *Intangible assets*"; the amendment clarifies that when an intangible asset is revalued, its gross carrying amount shall be adjusted in a manner consistent with the revaluation of the carrying amount. In addition, it also clarifies that the accumulated amortization shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses.

"Annual improvements to IFRSs 2010-2012 cycle" amended the Basis for Conclusions of "IFRS 13 - *Fair value measurement*" to clarify that short-term receivables and payables with no stated interest rate to apply to the invoice amount can still be measured without discounting, if the impact of discounting would not be material.

> "Amendments to IAS 19 - *Defined benefit plans: employees contributions*", issued in November 2013. The amendments are intended to clarify how to recognize contributions from employees within a defined benefit plan. More specifically, contributions linked to service should be recognized as a reduction in service cost:

- over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
- in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

The amendments will take effect for periods beginning on or after February 1, 2015. The Group is assessing the potential impact of the future application of the amendments.

> "IFRS 9 - *Financial instruments*", the final version was issued on July 24, 2014, replacing the existing "IAS 39 - *Financial instruments: recognition and measurement*" and supersedes all previous versions of the new standard. The standard will take effect as from January 1, 2018 and early application will be permitted following endorsement.

The final version of IFRS 9 incorporates the results of the three phases of the project to replace IAS 39 concerning classification and measurement, impairment and hedge accounting.

As regards the classification of financial instruments, IFRS 9 provides for a single approach for all types of financial asset, including those containing embedded derivatives, under which financial assets are classified in their entirety, without the application of complex subdivision methods.

In order to determine how financial assets should be classified and measured, consideration must be given to the business model used to manage its financial assets and the characteristics of the contractual cash flows. Business model is construed as the manner in which the entity manages its financial assets to generate cash flows, i.e. collecting contractual cash flows, selling the financial asset or both.

Financial assets at amortized cost are held in a business model whose objective is to collect contractual cash flows, while those held at fair value through other comprehensive income (FVTOCI) are held with the objective of collecting contractual cash flows or selling the instrument. This category enables the recognition of interest calculated using the amortized cost method through profit or loss and the fair value of the financial asset through OCI.

Financial assets at fair value through profit or loss (FVTPL) is now a residual category that comprises financial instruments that are not held under one of the two business models indicated above, including those held for trading and those managed on the basis of their fair value.

As regards the classification and measurement of financial liabilities, IFRS 9 maintains the accounting treatment envisaged in IAS 39, making limited amendments, for which most of such liabilities are measured at amortized cost. In addition, it is still possible to designate a financial liability as at fair value through profit or loss if certain requirements are met.

The standard introduces new provisions for financial liabilities designated as at fair value through profit or loss, under which in certain circumstances the portion of changes in fair value due to own credit risk shall be recognized through OCI rather than profit or loss. This part of the standard may be applied early, without having to apply the entire standard.

In view of the fact that during the financial crisis the model of impairment based on "incurred credit losses" had shown clear limitations connected with the deferral of the recognition of credit losses to the time a trigger event occurred, the standard proposes a new model that gives users of financial statements more information on "expected credit losses".

Essentially, the model envisages:

a) the application of a single approach for all financial assets;

b) the recognition of expected credit losses on an ongoing basis and the updating of the amount of such losses at the end of each reporting period, with a view to reflecting changes in the credit risk of the financial instrument;

c) the measurement of expected losses on the basis of reasonable information, obtainable without undue cost, about past events, current conditions and forecasts of future conditions;

d) an improvement of disclosures on expected losses and credit risk.

IFRS 9 also introduces a new approach to hedge accounting, with the objective of aligning the representation in the accounts with risk management activities and of establishing a more principles-based approach.

The new approach to hedge accounting will enable entities to reflect their risk management activities in the financial statements, extending the criteria for eligibility as hedged items to the risk components of non-financial elements, to net positions, to layer components and to aggregate exposures (i.e. a combination of a non-derivative exposure and a derivative). The most significant changes regarding hedging instruments compared with the hedge accounting approach used in IAS 39 involve the possibility of deferring the time value of an option, the forward element of forward contracts and currency basis spreads (i.e. "hedging costs") in OCI up until the time in which the hedged element impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall with a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

Finally, IFRS 9 does not replace the provisions of IAS 39 concerning portfolio fair value hedge accounting for interest rate risk ("macro hedge accounting") as that phase of the project for replacing IAS 39 has been separated and is currently at the discussion stage. In this regard, in April 2014 the IASB published the *Discussion Paper Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging*.

The potential impact of the future application of IFRS 9 is still being assessed.

> "IFRS 14 - *Regulatory deferral accounts*", issued in January 2014. The standard allows first-time adopters to continue to recognize rate-regulated amounts recognized under their previous GAAP at first-time adoption of the International Financial Reporting Standards. The standard may not be adopted by entities that already prepare their financial statements in accordance with the IFRS/IAS. In other words, an entity may not recognize rate-regulated assets and liabilities under IFRS 14 if its current GAAP do not permit such recognition or if the entity has not adopted such accounting treatment as permitted under its current GAAP. The standard shall take effect retrospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The application of the standard will have no impact on the Group.

> "IFRS 15 - *Revenue from contracts with customers*", issued in May 2014, introduces a general framework for the recognition and measurement of revenue, accompanied by a set of notes. The new standard replaces "IAS 11 - *Construction contracts*", "IAS 18 - *Revenue*", "IFRIC 13 - *Customer loyalty programmes*", "IFRIC 15 - *Agreements for the construction of real estate*", IFRIC 18 - *Transfers of assets from customers*" and "SIC 31 - *Revenue - Barter transactions involving advertising services*". The new standard establishes that an entity must recognize revenue in a manner that faithfully depicts the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new recognition approach is based on a five-step model: the entity must identify the contract(s) with the customer (step 1); once the contract has been identified, it must identify the performance obligations in the contract, i.e. it must assess its terms and commercial practices in order to identify which goods and services are promised in respect of the individual obligations in the contract (step 2); subsequently, the entity must determine the transaction price (step 3), which is represented by the consideration that it expects to obtain; the entity must then allocate the

transaction price to the individual obligations identified in the contract (step 4) on the basis of the value of each performance obligation; revenue is recognized when the entity satisfies the individual performance obligations (step 5). The standard shall take effect, subject to endorsement, for periods beginning on or after January 1, 2017. The Group is assessing the potential impact of the future application of the standard.

> "Amendments to IFRS 11 - *Accounting for acquisitions of interests in joint operations*", issued in May 2014. The amendments clarify the accounting treatment of the acquisition of an interests in a joint operation that is business, pursuant to IFRS 3, requiring the application of all the accounting rules for business combinations under IFRS 3 and other applicable IFRS with the exception of those standards that conflict with the guidance on IFRS 11. Under the amendments, a joint operator that acquires such interests must measure the identifiable assets and liabilities at fair value; expense acquisition-related costs (with the exception of debt or equity issuance costs); recognize deferred taxes; recognize any goodwill or bargain purchase gain; perform impairment tests for the cash generating units to which goodwill has been allocated; and disclose information required for relevant business combinations. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.

> "Amendments to IAS 16 and IAS 38 - *Clarification of acceptable methods of depreciation and amortization*", issued in May 2014. The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The provisions of IAS 16 have been amended to clarify that a revenue-based depreciation method asset is not appropriate. The provisions of IAS 38 have been amended to introduce a presumption that a revenue-based amortization method is inappropriate. That presumption can be overcome when:
- the intangible asset is expressed as a measure of revenue;
- it can be demonstrated that revenue and the consumption of the economic benefit generated by an intangible asset are highly correlated.

The amendments will take effect prospectively, subject to endorsement, for periods beginning on or after January 1, 2016. The Group is assessing the impact of the future application of the amendments.

> "Amendments to IAS 16 and IAS 41 - *Bearer plants*", issued in June 2014. The amendments change the accounting treatment of biological assets that meet the definition of "bearer plants", such as fruit trees, that currently fall within the scope of "IAS 16 - *Property, plant and equipment*". As a consequence, they will be subject to all of the provisions of that standard. Accordingly, for measurement subsequent to initial recognition, the entity may choose between the cost model and the revaluation model. The agricultural products produced by the bearer plants (e.g. fruit) will remain within the scope of "IAS 41 - *Agriculture*". The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IAS 27 - *Equity method in separate financial statements*" issued in August 2014. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments also clarify a number of issues concerning investment entities. Specifically, when an entity ceases to be an investment entity, it must recognize investments in subsidiaries in accordance with IAS 27. Conversely, when an entity becomes an investment entity, it must recognize investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. As the amendments regard the separate financial statements only, they are not expected to have an impact on the consolidated financial statements.

> "Amendments to IFRS 10 and IAS 28 - *Sale or contribution of assets between an investor and its associate or joint venture*", issued in September 2014. The amendments established that in the case of the sale or contribution of assets to a joint venture or an associate, or the sale of an interest that gives rise to a loss of control while maintaining joint control or significant influence over the associate or joint venture, the amount of the gain or loss recognized shall depend on which the assets or interest constitute a business in accordance with "IFRS 3 - *Business combinations*". More specifically, if the assets/interest constitute a business, any gain (loss) shall be recognized in full; if the assets/interest does not constitute a business, any gain (loss) shall only be recognized to the extent of the unrelated investors' interests in the associate or joint venture, who represent the counterparties in the transaction. The amendments will take effect prospectively, subject to en-

dorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IAS 1 - *Disclosure initiative*", issued in December 2014. The amendments, which form part of a broader initiative to improve presentation and disclosure requirements, include changes in the following areas:
  - materiality: the amendments clarify that the concept of materiality applies to all parts of the financial statements and that the inclusion of immaterial information could undermine the utility of financial disclosures;
  - disaggregation and subtotals: the amendments clarify that the line items in the income statement, the statement of comprehensive income and the balance sheet may be disaggregated. They also introduce new requirements concerning the use of subtotals;
  - the structure of the notes: the amendments clarify that entities have a certain degree of flexibility in the order in which the notes to the financial statements may be presented. They also emphasize that in establishing that order the entity must consider the requirements of understandability and comparability of the financial statements;
  - investments accounted for using the equity method: the entity's share of OCI of investments in equity-accounted associates and joint ventures must be presented as separate line items in the statement of comprehensive income depending whether they will subsequently be reclassified to profit or loss.

  The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

> "Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment entities: applying the consolidation exception*", issued in December 2014. The amendments clarify that if a parent entity (or intermediate parent) prepares its financial statements in conformity with IFRS 10 (including the case of an investment entity that does not consolidate its investments in subsidiaries but rather measures them at fair value), the exemption from preparing consolidated financial statements is available to the subsidiaries of an investment entity that in turn qualify as investment entities. In addition, the amendments also clarify that a parent entity that qualifies as an investment entity must consolidate a subsidiary that provides services related to the parent's investment activities if the subsidiary is not itself an investment entity. The amendments also simplify application of the equity method for an entity that is not an investment entity but holds an interest in an associate or joint venture that is an investment entity. In particular, when applying the equity method, the entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016. The Group does not expect the future application of the amendments to have an impact.

> "Annual improvements to IFRSs 2012-2014 cycle", issued in September 2014; the document contains formal modifications and clarifications of existing standards that are not expected to have a significant impact on the Company. More specifically, the following standards were amended:
  - "IFRS 5 - *Non-current assets held for sale and discontinued operations*"; the amendments clarify that the reclassification of an asset (or disposal group) from held for sale to held for distribution should not be considered as a new plan of sale but rather the continuation of the original plan. Accordingly, the reclassification does not give rise to any interruption in the application of the provisions of IFRS 5 or any change in the date of classification. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016;
  - "IFRS 7 - *Financial instruments: disclosures*"; as regards disclosures to be provided on any continuing involvement in assets that have been transferred and derecognized in their entirety, the amendments clarify that for disclosure purposes, a servicing contract that provides for the payment of a fee can represent a continuing involvement in the transferred asset. The entity must assess the nature of the fee and the servicing contract to determine when disclosure is required. The amendments also clarify that disclosures concerning the offsetting of financial assets and liabilities are not required in condensed interim financial statements. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016;
  - "IAS 19 - *Employee benefits*"; IAS 19 requires that the discount rate used to discount post-employment benefit obligations shall be determined by reference to market yields on high quality corporate bonds or government bonds where there is not deep market in such high quality corporate bonds. The amendment

to IAS 19 clarifies that the depth of the market in high quality corporate bonds must be assessed on the basis of the currency in which the bond is denominated and not the currency of the country in which the bond is issued. If there is no deep market in high quality corporate bonds in that currency, the corresponding market yield on government bonds shall be used. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016;

- "IAS 34 - *Interim financial reporting*"; the amendment establishes that the required disclosures for interim financial reports shall be provided in the interim financial statements or cross-referenced in the interim financial statements by way of a reference to another statement (e.g. a management risk report) that is available on the same terms and at the same time to users of the interim financial statements. The amendments will take effect, subject to endorsement, for periods beginning on or after January 1, 2016.

4

Restatement of comparative disclosures

The newly applicable accounting standards or newly adopted accounting policies that gave rise to restatements of comparative figures at December 31, 2013 are as follows:

> the retrospective application of the new IFRS 11, under which the only permissible method for accounting for joint ventures is the equity method, while joint arrangements are now accounted for by recognizing the entity's share of the assets/liabilities and costs/revenue of the agreement on the basis of its rights/obligations in the arrangement, regardless of the interest held. In substance, the change removed the possibility, as provided for under the previous IAS 31 and used by the Group, of consolidating investments in joint ventures on a proportionate basis, leading to the restatement of all performance and financial items, although not changing the net income or shareholders' equity of the Group. The impact of the change in accounting treatment of joint operations was marginal, given that the characteristics of the agreements involved and the associated rights and obligations meant that the accounting treatment adopted did not give rise to any significant differences with the proportionate consolidation method used previously;

> the application of the new provisions of IAS 32, applicable since January 1, 2014 with retrospective effect, concerning the offsetting of financial assets and liabilities under certain conditions, which only led to the restatement of several items in the consolidated balance sheet at December 31, 2013, with no impact on shareholders' equity.

In addition, the balance sheet figures at December 31, 2013 were restated as a result of the definitive allocation of the purchase prices for a number of companies in the Renewable Energy Division (including Parque Eólico Talinay Oriente) in transactions that had been completed after that date. Here, too, there were no restatement effects on the items of the income statement, as the depreciation and amortization of assets other than goodwill whose value was increased only began as from the current year.

Following changes in the approach used to classify costs for purchases of electricity, financial receivables in respect of subsidiaries and joint ventures and the financial impact of derivatives and their fair value, designed to implement best industry practice and to ensure clarity in financial reporting, reclassifications have been made to the income statement, the balance sheet and the statement of cash flows for 2013 in order to ensure greater comparability of the information reported. More specifically: with regard to the 2013 income statement, we have reclassified:

(i) costs for materials and equipment in the amount of €1,577 million from "Raw materials and consumables" to "Services and other materials";

(ii) financial income from derivatives in the amount of €757 million from "Financial income" to "Net financial income/(expense) from derivatives";

(iii) financial expense from derivatives in the amount of €1,218 million from "Financial expense" to "Net financial income/(expense) from derivatives".

With regard to the balance sheet at December 31, 2013 and at January 1, 2013, we have reclassified:

(i) non-current derivative financial assets, equal – at the respective reference dates – to €444 million and €953 million, from "Non-current financial assets" to a separate "Derivatives" item under non-current assets;

(ii) current derivative financial assets, equal – at the respective reference dates –to €2,285 million and €1,718 million, from "Current financial assets" to a separate "Derivatives" item under current assets;

(iii) non-current derivative financial liabilities, equal – at the respective reference dates – to €2,257 million and €2,553 million, from "Non-current financial liabilities" to a separate "Derivatives" item under non-current liabilities;
(iv) current derivative financial liabilities, equal – at the respective reference dates – to €2,535 million and €2,028 million, from "Current financial liabilities" to a separate "Derivatives" item under current liabilities.

In addition, the income statement and the balance sheet have been modified to improve the presentation of information concerning costs for purchases of raw materials and energy, receivables and payables in respect of construction contracts and the impact of derivatives on performance and the financial position. This made it necessary to restate certain figures for 2013 and at December 31, 2013, in order to ensure the comparability of the figures.

The following tables report the changes to the income statement, the statement of comprehensive income, the consolidated balance sheet and the statement of cash flows as a result of the above amendments, including the associated tax effects.

Millions of euro

	2013	IFRS 11 effect	**2013 restated**
Revenue			
Revenue from sales and services	77,258	(1,831)	75,427
Other revenue and income	3,277	(41)	3,236
Total revenue	**80,535**	**(1,872)**	**78,663**
Costs			
Electricity, gas and fuel purchases	40,035	(1,081)	38,954
Services and other materials	17,128	(430)	16,698
Personnel	4,596	(41)	4,555
Depreciation, amortization and impairment losses	7,067	(116)	6,951
Other operating expenses	2,837	(16)	2,821
Capitalized costs	(1,450)	16	(1,434)
Total costs	**70,213**	**(1,668)**	**68,545**
Net income/(expense) from commodity contracts measured at fair value	**(378)**	**-**	**(378)**
Operating income	**9,944**	**(204)**	**9,740**
Financial income from derivatives	757	(1)	756
Other financial income	1,696	(3)	1,693
Financial expense from derivatives	1,218	(8)	1,210
Other financial expense	4,048	(5)	4,043
Share of income/(losses) of equity investments accounted for using the equity method	86	131	217
Income before taxes	**7,217**	**(64)**	**7,153**
Income taxes	2,437	(64)	2,373
Net income from continuing operations	**4,780**	**-**	**4,780**
Net income from discontinued operations	**-**	**-**	**-**
Net income for the year (shareholders of the Parent Company and non-controlling interests)	**4,780**	**-**	**4,780**
Attributable to shareholders of the Parent Company	3,235	-	3,235
Attributable to non-controlling interests	1,545	-	1,545

Millions of euro

	2013	IFRS 11 effect	**2013 restated**
Net income for the year	**4,780**	**-**	**4,780**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges	(174)	(16)	(190)
Share of the other comprehensive income of equity investments accounted for using the equity method	(29)	11	(18)
Change in the fair value of financial assets available for sale	(105)	-	(105)
Exchange rate differences	(3,197)	5	(3,192)
Other comprehensive income not recyclable to profit or loss			
Remeasurements of net defined benefit liabilities/(assets)	(188)	-	(188)
Share of the other comprehensive income of equity investments accounted for using the equity method	-	-	-
Total other comprehensive income/(loss) for the period	**(3,693)**	**-**	**(3,693)**
Total comprehensive income/(loss) for the period	**1,087**		**1,087**
Attributable to:			
- shareholders of the Parent Company	1,514	-	1,514
- non-controlling interests	(427)	-	(427)

Millions of euro

	at Dec. 31, 2012	IFRS 11 effect	IAS 32 effect	at Jan. 1, 2013 restated	at Dec. 31, 2013	IFRS 11 effect	IAS 32 effect	Renewable Energy Division PPA	**at Dec. 31, 2013 restated**
ASSETS									
Property, plant and equipment	83,115	(926)	-	82,189	81,050	(773)	-	(14)	80,263
Investment property	197	-	-	197	181	-	-	-	181
Intangible assets	20,087	(137)	-	19,950	18,214	(174)	-	15	18,055
Goodwill	15,910	(101)	-	15,809	15,015	(51)	-	3	14,967
Deferred tax assets	6,816	(49)	-	6,767	6,239	(53)	-	-	6,186
Equity investments accounted for using the equity method	1,115	836	-	1,951	647	725	-	-	1,372
Derivatives	953	-	-	953	444	-	-	-	444
Other non-current financial assets	4,565	23	-	4,588	5,957	13	-	-	5,970
Other non-current assets	800	(19)	-	781	837	(20)	-	-	817
Total non-current assets	**133,558**	**(373)**	**-**	**133,185**	**128,584**	**(333)**	**-**	**4**	**128,255**
Inventories	3,338	(48)	-	3,290	3,586	(31)	-	-	3,555
Trade receivables	11,681	(126)	-	11,555	11,496	(118)	-		11,378
Tax receivables	1,631	(28)	-	1,603	1,735	(26)	-	-	1,709
Derivatives	1,718	(1)	507	2,224	2,285	(1)	406		2,690
Other current financial assets	7,663	(13)	-	7,650	5,592	15	-	-	5,607
Other current assets	2,300	(19)	-	2,281	2,599	(42)	-	-	2,557
Cash and cash equivalents	9,891	(165)	-	9,726	8,030	(157)	-	-	7,873
Total current assets	**38,222**	**(400)**	**507**	**38,329**	**35,323**	**(360)**	**406**	**-**	**35,369**
Assets classified as held for sale	**317**	**-**	**-**	**317**	**241**	**-**	**-**	**-**	**241**
TOTAL ASSETS	**172,097**	**(773)**	**507**	**171,831**	**164,148**	**(693)**	**406**	**4**	**163,865**

Millions of euro

	at Dec. 31, 2012	IFRS 11 effect	IAS 32 effect	at Jan. 1, 2013 restated	at Dec. 31, 2013	IFRS 11 effect	IAS 32 effect	Renewable Energy Division PPA	**at Dec. 31, 2013 restated**
Share capital	9,403	-	-	9,403	9,403	-	- -		9,403
Reserves	8,747		-	8,747	7,084	-	-	-	7,084
Retained earnings (loss carried forward)	17,625		-	17,625	19,454	-	-	-	19,454
Total equity attributable to the shareholders of the Parent Company	**35,775**	**-**	**-**	**35,775**	**35,941**	**-**	**-**	**-**	**35,941**
Non-controlling interests	**16,312**	**(9)**		**16,303**	**16,898**	**(7)**	**-**	**-**	**16,891**
Total shareholders' equity	**52,087**	**(9)**	**-**	**52,078**	**52,839**	**(7)**	**-**	**-**	**52,832**
Long-term borrowings	55,959	(226)	-	55,733	51,113	(208)	-	-	50,905
Post-employment and other employee benefits	4,542	(21)	-	4,521	3,696	(19)	-	-	3,677
Provisions for risks and charges	7,336	(80)	-	7,256	6,554	(50)	-		6,504
Deferred tax liabilities	11,786	(128)	-	11,658	10,905	(114)	-	4	10,795
Derivatives	2,553	(66)	-	2,487	2,257	(41)	-		2,216
Other non-current liabilities	1,151	(8)	-	1,143	1,266	(7)	-	-	1,259
Total non-current liabilities	**83,327**	**(529)**	**-**	**82,798**	**75,791**	**(439)**	**-**	**4**	**75,356**
Short-term borrowings	3,970	(2)	-	3,968	2,529	(45)	-	-	2,484
Current portion of long-term borrowings	4,057	(34)	-	4,023	4,690	(32)	-	-	4,658
Provisions for risk and charges	1,312	(21)	-	1,291	1,493	(26)	-		1,467
Trade payables	13,194	(105)	-	13,089	12,444	(81)	-	-	12,363
Income tax payable	364	(10)	-	354	308	(22)	-	-	286
Derivatives	2,028	(1)	507	2,534	2,535	(1)	406	-	2,940
Other current financial liabilities	1,110	(5)	-	1,105	1,105	(5)	-		1,100
Other current liabilities	10,641	(57)	-	10,584	10,394	(35)	-	-	10,359
Total current liabilities	**36,676**	**(235)**	**507**	**36,948**	**35,498**	**(247)**	**406**	**-**	**35,657**
Liabilities classified as held for sale	**7**	**-**	**-**	**7**	**20**	**-**	**-**	**-**	**20**
TOTAL LIABILITIES	**120,010**	**(764)**	**507**	**119,753**	**111,309**	**(686)**	**406**	**4**	**111,033**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**172,097**	**(773)**	**507**	**171,831**	**164,148**	**(693)**	**406**	**4**	**163,865**

Millions of euro

	2013	IFRS 11 effect	2013 restated
Income before taxes for the year	**7,217**	**(63)**	**7,154**
Adjustments for:			
Amortization and impairment losses of intangible assets	1,622	(24)	1,598
Depreciation and impairment losses of property, plant and equipment	4,790	(92)	4,698
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	(264)	-	(264)
Accruals to provisions	1,023	-	1,023
Financial (income)/expense	2,319	3	2,322
(Gains)/Losses from disposals and other non-monetary items	48	(140)	(92)
Cash flow from operating activities before changes in net current assets	*16,755*	*(316)*	*16,439*
Increase/(Decrease) in provisions	(1,884)	(5)	(1,889)
(Increase)/Decrease in inventories	(249)	(17)	(266)
(Increase)/Decrease in trade receivables	(596)	65	(531)
(Increase)/Decrease in financial and non-financial assets/liabilities	(681)	79	(602)
Increase/(Decrease) in trade payables	(893)	22	(871)
Interest income and other financial income collected	1,110	165	1,275
Interest expense and other financial expense paid	(3,715)	20	(3,695)
Income taxes paid	(2,606)	-	(2,606)
Cash flows from operating activities (a)	***7,241***	***13***	***7,254***
- of which discontinued operations		-	
Investments in property, plant and equipment	(5,350)	39	(5,311)
Investments in intangible assets	(610)	-	(610)
Investments in entities (or business units) less cash and cash equivalents acquired	(210)	4	(206)
Disposals of entities (or business units) less cash and cash equivalents sold	1,409	-	1,409
(Increase)/Decrease in other investing activities	614	1	615
Cash flows from investing/disinvesting activities (b)	***(4,147)***	***44***	***(4,103)***
- of which discontinued operations	-	-	-
Financial debt (new long-term borrowing)	5,336	-	5,336
Financial debt (repayments and other net changes)	(9,565)	(54)	(9,619)
Collections/(Payments) for sale/(acquisition) of non-controlling interests	1,814	-	1,814
Incidental expenses in disposal of equity interests without loss of control	(85)	-	(85)
Dividends and interim dividends paid	(2,044)	-	(2,044)
Cash flows from financing activities (c)	***(4,544)***	***(54)***	***(4,598)***
- of which discontinued operations		-	
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(426)**	**5**	**(421)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(1,876)**	**8**	**(1,868)**
Cash and cash equivalents at the beginning of the year	9,933	(165)	9,768
Cash and cash equivalents at the end of the year	8,057	(157)	7,900

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Main changes in the scope of consolidation

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

2013

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

> acquisition, on March 26, 2013, of 50% of PowerCrop, a company operating in the biomass generation sector; in view of the joint control exercised over the company together with another operator, the company is now accounted for using the equity method under the provisions of IFRS 11;

> disposal, on April 8, 2013, of 51% di 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, two companies operating in the wind generation sector in the United States in which the Group held a stake of 49%; as a result of the purchase, as from that date the companies are no longer accounted for using the equity method but are now consolidated on a line-by-line basis;

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

> acquisition, on October 31, 2013, of 100% of Compañía Energética Veracruz, a company operating in the development of hydroelectric plants in Peru;

> disposal, on November 13, 2013, of 40% of Artic Russia, with the consequent deconsolidation of the interest held by the latter in SeverEnergia;

> acquisition, in November and December 2013, of nine companies (representing three business combinations) operating in the development of wind power projects in the United States;

> disposal, on December 20, 2013, of the remaining stake in Enel Rete Gas, previously accounted for using the equity method.

2014

> Loss of control, as from January 1, 2014, of SE Hydropower, under agreements signed in 2010 upon the acquisition of the company, providing for the change in governance structure as from that date. This resulted in the Enel Group no longer meeting the requirements for control of the company, which has instead become an entity under joint control. With these new governance arrangements, the investment was reclassified as a joint operation under IFRS 11;

> acquisition, through a tender offer in effect between January 14, 2014 and May 16, 2014, of an additional 15.18% stake in Coelce, an electricity distribution company in Brazil, already under the Group's control prior to the tender offer;

> acquisition, on April 22, 2014, of 50% of Inversiones Gas Atacama, a company operating in the natural gas transport and electricity generation sector in Chile in which the Group already held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on May 12, 2014, of 26% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States in which the Group already held 49%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on July 22, 2014, of the remaining 50% of Enel Green Power Solar Energy, an Italian company operating in the development, design, construction and operation of photovoltaic plants, in which the Group had previously held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;

> acquisition, on September 4, 2014, of the remaining 39% of Generandes Perú (previously controlled through a stake of 61%), a company that controls, with an interest of 54.20%, Edegel, a company operating in the power generation sector in Peru;

> acquisition, on September 17, 2014, of 100% of Osage

Wind LLC, a company that owns a 150 MW wind development project in the United States. In October 2014, a stake of 50% in the company was sold. Consequently, the company, a joint venture, began to be accounted for using the equity method;
> disposal, on November 21, 2014, of 21.92% of Endesa SA, in a public offering. The operation did not involve any loss of control;
> during 2014, agreements were completed for the acquisition of wind and solar projects in Chile, in the total amount of about €7 million, and a wind project in Uruguay for €4 million;
> disposal in December 2014 of the entire stake (36.2%) held in LaGeo, a geothermal generation company in El Salvador;
> disposal in December 2014 of 100% of Enel Green Power France, a renewables generator in France.

In addition, following the internal reorganization of the Group designed to restructure the holdings of the Iberia and Latin America Division, there were a number of changes in non-controlling interests in a number of subsidiaries. More specifically, on October 23, 2014 Endesa (of which the Group holds 92.06%) sold 100% of Endesa Latinoamérica (an investment holding company that owned 40.32% of Enersis) and 20.3% of Enersis, the parent company for operations in Latin America, to Enel Energy Europe, now Enel Iberoamérica (a wholly-owned subsidiary). The operation increased the Group's stake in Enersis by 4.81%.

Definitive allocation of the purchase price of a number of companies of the Renewable Energy Division

Following the acquisition of control in 2013 of Parque Eólico Talinay Oriente, a Chilean company operating in the wind generation sector, in the 1st Quarter of 2014 the Group completed the allocation of the associated purchase price to the assets acquired and the liabilities assumed. More specifically, the Group:
> adjusted the value of certain intangible assets and property, plant and equipment as a result of the completion of the determination of their fair value;
> determined the tax effects associated with the above recognition.

The following table summarizes the accounting effects as of the acquisition dates, along with the effects of certain other minor acquisitions by that Division in the 1st Quarter of 2013 for which the definitive recognition was carried out in the 1st Quarter of 2014.

Definitive allocation of the purchase price

Millions of euro	Parque Eólico Talinay Oriente	Other minor acquisitions
Net assets acquired before allocation	126	-
Adjustments for measurement at fair value:		
- property, plant and equipment	(14)	-
- intangible assets	8	7
- deferred tax liabilities	(2)	(2)
Net assets acquired after allocation	**118**	**5**
Value of the transaction (1)	126	7
Goodwill	8	2

(1) Including incidental expenses.

The following section details the main business combinations and other material acquisitions and reorganizations conducted by the Group in 2014.

Increase of the interest in Coelce

Between January 14, 2014 and May 16, 2014, the Chilean subsidiary Enersis acquired, through a tender offer, another 15.16% of Coelce, a subsidiary that operates in the electricity distribution sector in Brazil and was already consolidated on a line-by-line basis. Under IFRS 3 (Revised), in transactions involving non-controlling interests, the difference between the price paid and the value of the assets acquired (previously assigned to non-controlling shareholders) is recognized in consolidated shareholders' equity reserve. The effects of this transaction are as follows:

Millions of euro	
Net assets acquired	189
Cost of transaction	180
Reserve from transactions in non-controlling interests	9

Acquisition of Inversiones Gas Atacama

On April 22, 2014, Endesa Chile completed the purchase of an additional 50% stake in the share capital of Inversiones Gas Atacama, a company operating in the natural gas transport and electricity generation sector in Chile, from Southern Cross. This acquisition marked the end of the shareholders' agreement signed in August 2007 that gave the two companies joint control over Inversiones Gas Atacama. As a result of this transaction, the company is now fully owned by the Group and is therefore consolidated on a line-by-line basis rather than using equity method accounting. In accordance with IFRS 3, this transaction is treated as a business combination carried out in stages (a step acquisition) and therefore the fair value adjustments pertaining to the net assets already held were recognized in the income statement for the period. The process of allocating the purchase price to the fair value of the assets acquired and the liabilities and contingent liabilities assumed has essentially been completed with the excess amount (€25 million) definitively allocated to goodwill.

Determination of goodwill

Millions of euro	
Net assets acquired before allocation	**348**
Adjustments for measurement at fair value:	
- property, plant and equipment	70
- net deferred tax liabilities	(38)
Net assets acquired after allocation	**380**
Value of the business combination:	
- book value of interest previously held	174
- remeasurement at fair value of interest previously held	29
- cost of acquisition made in 2014 (cash)	202
Total	**405**
Goodwill	**25**

The value of the goodwill reflects the amount by which the purchase price exceeds the fair value of the assets acquired and relates to the future economic benefits of the asset that cannot be separately identified. The following table shows the definitive fair value of the assets acquired and the liabilities and contingent liabilities assumed at the acquisition date of April 22, 2014.

Financial position of Inversiones Gas Atacama at the acquisition date

Millions of euro	Carrying amount prior to April 22, 2014	Definitive fair value adjustments	Restated values at April 22, 2014
Property, plant and equipment	185	70	255
Inventories, trade and other receivables	62	-	62
Cash and cash equivalents	165	-	165
Other current and non-current assets	32	-	32
Total assets	**444**	**70**	**514**
Equity pertaining to the shareholders of the Parent Company	**348**	**32**	**380**
Non-controlling interests	1	-	1
Financial debt	41	-	41
Trade payables	38	-	38
Deferred tax liabilities and other liabilities	16	38	54
Total liabilities and shareholders' equity	**444**	**70**	**514**

Increase in investments in Generandes Perú and Edegel

Under the terms of the agreement reached in April 2014, on September 4, 2014, Enersis, the Chilean company that leads operations in Latin America, completed the acquisition of 39% of Generandes Perú, a company already controlled with a stake of 61%, which in turn owns 54.2% of Edegel, a Peruvian company operating in the power generation sector.
In accordance with the provisions of IFRS 3 (Revised) for transactions involving non-controlling interests, the difference between the price paid, equal to $421 million (equal to €321 million at the acquisition date) and the value of the assets acquired, previously allocated to non-controlling interests, was recognized directly in a specific consolidated equity reserve. The effects of the transaction were as follows:

Millions of euro	
Net assets acquired	233
Cost of transaction	321
Reserve from transactions in non-controlling interests	(88)

Acquisition of investments in Endesa Latinoamérica and Enersis by Enel Energy Europe

On October 23, 2014, the transfer of the investments held by Endesa in Endesa Latinoamérica and Enersis (100% and 20.3%, respectively) to Enel Energy Europe (now Enel Iberoamérica) was completed.
Enel Iberoamérica, which is wholly owned by Enel and is the majority shareholder of Endesa (with a stake of 92.06% at the transaction date), acquired the 60.62% interest held directly and indirectly by Endesa in the Chilean company Enersis, the holding company of Enel's Latin American companies. More specifically, the transaction involved (i) the 20.3% of Enersis shares held directly by Endesa and (ii) the 100% of Endesa Latinoamérica shares (which in turn holds 40.32% of Enersis) also held directly by Endesa.
The total price was €8,253 million, which was determined using generally accepted international valuation techniques for this type of transaction.
In these consolidated financial statements, the change in the scope of consolidation for the acquisition of 7.94% of the Endesa Latinoamérica Group (which indirectly involved the acquisition of 3.2% of the Enersis Group) and the 1.61% of the Enersis Group held directly by Endesa had a theoretical value of €659 million (equal to the price paid attributable to non-controlling interests, including transaction costs of €4 million), generating a negative difference between the purchase price and the associated share of equity acquired equal to €177 million. In accordance with IFRS 3 (Revised) for transactions in non-controlling interests, that amount was recognized in an equity reserve. The effects of the transaction can be summarized as follows:

Millions of euro	
Net assets acquired	482
Cost of transaction	659
Reserve from transactions in non-controlling interests	177

Sale of investment in Endesa by Enel Energy Europe in a public offer

On November 21, 2014, the public offer of 21.92% of the shares of Endesa held by Enel Energy Europe, now Enel Iberoamérica, was completed successfully.
Following the offer, the interest held by Enel Iberoamérica

in Endesa declined from 92.06% to 70.14%. The disposal generated proceeds of €3,133 million, which net of transaction costs (€46 million) amounted to €3,087 million. The result on the sale, determined as the difference between the net sale price and the equity sold to non-controlling interests, amounted to €2,831 million, which was recognized in an equity reserve as the Group retains control of the company involved in the disposal.

The impact of the transaction can be summarized as follows:

Millions of euro	
Net assets sold	5,918
Net transaction price	3,087
Reserve from transactions in non-controlling interests	2,831

Minor acquisitions of the Renewable Energy Division

These include:

> on May 12, 2014, the Group completed the acquisition of an additional 26% interest in Buffalo Dunes Wind Project. As a result of the transaction, the Group holds 75% of the company, which is consolidated on a line-by-line basis rather than using equity method accounting. In accordance with IFRS 3 (Revised), the transaction is treated as a business combination carried out in stages (a step acquisition) and therefore the fair value adjustments pertaining to the net assets already held were recognized in the income statement for the period. The Group also acquired 100% of Aurora Distributed Solar, a company that develops solar power systems, for €15 million. Similar transactions were carried out in December 2014 with Geronimo Wind Energy and Trade Wind Energy;

> following up on the commitment undertaken with the agreement of July 11, 2014 with Sharp, on July 22, 2014, Enel Green Power acquired Sharp's interest in Enel Green Power & Sharp Solar Energy (now named Enel Green Power Solar Energy Srl), an equally held joint venture created to develop, build and operate photovoltaic plants using the solar panels produced by the 3SUN factory. The agreement, with an overall value of €30 million, involved the acquisition of Sharp's 50% holding and the waiver by Sharp of its claim in respect of Enel Green Power Solar Energy in the amount of €25 million. Following the acquisition, the Group's stake in Enel Green Power Solar Energy rose from 50% to 100%. In accordance with IFRS 3 (Revised), the transaction is treated as a business combination carried out in stages (a step acquisition);

> the acquisition in December 2014 of Proyecto Talinay Poniente.

Summary of acquisitions of the Renewable Energy Division

Millions of euro	Buffalo Dunes Wind Project and Aurora Distributed Solar	Enel Green Power Solar Energy	Geronimo Wind Energy and Trade Wind Energy	Proyecto Talinay Poniente
Property, plant and equipment	334	102		
Intangible assets	15		62	20
Cash and cash equivalents	6	12		
Other current and non-current assets		11	1	
Non-controlling interests	(41)			
Gross financial debt	(181)	(122)		
Deferred tax liabilities and other liabilities	(7)	(1)	(21)	(4)
Net assets acquired	**126**	**2**	**42**	**16**
Goodwill	7			
Value of the transaction (1)	**133**	**2**	**42**	**16**
Carrying amount of previously held interests	76	5		
Remeasurement at fair value of previously held interests	3	(8)		
Cost of acquisition carried out in 2014 (cash)	54	5		
Amount to be paid at December 31, 2014			42	16

(1) Including incidental expenses.

For a number of business combinations, the purchase price was provisionally allocated to the net assets acquired. Goodwill was recognized provisionally.

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Segment information

The representation of performance and financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods being compared.

On July 31, 2014, the Enel Group adopted a new organizational structure, based on a matrix of Divisions and geographical areas, focused on the industrial objectives of the Group, with clear specification of roles and responsibilities in order to pursue and maintain technological leadership in the sectors in which the Group operates, ensuring operational excellence, and to maximize the level of service offered to customers in local markets. The new organization will modify the reporting structure, the analysis of the Group's performance and financial position and, accordingly, the representation of consolidated results only from the start of 2015. Consequently, in these consolidated financial statements, in line with practice in previous periods, the results by business area are discussed using the previous organizational structure, taking account of the provisions of IFRS 8 concerning the "management approach".

For more information on performance and financial developments during the year, please see the dedicated section in the report on operations.

Segment information for 2014 and 2013

Results for 2014 [1]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	15,116	18,908	3,618	30,412	4,920	2,662	155	75,791
Revenue from transactions with other segments	110	3,698	3,748	135	358	259	(8,308)	-
Total revenue	**15,226**	**22,606**	**7,366**	**30,547**	**5,278**	**2,921**	**(8,153)**	**75,791**
Total costs	14,111	21,297	3,387	24,138	4,069	1,059	(8,252)	59,809
Net income/(expense) from commodity contracts measured at fair value	(34)	(146)		(115)	(5)	76	(1)	(225)
Depreciation and amortization	112	520	987	2,517	383	589	96	5,204
Impairment losses	515	2,183	49	1,214	3,540	228	4	7,733
Writebacks	(1)	(1)		(226)	(37)	(3)	1	(267)
Operating income	**455**	**(1,539)**	**2,943**	**2,789**	**(2,682)**	**1,124**	**(3)**	**3,087**
Capital expenditure	**111**	**285**	**996**	**2,602**	**936**	**1,658**	**113**	**6,701**

(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.

Results for 2013 restated [1] [2]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenue from third parties	16,704	18,758	3,669	30,563	5,662	2,281	1,026	78,663
Revenue from transactions with other segments	217	4,040	4,029	111	634	488	(9,519)	-
Total revenue	**16,921**	**22,798**	**7,698**	**30,674**	**6,296**	**2,769**	**(8,493)**	**78,663**
Total costs	15,973	21,549	3,690	23,887	4,999	1,011	(9,515)	61,594
Net income/(expense) from commodity contracts measured at fair value	(82)	(165)		(148)	(4)	21		(378)
Depreciation and amortization	101	485	977	2,661	482	515	105	5,326
Impairment losses	403	105	3	420	850	60	10	1,851
Reversals of impairment losses		1		(210)	(16)		(1)	(226)
Operating income	**362**	**493**	**3,028**	**3,767**	**(23)**	**1,205**	**908**	**9,740**
Capital expenditure	**99**	**313**	**1,046**	**2,160**	**924**	**1,294** [3]	**84**	**5,920**

(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) Figures restated retrospectively to reflect the new IFRS 11.
(3) Does not include €1 million regarding units classified as "held for sale".

Financial position by segment

At December 31, 2014

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Property, plant and equipment	34	7,048	15,079	35,816	6,702	11,765	527	76,971
Intangible assets	779	254	122	26,389	912	2,248	158	30,862
Trade receivables	3,897	3,300	2,224	3,837	406	440	(2,002)	12,102
Other	222	2,094	1,488	2,286	497	599	(187)	6,999
Operating assets	**4,932**	**12,696** [1]	**18,913**	**68,328** [3]	**8,517** [4]	**15,052**	**(1,504)**	**126,934**
Trade payables	2,999	3,448	3,363	4,308	748	892	(2,048)	13,710
Sundry provisions	241	1,085	1,807	4,744	2,572	193	698	11,340
Other	1,939	466	3,615	4,170	1,302	560	(541)	11,511
Operating liabilities	**5,179**	**4,999** [2]	**8,785**	**13,222**	**4,622** [5]	**1,645**	**(1,891)**	**36,561**

(1) Of which €347 million regarding units classified as "held for sale".
(2) Of which €22 million regarding units classified as "held for sale".
(3) Of which €14 million regarding units classified as "held for sale".
(4) Of which €4,255 million regarding units classified as "held for sale".
(5) Of which €2,790 million regarding units classified as "held for sale".

At December 31, 2013 restated [(1)]

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Property, plant and equipment	39	9,438	15,096	35,474	9,847	10,075	506	80,475
Intangible assets	775	550	117	27,208	1,888	2,205	281	33,024
Trade receivables	4,015	3,061	1,696	3,582	524	364	(1,856)	11,386
Other	250	2,482	1,251	1,973	460	404	(182)	6,638
Operating assets	**5,079**	**15,531** (2)	**18,160**	**68,237**	**12,719** (3)	**13,048** (5)	**(1,251)**	**131,523**
Trade payables	3,070	3,578	2,486	3,627	784	750	(1,926)	12,369
Sundry provisions	234	1,197	2,536	4,061	2,742	178	700	11,648
Other	1,959	729	2,996	4,921	1,119	490	(1,556)	10,658
Operating liabilities	**5,263**	**5,504**	**8,018**	**12,609**	**4,645** (4)	**1,418** (6)	**(2,782)**	**34,675**

(1) Figures restated retrospectively to reflect the new IFRS 11 and IFRS 32, as well as the impact of the completion of the purchase price allocation process for the assets acquired and liabilities assumed in the acquisitions of a number of companies of the Renewable Energy Division. For more details, please see note 4.
(2) Of which €6 million regarding units classified as "held for sale".
(3) Of which €194 million regarding units classified as "held for sale".
(4) Of which €1 million regarding units classified as "held for sale".
(5) Of which €26 million regarding units classified as "held for sale".
(6) Of which €8 million regarding units classified as "held for sale".

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

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated
Total assets	**166,634**	**163,865**
Equity investments accounted for using the equity method	872	1,372
Non-current financial assets	3,645	5,970
Long-term tax receivables included in "Other non-current assets"	501	476
Current financial assets	3,984	5,607
Derivatives	6,835	3,134
Cash and cash equivalents	13,088	7,873
Deferred tax assets	7,067	6,186
Tax receivables	1,547	1,709
Financial and tax assets of "Assets held for sale"	2,161	15
Segment assets	**126,934**	**131,523**
Total liabilities	**115,489**	**111,033**
Long-term borrowings	48,655	50,905
Short-term borrowings	3,252	2,484
Current portion of long-term borrowings	5,125	4,658
Current financial liabilities	1,177	1,100
Derivatives	7,882	5,156
Deferred tax liabilities	9,220	10,795
Income tax payable	253	286
Other tax payables	887	963
Financial and tax liabilities of "Liabilities held for sale	2,477	11
Segment liabilities	**36,561**	**34,675**

Revenue

7.a Revenue from sales and services - *€73,328 million*

Millions of euro

	2014	2013 restated	Change	
Revenue from the sale of electricity	48,062	53,417	(5,355)	-10.0%
Revenue from the transport of electricity	9,142	9,612	(470)	-4.9%
Fees from network operators	783	855	(72)	-8.4%
Transfers from the Electricity Equalization Fund and similar bodies	1,857	1,620	237	14.6%
Revenue from the sale of natural gas	3,628	3,962	(334)	-8.4%
Revenue from the transport of natural gas	459	490	(31)	-6.3%
Revenue from fuel sales	5,659	2,635	3,024	114.8%
Connection fees to electricity and gas networks	843	998	(155)	-15.5%
Revenue from the sale of environmental certificates	1,238	345	893	-
Revenue from other sales and services	1,657	1,493	164	11.0%
Total	**73,328**	**75,427**	**(2,099)**	**-2.8%**

Revenue from the sale of electricity amounted to €48,062 million (€53,417 million in 2013) and include sales of electricity to end users amounting to €29,933 million (€31,595 million in 2013), sales of electricity to wholesale buyers totaling €14,428 million (€17,314 million in 2013) and revenue from electricity trading activities amounting to €3,701 million (€4,508 million in 2013). The decrease is attributable to the decline in quantities sold to end users and to wholesale buyers, owing to the contraction in electricity demand in the main countries in which the Group operates.

Revenue from the transport of electricity declined by €470 million, largely due to the same developments described above. Revenue from the transport of gas amounted to €459 million, down €31 million compared with the previous year.

Transfers from the Electricity Equalization Fund and similar bodies rose by €237 million, mainly due to a rise in transfers of about €217 million, which were granted under the new regulatory framework for the extra-peninsular areas of Spain.

Revenue from the sale of natural gas amounted to €3,628 million (€3,962 million in 2013), including sales to end users in Italy of €1,632 million and sales to end users abroad of €1,996 million.

"Revenue from fuel sales" amounted to €5,659 million, and in 2014 comprised sales of natural gas of €5,536 million (€2,161 million in 2013) and sales of other fuels amounting to €123 million (€474 million in 2013). The sharp rise with respect to the previous year reflects market trends, which in penalizing the use of fuels for power generation prompted an increase in sales of fuel.

"Revenue from the sale of environmental certificates" increased by €893 million largely due to a rise in sales of environmental certificates and CO_2 emissions allowances.

The table below gives a breakdown of revenues from sales and services by geographical area.

Millions of euro

	2014	2013 restated
Italy	28,567	32,451
Europe		
Iberian peninsula	20,378	20,836
France	1,375	1,498
Switzerland	711	707
Germany	3,154	3,245
Austria	4	9
Slovenia	22	20
Slovakia	1,367	1,406
Romania	1,046	1,152
Greece	61	82
Bulgaria	8	8
Russia	1,336	1,637
Other European countries	4,607	2,249
Americas		
United States	455	307
Canada	-	8
Mexico	135	129
Brazil	3,100	2,818
Chile	2,820	2,666
Peru	1,034	950
Colombia	2,087	1,930
Argentina	453	650
Other South American countries	158	460
Other		
Africa	1	-
Asia	449	209
Total	**73,328**	**75,427**

7.b Other revenue and income - *€2,463 million*

Millions of euro

	2014	2013 restated	Change	
Operating grants	13	25	(12)	-48.0%
Grants for environmental certificates	923	822	101	12.3%
Capital grant (electricity and gas business)	12	48	(36)	-75.0%
Sundry reimbursements	132	183	(51)	-27.9%
Gains on disposal of interests in subsidiaries, associates, joint ventures, joint operations and non-current assets held for sale	292	943	(651)	-69.0%
Gains on remeasurement at fair value after changes in control	82	21	61	-
Gains on disposal of property, plant and equipment and intangible assets	32	38	(6)	-15.8%
Service continuity bonuses	76	96	(20)	-20.8%
Other revenue	901	1,060	(159)	-15.0%
Total	**2,463**	**3,236**	**(773)**	**-23.9%**

"Grants for environmental certificates" increased by €101 million compared with the previous year. The item comprises incentives granted to renewable generation plants or for energy efficiency initiatives.

"Sundry reimbursements" regard sundry reimbursements from customers and suppliers totaling €86 million (€76 million in 2013) and insurance indemnities in the amount of €46 million (€107 million in 2013).

Gains on disposal of interests in companies amounted to €292 million in 2014, down €651 million on 2013, mainly due to the impact of the proceeds from the disposal of Artic Russia (€964 million) in 2013. Gains in 2014 were mainly accounted for by the following: €123 million from the disposal of the interest in LaGeo (a company operating in the geothermal generation sector in El Salvador), €82 million from the adjustment of the price for Artic Russia under the earn-out clause in the sale agreement with the buyer prior to the closing and €31 million from the sale of 100% of Enel Green Power France.

"Gains on remeasurement at fair value after changes in control" amounted to €82 million. They include the remeasurement at fair value of the assets and liabilities pertaining to the Group: after the loss of control, as from January 1, 2014, of SE Hydropower following changes in governance arrangements (€50 million); already held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

The decrease in "Other revenue" is mainly due to the impact in 2013 of the government grant to the Argentine distribution company Edesur with Resolución 250/2013 under the *Mecanismo de Monitoreo de Costos*.

Costs

8.a Electricity, gas and fuel purchases - *€36,928 million*

Millions of euro

	2014	2013 restated	Change	
Electricity	23,317	27,325	(4,008)	-14.7%
Gas	8,388	6,141	2,247	36.6%
Nuclear fuel	206	202	4	2.0%
Other fuels	5,017	5,286	(269)	-5.1%
Total	**36,928**	**38,954**	**(2,026)**	**-5.2%**

Purchases of electricity comprise those from the Acquirente Unico (Single Buyer) in the amount of €4,395 million (€5,135 million in 2013) and purchases from the Energy Markets Operator (GME) in the amount of €1,690 million (€4,451 million in 2013). The decrease in the aggregate mainly regards the reduction in costs for electricity purchases on electricity exchanges and on national and international markets, essentially due to the decline in demand.

Purchases of gas increased by €2,247 million, largely due to an increase in intermediation activities on the fuel market.

Purchases of nuclear fuel were virtually unchanged from the previous year.

Purchases of other fuels diminished by €269 million to €5,017 million in 2014.

8.b Services and other materials - *€17,179 million*

Millions of euro

	2014	2013 restated	Change	
Transmission and transport	8,979	9,274	(295)	-3.2%
Maintenance and repairs	1,301	1,331	(30)	-2.3%
Telephone and postal costs	221	252	(31)	-12.3%
Communication services	115	118	(3)	-2.5%
IT services	305	264	41	15.5%
Leases and rentals	609	585	24	4.1%
Other services	3,374	3,324	50	1.5%
Other materials	2,275	1,550	725	46.8%
Total	**17,179**	**16,698**	**481**	**2.9%**

Costs for services and other materials amounted to €17,179 million in 2014, an increase on 2013 due largely to a rise in costs for the purchase of other materials, including, among other things, the change in stocks of CO_2 emissions allowances and environmental certificates.
This rise was only partly offset by a reduction in costs for transmission and transport associated with the decline in electricity consumption in the main markets in which the Group operates.

8.c Personnel - *€4,864 million*

Millions of euro

	2014	2013 restated	Change	
Wages and salaries	3,329	3,368	(39)	-1.2%
Social security contributions	931	913	18	2.0%
Post-employment benefits	111	117	(6)	-5.1%
Other long-term benefits	70	(898)	968	-
Early retirement incentives	313	955	(642)	-67.2%
Other costs	110	100	10	10.0%
Total	**4,864**	**4,555**	**309**	**6.8%**

Personnel costs amounted to €4,864 million in 2014, an increase of €309 million.
The workforce contracted by 1,381, reflecting the balance between hirings and terminations (a decrease of 1,404), only partially offset by the increase associated with the change in the scope of consolidation (an increase of 23 employees).

The decrease in "Other long-term benefits" largely reflects the termination of the transition-to-retirement plan in Italy at the end of 2013, given that no employees had participated and a significant number of those entitled to do so had subsequently opted to participate in the mechanism provided for under Article 4 of Law 92/2012. For more details on employee benefit plans, please see note 33 below.
"Early retirement incentives" amounted to €313 million in 2014, net of amounts reversed, and mainly regard the early retirement plan introduced in Spain and, to a lesser extent, an early retirement plan in Italy. In 2013, the aggregate had mainly reported accruals recognized in Italy in respect of the

mechanism adopted in agreements with the unions to implement the provisions of Article 4, paragraphs 1-7 *ter*, of Law 92/2012 (the Fornero Act).

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2014.

	Average number (1)		Headcount (1)	
	2014	2013	Change	at Dec. 31, 2014 (2)
Senior managers	1,552	1,374	178	1,538
Middle managers	14,263	14,552	(289)	14,399
Office staff	38,224	39,833	(1,609)	37,508
Blue collar	16,709	17,224	(515)	15,516
Total	**70,748**	**72,983**	**(2,235)**	**68,961**

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.
(2) Of which 4,430 in units classified as "held for sale".

8.d Depreciation, amortization and impairment losses - *€12,670 million*

Millions of euro

	2014	2013 restated	Change	
Depreciation	4,433	4,520	(87)	-1.9%
Amortization	771	806	(35)	-4.3%
Impairment losses	7,733	1,851	5,882	-
Reversals of impairment losses	(267)	(226)	(41)	-18.1%
Total	**12,670**	**6,951**	**5,719**	**82.3%**

"Depreciation and amortization" decreased by €122 million in 2014 (comprising property, plant and equipment and intangible assets), partly due to the extension of the useful life of nuclear power plants and conventional thermal plants in Spain and Slovakia.

Millions of euro

	2014	2013 restated	Change	
Impairment losses				
Property, plant and equipment	2,886	159	2,727	-
Investment property	18	12	6	50.0%
Intangible assets	744	46	698	-
Goodwill	194	745	(551)	-74.0%
Trade receivables	997	862	135	15.7%
Assets classified as held for sale	2,878	14	2,864	-
Other assets	16	13	3	23.1%
Total impairment losses	**7,733**	**1,851**	**5,882**	**-**
Reversals of impairment losses				
Property, plant and equipment	3	6	(3)	-50.0%
Trade receivables	250	216	34	15.7%
Other assets	14	4	10	-
Total reversals of impairment losses	**267**	**226**	**41**	**18.1%**

"Impairment losses" increased by €5,882 million on 2013.

Impairment losses on property, plant and equipment mainly regarded:

> thermal power plants in Italy in the amount of €2,096 million, in view of the continuing economic crisis in Italy and the impact of that crisis on conventional power generation. The model used in the impairment testing was a unlevered discounted cash flow (DCF) approach applied to pre-tax amounts, with a time horizon based on an explicit period of five years plus a terminal value calculated as a perpetuity with stable growth. The assumptions concerning the growth rate and the discount rate were analogous to those adopted for other CGUs. In particular, the growth rate, which was determined on the basis of the average forecasts for medium/long-term electricity demand, was set at 1.1%, while the discount rate was determined as the pre-tax WACC of 8.8%.
> power plants in Russia in the amount of €205 million, in view of market forecasts for that country. The parameters used in the impairment test were the same as those used for the Enel Russia CGU discussed in note 18 below;
> leased assets in Slovakia, in particular the Gabčíkovo hydroelectric plant in the amount of €103 million, following the renegotiation that brought forward the expiry of the contract to 2015, from its original expiration date of 2036. The impairment loss was recognized in advance of the date on which the intention of management to continue the disposal of the Slovakian assets was definitively confirmed. Accordingly, it does not form part of the losses recognized on assets held for sale in their valuation under IFRS 5;
> the property, plant and equipment of Enel Green Power Hellas in the amount of €91 million.

Impairment losses on intangible assets amounted to €744 million. They mainly regarded:

> the water rights held by Endesa Chile to use the water of a number of rivers in the Aysén region of that country in the amount of €589 million. The loss was recognized in reflection of the uncertainty concerning the continuation of the project owing to a number of legal and procedural restrictions;
> concessions and similar rights of Enel Green Power Hellas in the amount of €55 million;
> a number of smaller concessions in Portugal (HidroMondego in the amount of €35 million) and Spain (Distribuidora Eléctrica del Puerto de la Cruz in the amount of €31 million).

Impairment losses on goodwill were recognized following the impairment tests. More details are provided in note 18.

Finally, impairment losses on assets classified as held for sale amounted to €2,878 million. They regard the property, plant and equipment and goodwill of Slovenské elektrárne. The impairment loss was determined on the basis of the non-binding offers received so far to align the carrying amount of its assets with their estimated realizable value, net of transaction costs.

8.e Other operating expenses - *€2,362 million*

Millions of euro

	2014	2013 restated	Change	
Provisions for risks and charges	66	80	(14)	-17.5%
System charges - emissions allowances	341	335	6	1.8%
System charges - energy efficiency certificates	105	295	(190)	-64.4%
System charges - green certificates	144	270	(126)	-46.7%
Losses on disposal of property, plant and equipment and intangible assets	21	40	(19)	-47.5%
Taxes and duties	1,275	1,466	(191)	-13.0%
Other	410	335	75	22.4%
Total	**2,362**	**2,821**	**(459)**	**-16.3%**

Other operating expenses amounted to €2,362 million, a decrease of €459 million, mainly due to a reduction of €190 million in charges on white certificates and a decline of €126 million in costs for the purchase of green certificates. Another factor was the decrease of €191 million in taxes and duties, largely reflecting developments in taxes to support government social programs. These changes were partly offset by the increase in other expenses, mainly associated with the electricity business in Spain.

8.f Capitalized costs - *€(1,524) million*

Millions of euro

	2014	2013 restated	Change	
Personnel	(719)	(713)	(6)	-0.8%
Materials	(391)	(365)	(26)	-7.1%
Other	(414)	(356)	(58)	-16.3%
Total	**(1,524)**	**(1,434)**	**(90)**	**-6.3%**

Capitalized costs consist of €719 million in personnel costs and €391 million in materials costs (compared with €713 million and €365 million, respectively, in 2013).

9. Net income/(expense) from commodity contracts measured at fair value - *€(225) million*

Net expense on commodity contracts measured at fair value amounted to €225 million, the result of net unrealized expense on open positions in derivatives at December 31, 2014 in the amount of €268 million (€114 million in 2013) and net realized gains on positions closed during the year of €43 million (€264 million in net expense in 2013).

Millions of euro

	2014	2013 restated	Change	
Income				
Unrealized on positions open at the end of the period	4,455	1,815	2,640	-
Realized on positions closed during the period	3,793	3,966	(173)	-4.4%
Total income	**8,248**	**5,781**	**2,467**	**42.7%**
Charges				
Unrealized on positions open at the end of the period	(4,723)	(1,929)	(2,794)	-
Realized on positions closed during the period	(3,750)	(4,230)	480	-11.3%
Total charges	**(8,473)**	**(6,159)**	**(2,314)**	**37.6%**
NET INCOME/(EXPENSE) FROM COMMODITY CONTRACTS MEASURED AT FAIR VALUE	**(225)**	**(378)**	**153**	**-40.5%**

10. Net financial income/(expense) from derivatives - *€1,162 million*

Millions of euro

	2014	2013 restated	Change	
Income from derivatives:				
- income from cash flow hedge derivatives	1,532	232	1,300	-
- income from derivatives at fair value through profit or loss	468	454	14	3.1%
- income from fair value hedge derivatives	78	70	8	11.4%
Total income from derivatives	**2,078**	**756**	**1,322**	**-**
Expense on derivatives:				
- expense on cash flow hedge derivatives	434	803	(369)	-46.0%
- expense on derivatives at fair value through profit or loss	476	397	79	19.9%
- expense on fair value hedge derivatives	6	10	(4)	-40.0%
Total expense from derivatives	**916**	**1,210**	**(294)**	**-24.3%**
TOTAL FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**1,162**	**(454)**	**1,616**	**-**

Net income from cash flow hedge derivatives amounted to €1,098 million, while derivatives at fair value through profit or loss posted net expense of €8 million.
By contrast, the net performance of fair value hedge derivatives produced net income of €72 million.

For more details on derivatives, please see note 43 “Derivatives and hedge accounting”.

11. Net other financial income/(expense) - *€(4,292) million*

Other financial income

Millions of euro

	2014	2013 restated	Change	
Interest income from financial assets (current and non-current):				
- interest income at effective interest rate on non-current securities and receivables	43	57	(14)	-24.6%
- interest income at effective interest rate on short-term financial investments	217	292	(75)	-25.7%
Total interest income at the effective interest rate	**260**	**349**	**(89)**	**-25.5%**
Financial income on non-current securities at fair value through profit or loss	**6**	**3**	**3**	**-**
Positive exchange rate differences	**529**	**846**	**(317)**	**-37.5%**
Income on equity investments	**4**	**86**	**(82)**	**-95.3%**
Other income	**449**	**409**	**40**	**9.8%**
TOTAL OTHER FINANCIAL INCOME	**1,248**	**1,693**	**(445)**	**-26.3%**

"Other financial income" amounted to €1,248 million, a decrease of €445 million compared with the previous year. The reduction reflects:

> a decrease in positive exchange rate differences, mainly reflecting the impact of developments in exchange rates on net financial debt denominated in currencies other than the euro;

> a decrease in income on equity investments to €4 million (€86 million in 2013). The decline is due to the strong results posted in 2013 owing to the disposal of Medgaz (€64 million) and Endesa Gas T&D (€12 million);

> a decrease of €89 million in interest income at the effective interest rate, mainly attributable to deposits.

These factors were partly offset by an increase of €40 million in other income, which included the impact of the renegotiation of the finance lease for the Gabčíkovo hydroelectric plant in Slovakia, which brought forward the expiration of the lease to 2015, from the original 2036.

Other financial expense

Millions of euro

	2014	2013 restated	Change	
Interest expense on financial debt (current and non-current):				
- interest expense on bank borrowings	360	543	(183)	-33.7%
- interest expense on bonds	2,476	2,170	306	14.1%
- interest expense on other borrowings	116	107	9	8.4%
Total interest expense	**2,952**	**2,820**	**132**	**4.7%**
Expense on securities at fair value through profit or loss	**-**	**-**	**-**	**-**
Negative exchange rate differences	**1,814**	**580**	**1,234**	**-**
Accretion of post-employment and other employee benefits	**197**	**161**	**36**	**22.4%**
Accretion of other provisions	**200**	**202**	**(2)**	**-1.0%**
Charges on equity investments	**3**	**7**	**(4)**	**-57.1%**
Other charges	**374**	**273**	**101**	**37.0%**
TOTAL OTHER FINANCIAL EXPENSE	**5,540**	**4,043**	**1,497**	**37.0%**

"Other financial expense" amounted to €5,540 million, an increase of €1,497 million on 2013. The change reflects the following factors:

> an increase in interest expense, largely owing to an increase in gross financial debt compared with 2013;
> an increase of €1,234 million in negative exchange rate differences, attributable to the depreciation of the euro against the other currencies in which bonds are issued. This factor was essentially offset by an increase in income on cash flow hedge derivatives on exchange rates;
> other charges, which amounted to €374 million in 2014 (€273 million in 2013), reflecting the effect of the reversal in 2013 of the impairment loss on the receivable in respect of the National Nuclear Fund in Slovakia (€66 million) and the impairment adjustment of financial assets (€92 million) associated with service concession arrangements as a result of the rate revision affecting the Brazilian companies Ampla and Coelce in 2014.

12. Share of income/(losses) of equity investments accounted for using the equity method - *€(35) million*

Millions of euro

	2014	2013 restated	Change	
Share of income of associates	229	306	(77)	-25.2%
Share of losses of associates	(87)	(89)		-2.2%
Impairment losses	(177)	-	(177)	-
Total	**(35)**	**217**	**(252)**	**-**

The share of income and losses of equity investments accounted for using the equity method decreased by €252 million compared with the previous year. The contraction was largely attributable to the impairment loss on the investment in Centrales Hydroaysén (as a result of the uncertainty concerning the development of the project to build a hydroelectric plant in Chile) and the effects of the impairment testing of the Enel Green Power Hellas CGU with regard to the "Elica 2" equity-accounted investments as a result of the persistent adverse economic climate.

13. Income taxes - *€(850) million*

Millions of euro

	2014	2013 restated	Change	
Current taxes	1,968	**2,371**	(403)	-17.0%
Adjustments for income taxes related to prior years	(119)	(177)	58	-32.8%
Total current taxes	**1,849**	**2,194**	**(345)**	**-15.7%**
Deferred tax liabilities/(assets)	(2,699)	179	(2,878)	-
Total	**(850)**	**2,373**	**(3,223)**	**-**

Income taxes for 2014 showed a credit position of €850 million, compared with a liability of €2,373 million in 2013.
Of the total change, €3,018 million is attributable to the decline in deferred taxation compared with the previous year, mainly reflecting:

> the recognition of deferred tax assets of €1,392 million in respect of Enel Iberoamérica (formerly Enel Energy Europe) following the distribution of dividends associated with the extraordinary corporate transactions involving Endesa in the last Quarter of 2014;
> the deferred tax benefit in respect of the impairment losses on property, plant and equipment and intangible assets other than goodwill, recognized following impairment testing at the end of the year;
> the deferred tax impact of changes in tax rates, which generated a net benefit of €138 million, broken down as follows:

- a reduction of €747 million in taxes in Spain as a result of the reduction in the tax rate enacted by the Spanish government in December 2014 from the existing 30% to 28% in 2015 and 25% in 2016;
- a reduction of €69 million in taxes in Peru following the progressive reduction in the rate from the current 30% to 26% in 2019;
- an increase of €288 million in taxes in Chile with the progressive rise in the tax rate from 20% to 27%;
- an increase of €24 million in taxes in Colombia as a result of the temporary increase in the tax rate from 34% to 43% until 2018;
- an increase of €366 million in taxes due to the adjustment of deferred taxation in Italy following a court ruling that the IRES surtax (the so-called Robin Hood Tax) was unconstitutional following a long-running administrative proceeding.

With its decision 10 of February 11, 2015, the Constitutional Court ruled that the "Robin Hood Tax" was unconstitutional, because:

a) it is levied on all entrepreneurial income rather than just "windfall profits";
b) it is a structural tax, as there is no temporal limit to its scope of application or mechanisms to determine whether the conditions that prompted its introduction persist;
c) it is a tax that is not designed to protect consumers, given that the prohibition on passing its cost on through consumer prices is difficult to enforce effectively.

The Court also specified that the ruling would take effect as from the day following publication of the decision in the *Gazzetta Ufficiale*. Accordingly, in preparing these financial statements, deferred taxes were calculated on the basis of the rates that are expected to apply at the time of reversal (excluding the Robin Hood Tax).

As regards current taxes, the main changes compared with the previous year were:

> the benefit of the reduction from 10.5% to 6.5% in the rate for the IRES surtax applicable in 2014 to a number of Italian companies;
> the effect of losses on goodwill recognized in 2013 and 2014 with no corresponding tax benefit.

The following table reconciles the theoretical tax rate with the effective tax rate. Please note that the estimated taxes of Group companies outside of Italy were a negative €1,885 million (compared with €861 million in 2013).

Millions of euro

	2014	2013 restated
Income before taxes	(78)	7,153
Theoretical taxes	(21)	1,967
Theoretical tax effect on impairment losses on goodwill	245	205
Tax credit from distribution of Endesa dividends	(1,392)	-
Impact on deferred taxation of changes in tax rates	(146)	-
IRES surtax (Decree Law 112/2008)	188	353
IRAP	320	336
Other differences, effect of different foreign tax rates, and minor items	(44)	(488)
Total	**(850)**	**2,373**

14. Basic and diluted earnings per share

Both metrics are calculated on the basis of the average number of ordinary shares in the period, equal to 9,403,357,795 shares, adjusted for the diluting effect of outstanding stock options (none in both periods).

Millions of euro

	2014	2013 restated	Change	
Net income from continuing operations attributable to shareholders of the Parent Company (millions of euro)	517	3,235	(2,718)	-84.0%
Net income from discontinued operations attributable to shareholders of the Parent Company (millions of euro)	-	-	-	-
Net income attributable to shareholders of the Parent Company (millions of euro)	517	3,235	(2,718)	-84.0%
Number of ordinary shares	9,403,357,795	9,403,357,795	-	-
Dilutive effect of stock options	-	-	-	-
Basic and diluted earnings per share (euro)	0.05	0.34	(0.30)	-87.2%
Basic and diluted earnings from continuing operations per share (euro)	0.05	0.34	(0.30)	-86.9%
Basic and diluted earnings from discontinued operations per share (euro)	-	-	-	-

Please note that existing stock option plans for top management could dilute basic earnings per share in the future. For more information on those plans, please see the appropriate section of these notes.

Between the balance sheet date and the date of publication of the financial statements, no events or transactions took place that changed the number of ordinary shares or potential ordinary shares in circulation at the end of the year.

15. Property, plant and equipment - *€73,089 million*

Changes in property, plant and equipment for 2014 are shown below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment
Cost	561	11,084	147,619	442
Accumulated depreciation	-	5,685	83,518	352
Balance at Dec. 31, 2013 restated	**561**	**5,399**	**64,101**	**90**
Capital expenditure	6	109	1,189	18
Assets entering service	35	299	2,969	2
Exchange rate differences	(2)	(300)	(333)	-
Change in scope of consolidation	10	(10)	14	-
Disposals	-	(16)	(26)	(1)
Depreciation	-	(191)	(4,036)	(19)
Impairment losses	(32)	(721)	(1,636)	(7)
Reversals of impairment losses	-	-	3	-
Other changes	(5)	42	150	-
Remeasurement at fair value after changes in control	-	-	50	-
Reclassification from/to "Assets held for sale"	(15)	(802)	(1,525)	(9)
Total changes	**(3)**	**(1,590)**	**(3,181)**	**(16)**
Cost	558	8,711	144,890	386
Accumulated depreciation	-	4,902	83,970	312
Balance at Dec. 31, 2014	**558**	**3,809**	**60,920**	**74**

Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	Total
1,414	1,179	284	8,764	171,347
1,133	215	181	-	91,084
281	**964**	**103**	**8,764**	**80,263**
46	13	7	4,631	6,019
47	(1)	38	(3,389)	-
(1)	7	-	(202)	(831)
1	43	4	330	392
(4)	-	(1)	(12)	(60)
(92)	(54)	(23)	-	(4,415)
(4)	(105)	-	(381)	(2,886)
-	-	-	-	3
29	-	3	208	427
-	-	-	-	50
(13)	(2)	-	(3,507)	(5,873)
9	**(99)**	**28**	**(2,322)**	**(7,174)**
1,332	1,092	332	6,442	163,743
1,042	227	201	-	90,654
290	**865**	**131**	**6,442**	**73,089**

"Plant and machinery" includes assets to be relinquished free of charge with a net carrying amount of €8,269 million (€9,864 million at December 31, 2013), largely regarding power plants in the Iberian peninsula and Latin America amounting to €4,820 million (€5,120 million at December 31, 2013) and the electricity distribution network in Latin America totaling €3,027 million (€3,170 million at December 31, 2013).

For more information on "leased assets", please see note 15.2 below.

The table below summarizes capital expenditure in 2014 by category. These expenditures, totaling €6,019 million, increased by €712 million on 2013.

Millions of euro

	2014	2013 restated
Power plants:		
- thermal	884	732
- hydroelectric	656	553
- geothermal	169	226
- nuclear	787	722
- alternative energy resources	1,256	928
Total power plants	**3,752**	**3,161**
Electricity distribution networks	2,115	2,012
Land, buildings and other assets and equipment	152	134
TOTAL	**6,019**	**5,307**

Capital expenditure on power plants amounted to €3,752 million, an increase of €591 million compared with the previous year, largely reflecting increased investment in hydroelectric facilities and other renewable generation plants by the Renewable Energy Division, as well as greater investment in conventional thermal plants and nuclear power plants abroad.
Capital expenditure for the electricity distribution network amounted to €2,115 million, up €103 million compared with the previous year. The increase is essentially attributable to greater investment in the medium- and low-voltage grids in Spain.

The "Change in scope of consolidation" for the period mainly concerned the acquisitions of control of the Chilean company Inversiones Gas Atacama, which operates in the natural gas transport and power generation sectors (€255 million), Buffalo Dunes Wind Project, a wind power company (€334 million), and other smaller acquisitions of the Renewable Energy Division. These factors were partly offset (€62 million) by the change in control of SE Hydropower, under the sale agreements signed in 2010, which prompted a change in the method of accounting for the entity from full line-by-line consolidation to equity accounting (as it qualified as a joint operation); and by the disposal, on December 18, 2014, of the subsidiary Enel Green Power France, a renewables generator in France (€230 million).

"Impairment losses" on property, plant and equipment amounted to €2,886 million. For a more detailed analysis, please see note 8.d.

"Remeasurement at fair value after changes in control" amounted to €50 million. It is entirely accounted for by the hydroelectric plants of SE Hydropower, which were revalued to the extent of the holding already held following the Group's loss of control over the company and before their reclassification to "Assets held for sale".

"Other changes" include, among other items, the effect of the capitalization of interest on specific loans for capital expenditure in the amount of €196 million (€128 million in 2013), as detailed in the following table.

Millions of euro

	2014	% rate	2013 restated	% rate	Change	
Enel Green Power	59	4.8%	36	4.7%	23	39.0%
Latin America	75	14.8%	45	12.8%	30	40.0%
Eastern Europe	41	2.6%	31	2.7%	10	24.4%
Iberia	6	3.0%	3	3.1%	3	50.0%
Italy	15	5.0%	13	5.5%	2	13.3%
Total	**196**		**128**		**68**	**34.7%**

"Reclassification from/to 'Assets held for sale'" essentially reports the property, plant and equipment of Slovenské elektrárne, SE Hydropower and other smaller companies, which in view of the decisions taken by management meets the requirements of IFRS 5 for classification as assets held for sale.

At December 31, 2014, contractual commitments to purchase property, plant and equipment amounted to €501 million.

15.1 Infrastructure within the scope of IFRIC 12 "*Service concession arrangements*"

Service concession arrangements, which are recognized in accordance with IFRIC 12, regard certain infrastructure serving concessions for electricity distribution in Brazil.

The following table summarizes the salient details of those concessions.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	**Amount recognized among financial assets at Dec. 31, 2014**	**Amount recognized among intangible assets at Dec. 31, 2014**
Ampla Energia e Serviços	Brazilian government	Electricity distribution	Brazil	1997-2026	12 years	Yes	425	1,033
Companhia Energética do Ceará	Brazilian government	Electricity distribution	Brazil	1998-2028	13 years	Yes	244	905
Total							**669**	**1,938**

The value of the assets at the end of the concessions classified under financial assets has been measured at fair value.

For more details, please see note 45 "Assets measured at fair value".

15.2 Leases

The Group, in the role of lessee, has entered into finance lease agreements. They include certain assets which the Group is using in Spain, France, Greece, Italy and Latin America. More specifically, in Spain the assets relate to a 25-year "tolling" contract for which an analysis pursuant to IFRIC 4 identified an embedded finance lease, under which Endesa has access to the generation capacity of a combined-cycle plant for which the toller, Elecgas, has undertaken to transform gas into electricity in exchange for a toll at a rate of 9.62%. The other lease agreements regard wind plants that the Group uses in Italy (with a term of 18 years expiring in 2030-2031) and a discount rate of between 4.95% and 5.5%.

In Latin America, the assets relate to leased power transmission lines and plants (Ralco-Charrúa), with a residual term of nine years on the lease at a 6.5% rate, a lease of a combined-cycle plant (Talara) with a term of nine years at a fixed rate of 5.8%, as well as a number of combined-cycle plants in Peru (residual lease term of two years bearing a floating rate).

The carrying amount of assets held under finance leases is reported in the following table.

Millions of euro

	2014	2013 restated	Change	
Property, plant and equipment	865	964	(99)	-10.3%
Intangible assets	-	-	-	-
Total	**865**	**964**	**(99)**	**-10.3%**

The following table reports total minimum lease payments and the related present value, broken down by maturity.

Millions of euro	Future minimum payments	Present value of future minimum payments	Future minimum payments	Present value of future minimum payments
	at Dec. 31, 2014		at Dec. 31, 2013	
Periods:				
2015	102	62	126	77
2016-2019	398	250	461	295
beyond 2019	750	526	994	698
Total	**1,250**	**838**	**1,581**	**1,070**
Finance charges	(412)		(511)	
Present value of minimum lease payments	**838**		**1,070**	

The Group, in the role of lessee, has entered also into operating lease agreements regarding the use of certain assets for industrial purposes. The associated lease payments are expensed under "Services and other materials" and amounted to €274 million.

Costs for operating leases are broken down in the following table into minimum payments, contingent rents and sublease payments.

Millions of euro

	2014
Minimum lease payments	2,323
Contingent rents	-
Sublease payments	27
Total	**2,350**

The future minimum lease payments due by the Group under such leases break down by maturity as follows.

Millions of euro

Periods:	
within 1 year	265
beyond 1 year and within 5 years	1,000
beyond 5 years	1,058
Total	**2,323**

16. Investment property - *€143 million*

Investment property at December 31, 2014 amounted to €143 million, a decrease of €38 million for the year.

Millions of euro

	2014
Cost	209
Accumulated depreciation	28
Balance at Dec. 31, 2013 restated	**181**
Acquisitions	2
Entry into service	-
Exchange rate differences	(2)
Change in scope of consolidation	5
Depreciation	(8)
Impairment losses	(18)
Reversals of impairment losses	-
Other changes	(16)
Remeasurement at fair value after changes in control	-
Reclassification from/to "Assets held for sale"	(1)
Total changes	**(38)**
Cost	173
Accumulated depreciation	30
Balance at Dec. 31, 2014	**143**

The Group's investment property consists of properties in Italy, Spain and Chile, which are free of restrictions on the realizability of the investment property or the remittance of income and proceeds of disposal. In addition, the Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.
For more details on the valuation of investment property, please see notes 45 "Assets measured at fair value" and 45.1 "Assets and associated fair value".

17. Intangible assets - *€16,612 million*

Changes in intangible assets for 2014 are shown below.

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Service concession arrangements	Other	Assets under development and advances	**Total**
Cost	46	2,515	15,871	3,671	1,626	494	24,223
Accumulated amortization	16	2,045	1,324	1,653	1,130	-	6,168
Balance at Dec. 31, 2013 restated	**30**	**470**	**14,547**	**2,018**	**496**	**494**	**18,055**
Capital expenditure	5	133	15	244	28	255	680
Assets entering service	-	162	4	-	26	(192)	-
Exchange rate differences	-	(3)	(140)	27	18	14	(84)
Change in scope of consolidation	-	-	(274)	-	5	90	(179)
Disposals	-	-	-	-	(8)	(1)	(9)
Amortization	(6)	(274)	(182)	(202)	(101)	-	(765)
Impairment losses	-	(1)	(624)	(20)	(61)	(38)	(744)
Other changes	(20)	24	(2)	(129)	13	2	(112)
Reclassification from/to "Assets held for sale"	-	(7)	(221)	-	-	(2)	(230)
Total changes	**(21)**	**34**	**(1,424)**	**(80)**	**(80)**	**128**	**(1,443)**
Cost	26	2,735	14,515	3,774	1,656	622	23,328
Accumulated amortization	17	2,231	1,392	1,836	1,240	-	6,716
Balance at Dec. 31, 2014	**9**	**504**	**13,123**	**1,938**	**416**	**622**	**16,612**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include costs incurred by the gas companies and the foreign electricity distribution companies to acquire customers. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

The following table reports service concession arrangements that do not fall within the scope of IFRIC 12.

Millions of euro

	Grantor	Activity	Country	Concession period	Concession period remaining	Renewal option	at Dec. 31, 2014	Initial fair value
Endesa Distribución Eléctrica	-	Electricity distribution	Spain	Indefinite	Indefinite		5,679	5,673
Codensa	Republic of Colombia	Electricity distribution	Colombia	Indefinite	Indefinite		1,874	1,839
Chilectra	Republic of Chile	Electricity distribution	Chile	Indefinite	Indefinite		1,641	1,667
Empresa de Distribución Eléctrica de Lima Norte	Republic of Peru	Electricity distribution	Peru	Indefinite	Indefinite		654	548
Enel Distributie Muntenia	Romanian Ministry for the Economy	Electricity distribution	Romania	2005-2054	39 years	Yes	160	191

The item includes assets with an indefinite useful life in the amount of €9,848 million (€9,995 million at December 31, 2013), essentially accounted for by concessions for distribution activities in Spain (€5,679 million), Colombia (€1,874 million), Chile (€1,641 million) and Peru (€654 million), for which there is no statutory or currently predictable expiration date. On the basis of the forecasts developed, cash flows for each of the electricity distribution concessions are sufficient to recover the value of the intangible assets. For more information on "Service concession arrangements", please see note 22.

The "Change in scope of consolidation" for the period mainly regards the change in control of SE Hydropower under the purchase agreements signed in 2010 (€276 million). This factor was only partly offset by the expansion of the scope of consolidation due to a number of acquisitions of the Renewable Energy Division.
"Impairment losses" amounted to €744 million in 2014; for more details, please see note 8.d.

"Reclassification from/to 'Assets held for sale'" largely regards the concession held by SE Hydropower, which in view of the decisions taken by management meets the requirements of IFRS 5 for classification as assets held for sale.

At December 31, 2014, contractual commitments for the acquisition of intangible assets amounted to €13 million.

18. Goodwill - *€14,027 million*

"Goodwill" amounted to €14,027 million, a decrease of €940 million.

Millions of euro	at Dec. 31, 2013 restated			Change in scope of consolidation	Exchange rate differences
	Cost	Accumulated impairment	**Net carrying amount**		
Endesa	10,999	(2,392)	8,607	-	-
Latin America	3,260	-	3,260	25	-
Enel Russia	1,119	(856)	263	-	(103)
Enel Green Power Group	960	(85)	875	(23)	53
Slovenské elektrárne	697	-	697	-	-
Enel Energia	579	-	579	-	-
Enel Distributie Muntenia	547	-	547	-	(1)
Enel Energie Muntenia	113	-	113	-	-
Nuove Energie	26	-	26	-	-
Enel Stoccaggi	1	(1)	-	-	-
Total	**18,301**	**(3,334)**	**14,967**	**2**	**(51)**

The "Change in scope of consolidation" mainly regards the acquisition of control of Buffalo Dunes Wind Project (€7 million) and Inversiones Gas Atacama (€25 million). These factors were partly offset by the disposal of the subsidiary Enel Green Power France (€29 million).
"Impairment losses" are recognized following impairment tests, as discussed below.

"Reclassification from/to 'Assets held for sale'" reports the reclassification of the goodwill of the Slovenské elektrárne CGU, which in view of the decisions taken by management meets the requirements of IFRS 5 for classification as assets held for sale.
The criteria used to identify the cash generating units (CGUs) were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, as well as on the level of reporting monitored by management.
The recoverable value of the goodwill recognized was estimated by calculating the value in use of the CGUs using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums.
Cash flows were determined on the basis of the best information available at the time of the estimate and drawn:

> for the explicit period, from the 5-year business plan approved by the Board of Directors of the Parent Company containing forecasts for volumes, revenues, operating costs, capital expenditure, industrial and commercial organization and developments in the main macroeconomic variables (inflation, nominal interest rates and exchange rates) and commodity prices. In the previous year, the time horizon considered in preparing the business plan was 10 years. The change was made to bring policy in this area into line with international best practice. More specifically the explicit period of cash flows considered in impairment testing differs in accordance with the specific features and business cycles of the various CGUs being tested. These differences are generally associated with the different average times needed to build and bring into service the plant and other works that characterize the investments of the specific businesses that make up the CGU (conventional thermal generation, nuclear power, renewables, distribution, etc.);

> for subsequent years, from assumptions concerning long-term developments in the main variables that determine cash flows, the average residual useful life of assets or the duration of the concessions.

More specifically, the terminal value was calculated as a perpetuity or annuity with a nominal growth rate equal to

Impairment losses	Reclassification from/to "Assets held for sale"	at Dec. 31, 2014		
		Cost	Accumulated impairment	**Net carrying amount**
-	-	10,999	(2,392)	**8,607**
-	-	3,285	-	**3,285**
(160)	-	1,016	(1,016)	**-**
(34)	-	990	(119)	**871**
-	(697)	-	-	**-**
-	-	579	-	**579**
-	-	546	-	**546**
-	-	113	-	**113**
-	-	26	-	**26**
-	-	1	(1)	-
(194)	**(697)**	**17,555**	**(3,528)**	**14,027**

the long-term rate of growth in electricity and/or inflation (depending on the country and business involved) and in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet, with the exceptions discussed below.

In order to verify the robustness of the value in use of the CGUs, sensitivity analyses were conducted for the main drivers of the values, in particular WACC and the long-term growth rate, the outcomes of which fully supported that value.

The table below reports the composition of the main goodwill values according to the company to which the CGU belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
	at Dec. 31, 2014				
Endesa - Iberian peninsula (4)	8,607	1.92%	7.92%	5 years	Perpetuity
Endesa - Latin America	3,285	2.67%	8.48%	5 years	Perpetuity
Enel Russia	-	0.97%	14.99%	5 years	Perpetuity
Slovenské elektrárne	-				
Enel Romania (5)	659	2.07%	7.90%	5 years	Perpetuity
Enel Energia	579	0.13%	11.98%	5 years	15 years
Enel Green Power España	404	2.00%	7.90%	5 years	13 years
Enel Green Power Latin America	308	3.45%	8.53%	5 years	22 years
Enel Green Power North America	117	2.17%	7.46%	5 years	20 years
Enel Green Power Hellas	-	-	18.69%	5 years	21 years
Nuove Energie	26	0.29%	8.98%	10 years	16 years
Enel Green Power Italia	24	2.00%	8.15%	5 years	Perpetuity / 14 years (6)
Enel Green Power France	-				
Enel Green Power Romania	13	2.07%	8.26%	5 years	15 years
Enel Green Power Bulgaria	5	2.50%	8.27%	5 years	17 years
Enel Green Power South Africa	-	-	-	-	-

(1) Perpetual growth rate of cash flows after explicit period.
(2) Pre-tax WACC calculated using the iterative method: the discount rate that ensures that the value in use calculated with pre-tax cash flows is equal to that calculated with post-tax cash flows discounted with the post-tax WACC.
(3) The terminal value has been estimated on the basis of a perpetuity or an annuity with a rising yield for the years indicated in the column.
(4) Goodwill includes the portion referring to Enel Green Power España.
(5) Includes all companies operating in Romania.
(6) The terminal value for Enel Green Power Italia was estimated on the basis of a perpetuity for the hydroelectric and geothermal plants and an expected annuity with a rising yield for a period of 14 years for other renewables technologies (wind, solar, biomass).

At December 31, 2014, impairment testing of the CGU to which goodwill had been allocated found the following impairment losses:

> €365 million on the Enel Russia CGU (formerly Enel OGK-5), of which €160 million attributed to goodwill and the remainder to generation assets, originating in the expected contraction in future income flows in view of the continuing signs of economic slowdown and the consequent expected decrease in price growth in the medium term;

> €269 million on the Enel Green Power Hellas CGU, of which €34 million attributed to goodwill and the remainder to generation assets, the concessions and the development projects in the pipeline, originating in the continuing adverse economic conditions, which have led to a substantial reduction in rate subsidies.

At December 31, 2013, an impairment loss of €744 million had been recognized on the Enel Russia CGU (formerly Enel OGK-5).

Amount	Growth rate (1)	Discount rate pre-tax WACC (2)	Explicit period of cash flows	Terminal value (3)
at Dec. 31, 2013				
8,607	1.80%	8.40%	10 years	Perpetuity
3,260	-	8.90%	10 years	Perpetuity
263	1.20%	12.20%	10 years	Perpetuity
697	1.00%	8.80%	10 years	Perpetuity
660	2.40%	9.90%	10 years	Perpetuity
579	0.70%	12.70%	10 years	10 years
403	2.00%	7.90%	5 years	14 years
262	3.40%	8.50%	5 years	23 years
103	2.10%	7.70%	5 years	19 years
33	2.00%	13.60%	10 years	18 years
26	0.70%	9.90%	10 years	17 years
24	2.00%	10.00%	10 years	18 years
29	1.90%	7.60%	5 years	19 years
13	2.40%	10.60%	10 years	13 years
5	3.00%	8.20%	10 years	11 years
1	1.90%	9.80%	5 years	23 years

19. Deferred tax assets and liabilities - *€7,067 million and €9,220 million*

The following table details changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2013 restated	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	Change in scope of consolidation	Other changes	Exchange rate differences	Reclassification from/to "Assets held for sale"	**at Dec. 31, 2014**
Deferred tax assets:								
- differences in the value of intangible assets, and property, plant and equipment	1,891	452	4	(3)	(85)	(6)	(14)	2,239
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,031	(307)	-	-	(35)	(5)	(518)	1,166
- tax loss carried forward	99	18	-	(1)	(16)	8	(3)	105
- measurement of financial instruments	460	2	291	-	(48)	(2)	(44)	659
- other items	1,705	1,116	28	(5)	93	(11)	(28)	2,898
Total	**6,186**	**1,281**	**323**	**(9)**	**(91)**	**(16)**	**(607)**	**7,067**
Deferred tax liabilities:								
- differences on non-current and financial assets	8,005	(599)	-	(50)	(26)	(106)	(459)	6,765
- measurement of financial instruments	170	42	298	-	(36)	(11)	(10)	453
- other items	2,620	(403)	(19)	8	3	5	(212)	2,002
Total	**10,795**	**(960)**	**279**	**(42)**	**(59)**	**(112)**	**(681)**	**9,220**
Non-offsettable deferred tax assets								**1,660**
Non-offsettable deferred tax liabilities								**4,052**
Excess net deferred tax liabilities after any offsetting								**(239)**

At December 31, 2014, "Deferred tax assets" totaled €7,067 million (€6,186 million at December 31, 2013).

The increase during the year amounted to €881 million, mainly reflecting:

> the recognition of deferred tax assets by the subsidiary Enel Iberoamérica (formerly Enel Energy Europe) totaling €1,392 million in respect of the distribution of dividends in extraordinary corporate transactions involving Endesa in the last Quarter of 2014;

> the recognition of deferred tax assets in respect of certain impairment losses on property, plant and equipment considered non-deductible;

> the reclassification to assets held for sale of Slovenské elektrárne;

> uses and releases of the provisions for risks and charges;

> the effects of the elimination of the Robin Hood Tax following a judicial ruling that the IRES surtax was unconstitutional.

It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €756 million because, on the basis of current estimates of future taxable income, it is not certain that such assets will be recovered. More specifically, the losses include those attributable to the holding companies located in the Netherlands in the amount of €263 million and to the Renewable Energy Division in the amount of €247 million.

"Deferred tax liabilities" amounted to €9,220 million at December 31, 2014 (€10,795 million at December 31, 2013). They essentially include the determination of the tax effects of the value adjustments to assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets. The difference compared with the previous year is mainly attributable, as with deferred tax assets, to the reclassification to assets held for sale of the assets of Slovenské elektrárne, as well as to the change in tax rates in Spain and a number of countries in Latin America.

20. Equity investments accounted for using the equity method - *€872 million*

Investments in joint arrangements and associated companies accounted for using the equity method are as follows.

Millions of euro	at Dec. 31, 2013 restated	% holding	Income effect	Change in scope of consolidation	Dividends
Joint arrangements					
Hydro Dolomiti Enel	210	49.0%	57	-	(48)
Tejo Energia Produção e Distribução de Energia Eléctrica	58	38.9%	6	-	(4)
Empresa de Energía Cundinamarca	34	40.4%	3	-	-
RusEnergoSbyt	59	49.5%	47	-	(71)
Energie Electrique de Tahaddart	30	32.0%	5	-	(6)
Centrales Hidroeléctricas de Aysén	96	51.0%	-	-	-
PowerCrop	6	50.0%	(1)	-	-
Nuclenor	12	50.0%	(56)	-	-
Inversiones Gas Atacama	171	50.0%	4	(174)	-
Associates					
Elica 2	135	30.0%	-	-	-
ENEOP - Eólicas de Portugal	55	36.0%	17	-	-
CESI	37	42.7%	3	-	(1)
Tecnatom	30	45.0%	1	-	-
GNL Quinteros	7	20.0%	5	-	(9)
EEVM - Empreendimentos Eólicos do Vale do Minho	15	50.0%	14	-	(10)
Suministradora Eléctrica de Cádiz	17	33.5%	3	-	(3)
Terrae	15	20.0%	-	-	-
Compañía Eólica Tierras Altas	14	35.6%	-	-	(1)
LaGeo	98	36.2%	28	(100)	(30)
Buffalo Dunes Wind Project	69	49.0%	4	(76)	-
Tirme	23	40.0%	-	(19)	(3)
Other	181		2	23	(69)
Total	**1,372**		**142**	**(346)**	**(255)**

The "Change in scope of consolidation" item includes the impact of the acquisition of an additional stake in Inversiones Gas Atacama in Chile and Buffalo Dunes Wind Project in the United States, which gave Enel control over those companies, enabling line-by-line consolidation, as well as the impact of the disposal, in December 2014, of investments in LaGeo and Tirme.

The application of the equity method to the investments in RusEnergoSbyt and PowerCrop incorporates implicit goodwill of €25 million and €9 million, respectively.

"Impairment losses" on equity methods accounted for using the equity method amounted to €177 million; for more details, please see note 12.

Reclassification from/to "Assets held for sale"	Impairment losses	Other changes	at Dec. 31, 2014	% holding
-	-	(1)	218	49.0%
-	-	1	61	38.9%
-	-	(3)	34	40.4%
-	-	(6)	29	49.5%
-	-	-	29	32.0%
-	(88)	-	8	51.0%
-	-	-	5	50.0%
-	-	44	-	50.0%
-	-	(1)	-	
-	(89)	4	50	30.0%
-	-	(12)	60	36.0%
-	-	-	39	42.7%
-	-	(1)	30	45.0%
-	-	18	21	20.0%
-	-	(1)	18	50.0%
-	-	-	17	33.5%
-	-	-	15	20.0%
-	-	-	13	35.6%
-	-	4	-	
-	-	3	-	
-	-	(1)	-	
(18)	-	106	225	
(18)	**(177)**	**154**	**872**	

"Reclassification from/to 'Assets held for sale'" regard the investments held by Slovenské elektrárne in a number of associates that in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale at December 31, 2014.

The following table provides a summary of financial information for each joint arrangement and associate of the Group not classified as held for sale in accordance with IFRS 5.

Millions of euro	Non-current assets		Current assets		Total assets	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Joint arrangements						
Hydro Dolomiti Enel	518	576	137	103	655	679
Centrales Hidroeléctricas de Aysén	9	181	12	13	21	194
RusEnergoSbyt	2	3	105	166	107	169
Tejo Energia Produção e Distribução de Energia Eléctrica	378	423	139	136	517	559
Empresa de Energía Cundinamarca	169	172	18	22	187	194
Energie Electrique de Tahaddart	132	143	34	41	166	184
PowerCrop	41	37	12	8	53	45
Nuclenor	74	57	99	88	173	145
Associates						
Elica 2	6	7	3	6	9	13
ENEOP - Eólicas de Portugal	1,358	1,214	387	278	1,745	1,492
CESI	63	62	82	92	145	154
Tecnatom	72	69	63	69	135	138
EEVM - Empreendimentos Eólicos do Vale do Minho	262	274	44	53	306	327
Suministradora Eléctrica de Cádiz	77	75	19	17	96	92
Compañía Eólica Tierras Altas	44	45	7	16	51	61

Non-current liabilities		Current liabilities		Total liabilities		Equity	
at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
147	166	64	85	211	251	444	428
-	-	5	6	5	6	16	188
-	-	98	131	98	131	9	38
261	315	101	94	362	409	155	150
81	53	22	56	103	109	84	85
43	59	32	31	75	90	91	94
-	1	27	16	27	17	26	28
108	49	86	72	194	121	(21)	24
-	-	-	-	-	-	9	13
1,399	1,249	179	159	1,578	1,408	167	84
14	18	40	40	54	58	91	96
26	33	42	39	68	72	67	66
220	234	50	61	270	295	36	32
26	22	19	19	45	41	51	51
12	6	3	15	15	21	36	40

Millions of euro	Total revenue		Income before tax		Net income from continuing operations	
	2014	2013 restated	**2014**	2013 restated	**2014**	2013 restated
Joint arrangements						
Hydro Dolomiti Enel	365	311	235	174	147	98
Centrales Hidroeléctricas de Aysén	-	-	(14)	(8)	(2)	(6)
RusEnergoSbyt	1,834	2,693	87	203	68	162
Tejo Energia Produção e Distribução de Energia Eléctrica	195	202	22	36	16	27
Empresa de Energía Cundinamarca	108	110	13	7	8	3
Energie Electrique de Tahaddart	52	57	23	27	16	20
PowerCrop	3	4	(3)	(3)	(2)	(2)
Nuclenor	25	7	(113)	1	(112)	22
Associates						
Elica 2	-	-	-	(1)	-	(1)
ENEOP - Eólicas de Portugal	213	195	52	25	43	40
CESI	62	91	(1)	15	(2)	10
Tecnatom	97	100	3	2	3	2
EEVM - Empreendimentos Eólicos do Vale do Minho	80	89	37	45	28	32
Suministradora Eléctrica de Cádiz	16	16	8	9	8	9
Compañía Eólica Tierras Altas	10	20	-	6	-	4

21. Derivatives

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Derivative financial assets	1,335	444	5,500	2,690
Derivative financial liabilities	2,441	2,216	5,441	2,940

For more information on derivatives classified as non-current financial assets, please see notes 43 and 44 for hedging derivatives and trading derivatives, respectively.

22. Other non-current financial assets - *€3,645 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Equity investments in other companies measured at fair value	157	183	(26)	-14.2%
Equity investments in other companies	56	102	(46)	-45.1%
Receivables and securities included in net financial debt (see note 22.1)	2,701	4,965	(2,264)	-45.6%
Service concession arrangements	669	618	51	8.3%
Non-current prepaid financial expense	62	102	(40)	-39.2%
Total	**3,645**	**5,970**	**(2,325)**	**-38.9%**

"Other non-current financial assets" decreased by €2,325 million on 2013. In particular, the decline reflected a reduction of receivables included in net financial debt, as discussed in note 22.1.

"Service concession arrangements" regard amounts due from the grantor for the construction and/or improvement of infrastructure used to provide public services on a concession basis and recognized in application of IFRIC 12.

Equity investments in other companies measured at fair value and at cost break down as follows:

Millions of euro

	at Dec. 31, 2014	% holding	at Dec. 31, 2013 restated	% holding	Change
Bayan Resources	147	10.00%	169	10.00%	(22)
Echelon	4	7.07%	5	7.07%	(1)
Galsi	15	15.61%	15	15.61%	-
Other	47		96		(49)
Total	**213**		**285**		**(72)**

The change with respect to 2013 is essentially attributable to both the disposal of a number of minor equity investments in Spain and Brazil and a reduction in the fair value of Bayan Resources.

"Equity investments in other companies" includes companies whose market value cannot be readily determined and so, in the absence of plans to sell them, are carried at cost adjusted for any impairment losses.

22.1 Other non-current financial assets included in net financial debt - € *2,701 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Securities held to maturity	139	128	11	8.6%
Financial investments in funds or portfolio management products at fair value through profit or loss	40	24	16	66.7%
Financial receivables in respect of Spanish electrical system deficit	-	1,498	(1,498)	-
Other financial receivables	2,522	3,315	(793)	-23.9%
Total	**2,701**	**4,965**	**(2,264)**	**-45.6%**

"Financial receivables in respect of Spanish electrical system deficit" comprise amounts due to Endesa in respect of the system rate deficit in Spain. The decrease is attributable to the receipt, in December 2014, of funds from the assignment without recourse, as permitted by the provisions of Decree Law of December 13, 2014, which permits the assignment to private-sector entities of receivables in respect of 2013, which under previous legislation had been recoverable over a period of 15 years.
Finally, in accordance with the new regulation of the deficit set out in Decree Law 24/2013, government forecasts do not expect deficits to be generated in the future. In any event, any deficit that should emerge shall be treated as temporary until November of the following year, at which time the receivable is settled. For this reason, the provisional deficit for 2014 of €1,173 million is classified under "Current financial assets".

At December 31, 2014, "Other financial receivables" included:

> receivables in respect of the Electricity Equalization Fund in the amount of €434 million (unchanged on December 31, 2013), regarding the reimbursement of non-recurring charges connected with the early replacement of electromechanical meters;

> the receivable in respect of the reimbursement, provided for by the Authority for Electricity, Gas and the Water System in Italy with Resolution 157/2012, of costs incurred with the termination of the Electrical Worker Pension Fund in the amount of €393 million (€448 million at December 31, 2013);

> the receivable of the Argentine generation companies in respect of the wholesale electricity market deposited with the FONINVEMEM (*Fondo Nacional de Inversión Mercado Eléctrico Mayorista*) in the amount of €218 million (€216 million at December 31, 2013).

The change for the period reflects the reclassification under assets held for sale of the receivable in respect of the Slovakian decommissioning fund in the amount of €813 million.

23. Other non-current assets - *€885 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Receivables due from Electricity Equalization Fund and similar bodies	59	46	13	28.3%
Net assets of employee benefit programs	-	21	(21)	-
Other receivables	826	750	76	10.1%
Total	**885**	**817**	**68**	**8.3%**

"Receivables due from Electricity Equalization Fund and similar bodies" at December 31, 2014 include only the receivable in respect of the Electricity Equalization Fund claimed by the Enel Distribuzione.

In 2013, "Net assets of employee benefit programs" reported assets backing a number of employee benefit plans for Endesa employees, net of actuarial liabilities. In 2014, the item was reclassified to liabilities as liabilities were greater than actuarial assets.

At December 31, 2014, "Other receivables" mainly regard tax receivables in the amount of €501 million (€476 million at December 31, 2013) and advances to suppliers in the amount of €141 million (€154 million at the end of 2013).

24. Inventories - *€3,334 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Raw materials, consumables and supplies:				
- fuel	1,533	1,816	(283)	-15.6%
- materials, equipment and other inventories	759	616	143	23.2%
Total raw materials, consumables and supplies	**2,292**	**2,432**	**(140)**	**-5.8%**
Environmental certificates:				
- green certificates	623	525	98	18.7%
- white certificates	294	461	(167)	-36.2%
- CO_2 emissions allowances	3	2	1	50.0%
Total	**920**	**988**	**(68)**	**-6.9%**
Buildings available for sale	76	77	(1)	-1.3%
Payments on account	46	58	(12)	-20.7%
TOTAL	**3,334**	**3,555**	**(221)**	**-6.2%**

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for the operation, maintenance and construction of plants and distribution networks. The decrease for the year is mainly attributable to the decline in stocks of gas, nuclear fuel and white certificates. The contraction was only partly offset by an increase in inventories of green certificates and other materials and equipment. The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings.

25. Trade receivables - *€12,022 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Customers:				
- sale and transport of electricity	8,361	8,613	(252)	-2.9%
- distribution and sale of natural gas	1,679	1,524	155	10.2%
- other activities	1,920	1,190	730	61.3%
Total customer receivables	**11,960**	**11,327**	**633**	**5.6%**
Trade receivables due from associates and joint arrangements	62	51	11	21.6%
TOTAL	**12,022**	**11,378**	**644**	**5.7%**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €1,662 million at the end of the year, compared with an opening balance of €1,472 million. The increase in the period is mainly due to an increase in sales of fuel.

For more details on trade receivables, please see note 40 "Financial instruments".

26. Tax receivables - *€1,547 million*

Tax receivables at December 31, 2014 amounted to €1,547 million and are essentially related to income tax credits in the amount of €788 million (€992 million at December 31, 2013), receivables for indirect taxes in the amount of €409 million (€419 million at December 31, 2013) and receivables for other taxes and tax surcharges in the amount of €350 million (€298 million at December 31, 2013).

27. Other current financial assets - *€3,984 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Current financial assets included in net financial position	3,860	5,503	(1,643)	-29.9%
Other	124	104	20	19.2%
Total	**3,984**	**5,607**	**(1,623)**	**-28.9%**

27.1 Other current financial assets included in net financial debt - €3,860 million

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Short-term portion of long-term financial receivables	1,566	2,976	(1,410)	-47.4%
Receivables for factoring	177	263	(86)	-32.7%
Securities available for sale	140	17	123	-
Financial receivables and cash collateral	1,654	1,720	(66)	-3.8%
Other	323	527	(204)	-38.7%
Total	**3,860**	**5,503**	**(1,643)**	**-29.9%**

The change in "Short-term portion of long-term financial receivables" is mainly accounted for by:

> the change in financial receivables in respect of the deficit of the Spanish electrical system as a result of the accrual of new receivables in 2014 in the amount of €2,952 million (also including new receivables for extra-peninsular generation), the reclassification of €1,498 million, discussed in note 22.1 and, with a negative sign, collections (€4,948 million including payments in respect of extra-peninsular generation). Part of those collections (€1,469 million) was generated by the assignment of the receivables to a specially-established securitization fund, formed by a pool of five Spanish banks, with the intention of closing the system deficit for 2013;

> a decrease of €905 million in the financial receivables of Enersis, which at December 31, 2013 had comprised liquidity temporarily invested in repurchase transactions with a maturity of more than 90 days, which were subsequently used to expand the Group's presence in Latin America, as happened in 2014 with the acquisition of larger stakes in Coelce, Gas Atacama and Edegel, with the latter channeled through Generandes Perú.

28. Other current assets - *€2,706 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Receivables due from Electricity Equalization Fund and similar bodies	1,010	745	265	35.6%
Advances to suppliers	166	213	(47)	-22.1%
Receivables due from employees	33	36	(3)	-8.3%
Receivables due from others	1,272	1,329	(57)	-4.3%
Accrued operating income and prepaid expenses	184	197	(13)	-6.6%
Receivables for construction contracts	41	37	4	10.8%
Total	**2,706**	**2,557**	**149**	**5.8%**

"Receivables due from Electricity Equalization Fund and similar bodies" include receivables in respect of the Italian system in the amount of €896 million (€669 million at December 31, 2013) and the Spanish system in the amount of €114 million (€76 million at December 31, 2013). Including the portion of receivables classified as long-term in the amount of €59 million (€46 million in 2013), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2014 totaled €1,069 million (€791 million at December 31, 2013), offset by payables of €4,005 million (€3,312 million at December 31, 2013).

29. Cash and cash equivalents - *€13,088 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €199 million (€195 million at December 31, 2013) primarily in respect of deposits pledged to secure transactions.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Bank and post office deposits	12,330	6,813	5,517	81.0%
Cash and cash equivalents on hand	758	1,060	(302)	-28.5%
Total	**13,088**	**7,873**	**5,215**	**66.2%**

The change for the period mainly reflects cash flows generated by the disposal of non-strategic assets and the proceeds of the disposal of 21.92% of Endesa.

30. Assets and liabilities held for sale - *€6,778 million and €5,290 million*

Changes in assets held for sale during the year are reported in the following table.

Millions of euro	at Dec. 31, 2013 restated	Reclassification from/to current and non-current assets	Disposals and change in scope of consolidation	Impairment losses	Other changes	**at Dec. 31, 2014**
Property, plant and equipment	211	5,873	(16)	(2,181)	(5)	3,882
Intangible assets	1	230	(2)	-	(5)	224
Goodwill	-	697	-	(697)	-	-
Deferred tax assets	-	608	-	-	458	1,066
Equity investments accounted for using the equity method	1	17	-	-	-	18
Non-current financial assets	4	972	-	-	-	976
Other non-current assets		18	-	-	-	18
Cash and cash equivalents	10	27	(10)	-	-	27
Current financial assets	-	42	-	-	-	42
Inventories, trade receivables and other current assets	14	526	(14)	-	(1)	525
Total	**241**	**9,010**	**(42)**	**(2,878)**	**447**	**6,778**

"Assets held for sale" amounted to €6,778 million at December 31, 2014. They largely include the assets of Slovenské elektrárne (€6,389 million), SE Hydropower (€302 million) and other smaller companies, which in view of the decisions taken by management meet the requirements of IFRS 5 for classification as assets held for sale.

"Impairment losses" at December 31, 2014 amounted to €2,878 million and regarded Slovenské elektrárne; for more details, please see note 8.d.

Liabilities held for sale at December 31, 2014 amounted to €5,290 million. They largely included the liabilities of Slovenské elektrárne (€5,163 million), SE Hydropower (€99 million) and other smaller companies.

Changes in liabilities held for sale during the year are as follows:

Millions of euro	at Dec. 31, 2013 restated	Reclassification from/to current and non-current liabilities	Disposals and change in scope of consolidation	Other changes	**at Dec. 31, 2014**
Long-term borrowings	-	1,422	-	-	1,422
Post-employment and other employee benefits	-	67	-	-	67
Non-current portion of provisions for risks and charges	-	2,305	-	-	2,305
Deferred tax liabilities	7	681	-	(19)	669
Non-current financial liabilities	-	148	-	-	148
Other non-current liabilities	-	1	-	-	1
Short-term borrowings	-	191	-	-	191
Other current financial liabilities	-	47	-	-	47
Current portion of provisions for risks and charges	-	43	-	-	43
Trade payables and other current liabilities	13	399	(13)	(2)	397
Total	**20**	**5,304**	**(13)**	**(21)**	**5,290**

The net increase in all items of assets and liabilities held for sale compared with December 31, 2013 largely reflects the classifications under this item during 2014.

For a summary of the fair value balances, broken down by measurement criteria, please see notes 45 and 46 on IFRS 13 disclosures.

31. Shareholders' equity - *€51,145 million*

31.1 Equity attributable to the shareholders of the Parent Company - *€31,506 million*

Share capital - *€9,403 million*

At December 31, 2014 (as at December 31, 2013), the share capital of Enel SpA – considering that no options were exercised as part of stock option plans in 2014 – amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.

At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 31.24%, CNP Assurances (which holds 3.67%, held as at June 26, 2014 for asset management purposes), and People's Bank of China, with 2.07%.

On February 26, 2015, the Ministry for the Economy and Finance sold an interest of 5.74% in the Company. Accordingly, following that operation, the Ministry's holding in the Company has decreased from 31.24% to 25.50%.

Other reserves - *€3,362 million*

Share premium reserve - *€5,292 million*

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve contains, in the case of the issue of shares at a price above par, the difference between the issue price of the shares and their par value, including those resulting from conversion from bonds. The reserve, which is a capital reserve, may not be distributed until the legal reserve has reached the threshold established under Article 2430 of the Civil Code.

Legal reserve - *€1,881 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

Other reserves - *€2,262 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company. Pursuant to Article 47 of the Uniform Income Tax Code (*Testo Unico Imposte sul Reddito*), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro - *€(1,321) million*

The decrease for the year is due to the net depreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from cash flow hedge - *€(1,806) million*

This includes the net charges recognized in equity from the measurement of cash flow hedge derivatives.

Reserve from measurement of financial instruments available for sale - *€105 million*

This includes net unrealized income from the measurement at fair value of financial assets.

Reserve from disposal of equity interests without loss of control - *€(2,113) million*

This item reports the gain posted on the public offering of Enel Green Power shares, net of expenses associated with the disposal and the related taxation, and the sale of minority interests recognized as a result of the Enersis capital increase. The change for the period regards the capital loss, net of expenses associated with the disposal and the related taxation, from the public offering of 21.92% of Endesa.

Reserve from transactions in non-controlling interests - *€(193) million*

The reserve reports the amount by which the purchase price in purchases from third parties of additional stakes in companies already controlled in Latin America (generated in previous years by the purchase of additional stakes in Ampla Energia e Serviços, Ampla Investimentos e Serviços and Eléctrica Cabo Blanco) exceeds the value of the equity acquired. The change for the period regards the difference between the purchase price and the associated share of equity acquired from non-controlling shareholders of Coelce, Generandes Perú (which controls Edegel with a stake of 54.20%), Enersis and Endesa Latinoamérica.

Reserve from equity investments accounted for using the equity method - *€(74) million*

The reserve reports the share of comprehensive income to be recognized directly in income for companies accounted for using the equity method.

Retained earnings and loss carried forward - *€18,741 million*

The reserve reports earnings from previous years that have not been distributed or allocated to other reserves.

Reserve for employee benefits - *€(671) million*

The reserve includes all actuarial gains and losses, net of tax effects. The change is attributable to the increase in net actuarial losses recognized during the period.

The table below shows the changes in gains and losses recognized directly in other comprehensive income, including non-controlling interests, with specific reporting of the related tax effects.

Millions of euro

	at Dec. 31, 2013 restated			Changes							**at Dec. 31, 2014**		
	Total	*Of which sharehol- ders of the Parent Company*	*Of which non-con- trolling interests*	Gains/ (Losses) recogni- zed in equity for the year	Released to income statement	Taxes	Change in scope of consolida- tion	**Total**	*Of which sharehol- ders of the Parent Company*	*Of which non- controlling interests*	**Total**	*Of which sharehol- ders of the Parent Company*	*Of which non-con- trolling interests*
Reserve from translation of financial statements in currencies other than euro	**(2,401)**	*(1,084)*	*(1,317)*	(717)	-	-	6	**(711)**	*(237)*	*(474)*	**(3,112)**	*(1,321)*	*(1,791)*
Reserve from change in the fair value of cash flow hedges	**(1,730)**	*(1,592)*	*(138)*	(302)	(65)	20	21	**(326)**	*(214)*	*(112)*	**(2,056)**	*(1,806)*	*(250)*
Reserve from changes in the fair value of financial assets available for sale	**127**	*128*	*(1)*	(23)	-	-	-	**(23)**	*(23)*	-	**104**	*105*	*(1)*
Share of OCI of equity investments accounted for using the equity method	**(63)**	*(58)*	*(5)*	(36)	7	16	3	**(10)**	*(16)*	*6*	**(73)**	*(74)*	*1*
Remeasurements of the net defined benefit liabilities/ (assets)	**(624)**	*(528)*	*(96)*	(340)	-	33	59	**(248)**	*(143)*	*(105)*	**(872)**	*(671)*	*(201)*
Total gains/ (losses) recognized in equity	**(4,691)**	***(3,134)***	***(1,557)***	**(1,418)**	**(58)**	**69**	**89**	**(1,318)**	***(633)***	***(685)***	**(6,009)**	***(3,767)***	***(2,242)***

31.2 Dividends

	Amount distributed (millions of euro)	Net dividend per share (euro)
Net dividends paid in 2013		
Dividends for 2012	1,410	0.15
Interim dividends for 2013	-	-
Extraordinary dividends	-	-
Total net dividend paid in 2013	1,410	0.15
Net dividends paid in 2014		**-**
Dividends for 2013	**1,222**	**0.13**
Interim dividends for 2014	-	-
Extraordinary dividends	-	-
Total dividend paid in 2014	**1,222**	**0.13**

The dividend for 2014, equal to €0.14 per share, for a total of €1,316 million, was proposed to the Shareholders' Meeting called for May 28, 2015. These financial statements do not take account of the effect of the distribution of the 2014 dividends to shareholders.

Capital management

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2014.

To this end, the Group constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2014 and 2013 is summarized in the following table:

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change
Non-current financial position	48,655	50,905	(2,250)
Net current financial position	(8,571)	(6,234)	(2,337)
Non-current financial receivables and long-term securities	(2,701)	(4,965)	2,264
Net financial debt	**37,383**	**39,706**	**(2,323)**
Equity attributable to the shareholders of the Parent Company	31,506	35,941	(4,435)
Non-controlling interests	19,639	16,891	2,748
Shareholders' equity	**51,145**	**52,832**	**(1,687)**
Debt/equity ratio	**0.73**	**0.75**	**(0.02)**

31.3 Non-controlling interests - *€19,639 million*

The following table reports the composition of non-controlling interests.

Millions of euro	**Non-controlling interests**		**Net income attributable to non-controlling interests**	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Endesa Group	6,648	1,996	116	84
Enel Latinoamérica Group	8,690	10,014	464	1,013
EIH Group	1,134	1,438	31	95
Slovenske Group	385	923	(523)	133
Enel Green Power Group	2,782	2,306	167	210
Other and minor	-	214	-	10
Total	**19,639**	**16,891**	**255**	**1,545**

32. Borrowings

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Long-term borrowings	48,655	50,905	5,125	4,658
Short-term borrowings	-	-	3,252	2,484
Total	**48,655**	**50,905**	**8,377**	**7,142**

For more details on the nature of borrowings, please see note 40 “Financial instruments”.

33. Post-employment and other employee benefits - *€3,687 million*

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplemental retirement and healthcare plans, residential electricity discounts (which for companies in Italy only regard certain retired employees) and similar benefits. More specifically:

> for Italy, the item "Pension benefits" regards estimated accruals made to cover benefits due under the supplemental retirement schemes of retired executives and the benefits due to personnel under law or contract at the time the employment relationship is terminated. For the foreign companies, the item reports post-employment benefits;
> the item "Electricity discount" comprises, for the Italian companies, a number of benefits regarding residential electricity supply. Until 2011 the discount was granted to current and retired employees, but, following an agreement with the unions, has now been replaced by other forms of remuneration for current employees and therefore remains in effect only for retired employees;
> the item "Health insurance" reports benefits for current or retired employees covering medical expenses;
> "Other benefits" mainly regard the loyalty bonus, which for Italy is represented by the estimated liability for the benefit entitling employees covered by the electricity workers national collective bargaining agreement to a bonus for achievement of seniority milestones (25th and 35th year of service). It also includes other incentive plans, which provide for the award to certain Company managers of a monetary bonus subject to specified conditions.

Outside of Italy, major pension plans include those of Endesa, in Spain, which break down into three types that differ on the basis of employee seniority and company. In general, under the framework agreement of October 25, 2000, employees participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined benefit plan which is covered by appropriate insurance policies. In addition, the Group has two other limited-enrollment plans (i) for current and retired Endesa employees covered by the electricity industry collective bargaining agreement prior to the changes introduced with the framework agreement noted earlier and (ii) for employees of the former Catalan companies (Fecsa/Enher/HidroEmpordà). Both are defined benefit plans and benefits are fully ensured, with the exception of the former plan for benefits in the event of the death of a retired employee.
Finally, the Brazilian companies have also established defined benefit plans.

The following table reports changes in the defined benefit obligation for post-employment and other long-term employee benefits at December 31, 2014 and December 31, 2013, respectively, as well as a reconciliation of that obligation with the actuarial liability.

The obligation at December 31, 2013 (€3,677 million) is reported net of plan assets (€21 million).

Millions of euro	2014				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION					
Actuarial obligation at January 1	**2,366**	**1,848**	**209**	**362**	**4,785**
Current service cost	17	6	4	48	**75**
Interest expense	125	60	11	10	**206**
Actuarial (gains)/losses arising from changes in demographic assumptions	1	1	-	1	**3**
Actuarial (gains)/losses arising from changes in financial assumptions	270	173	9	(7)	**445**
Experience adjustments	(24)	(39)	5	(17)	**(75)**
Past service cost	(4)	(36)	(2)	(24)	**(66)**
(Gains)/Losses arising from settlements	8	-	-	-	**8**
Exchange rate differences	(4)	-	(1)	(18)	**(23)**
Employer contributions	-	-	-	-	**-**
Employee contributions	1	-	-	-	**1**
Benefits paid	(237)	(88)	(13)	(89)	**(427)**
Other changes	5	2	1	(2)	**6**
Liabilities classified as held for sale	(66)	-	-	(1)	**(67)**
Actuarial obligation at December 31 (A)	**2,458**	**1,927**	**223**	**263**	**4,871**
CHANGES IN PLAN ASSETS					
Fair value of plan assets at January 1	**1,187**	**-**	**-**	**-**	**1,187**
Interest income	82	-	-	-	**82**
Return on plan assets excluding amounts included in interest income	28	-	-	-	**28**
Exchange rate differences	4	-	-	-	**4**
Employer contributions	186	88	13	22	**309**
Employee contributions	1	-	-	-	**1**
Benefits paid	(237)	(88)	(13)	(22)	**(360)**
Other payments	-	-	-	-	**-**
Changes in scope of consolidation	-	-	-	-	**-**
Fair value of plan assets at December 31 (B)	**1,251**	**-**	**-**	**-**	**1,251**
EFFECT OF ASSET CEILING					
Asset ceiling at January 1	**58**	**-**	**-**	**-**	**58**
Interest income	7	-	-	-	**7**
Changes in asset ceiling	2	-	-	-	**2**
Exchange rate differences	-	-	-	-	**-**
Changes in scope of consolidation	-	-	-	-	**-**
Asset ceiling at December 31 (C)	**67**	**-**	**-**	**-**	**67**
Net liability in balance sheet (A-B+C)	**1,274**	**1,927**	**223**	**263**	**3,687**

2013 restated				
Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
3,636	**1,674**	**239**	**249**	**5,798**
66	6	2	99	**173**
147	57	12	10	**226**
3	(1)	1	29	**32**
(104)	177	(13)	(7)	**53**
(7)	29	(4)	43	**61**
(35)	-	-	(3)	**(38)**
(1,023)	-	-	-	**(1,023)**
(131)	(1)	(13)	(11)	**(156)**
-	-	-	-	**-**
2	-	-	-	**2**
(195)	(96)	(15)	(48)	**(354)**
7	3	-	1	**11**
-	-	-	-	**-**
2,366	**1,848**	**209**	**362**	**4,785**
1,320	**-**	**-**	**-**	**1,320**
82	-	-	-	**82**
(83)	-	-	-	**(83)**
(96)	-	-	-	**(96)**
157	96	15	25	**293**
2	-	-	-	**2**
(195)	(96)	(15)	(25)	**(331)**
-	-	-	-	**-**
-	-	-	-	**-**
1,187	**-**	**-**	**-**	**1,187**
47	**-**	**-**	**-**	**47**
3	-	-	-	**3**
19	-	-	-	**19**
(11)	-	-	-	**(11)**
-	-	-	-	**-**
58	**-**	**-**	**-**	**58**
1,237	**1,848**	**209**	**362**	**3,656**

Millions of euro	2014	2013 restated
(Gains)/Losses charged to profit or loss		
Service cost and past service cost	(26)	50
Net interest expense	131	147
(Gains)/Losses arising from settlements	8	(1,023)
Actuarial (gains)/losses on other long-term benefits	35	85
Other changes	7	(12)
Total	**155**	**(753)**

Millions of euro	2014	2013 restated
Change in (gains)/losses in OCI		
Return on plan assets excluding amounts included in interest income	(28)	83
Actuarial (gains)/losses on defined benefit plans	366	157
Changes in asset ceiling excluding amounts included in interest income	2	19
Total	**340**	**259**

The change in cost recognized through profit or loss is mainly attributable to the cancellation in 2013 of the transition-to-retirement plan introduced in 2012 owing to lack of participation, prompting derecognition of the liability.
The liability recognized in the balance sheet at the end of the year is reported net of the fair value of plan assets, entirely accounted for by the Enersis Group, amounting to €1,251 million at December 31, 2014. The plan assets break down as follows:

	2014	2013 restated
Investment quoted in active markets		
Equity instruments	5%	6%
Fixed-income securities	29%	27%
Unquoted investments		
Property	5%	3%
Assets held by insurance undertakings	-	11%
Other	61%	53%
Total	**100%**	**100%**

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets, which are consistent with those used the previous year, are set out in the following table.

	Italy	Iberian peninsula	Latin America	Other	Italy	Iberian peninsula	Latin America	Other
	2014				2013 restated			
Discount rate	0.50% -2.15%	0.87% - 2.11%	4.60% - 12.52%	1.60% - 13.89%	0.75% - 3.00%	1.72% - 3.64%	5.40% - 12.43%	3.15% - 7.90%
Inflation rate	1.60%	2.30%	3.00% - 6.00%	1.75% - 5.00%	2.00%	2.30%	3.00% - 5.50%	2.00% - 6.00%
Rate of wage increases	1.60% - 3.60%	2.30%	3.00% - 9.18%	1.75% - 5.00%	2.00%- 4.00%	2.30%	0% - 7.61%	2.00% - 6.00%
Rate of increase in healthcare costs	2.60%	3.50%	3.50% - 8.66%	-	3.00%	3.50%	4.50% - 11.57%	-
Expected rate of return on plan assets	-	2.06%	12.52%	-	-	3.61%	0.00%	-

The following table reports the outcome of a sensitivity analysis that demonstrates the effects on the defined benefit obligation of changes reasonably possible at the end of the year in the actuarial assumptions used in estimating the obligation.

	Pension benefits	Electricity discount	Health insurance	Other benefits	Pension benefits	Electricity discount	Health insurance	Other benefits
	at Dec. 31, 2014				at Dec. 31, 2013			
A decrease of 0.5% in discount rate	156	58	11	3	128	125	11	11
An increase of 0.5% in discount rate	(134)	(120)	(13)	(6)	(130)	(111)	(13)	(9)
An increase of 0.5% in inflation rate	31	137	8	4	30	62	(4)	5
An increase of 0.5% in remuneration	27	-	-	6	10	-	7	10
An increase of 0.5% in pensions currently being paid	52	-	-	-	3	-	7	3
An increase of 1% in healthcare costs	-	-	24	-	3	-	24	3
An increase of 1 year in life expectancy of active and retired employees	17	81	11	-	41	87	7	7

The sensitivity analysis used an approach that extrapolates the effect on the defined benefit obligation of reasonable changes in an individual actuarial assumption, leaving the other assumptions unchanged.

The contributions expected to be paid into defined benefit plans in the subsequent year amount to €24 million.

The following table reports expected benefit payments in the coming years for defined benefit plans:

Millions of euro	**at Dec. 31, 2014**	at Dec. 31, 2013
Within 1 year	265	396
In 1-2 years	257	258
In 2-5 years	801	802
More than 5 years	1,406	1,517

34. Provisions for risks and charges - *€5,238 million*

Millions of euro

	at Dec. 31, 2014		at Dec. 31, 2013 restated	
	Non-current	Current	Non-current	Current
Provision for litigation, risks and other charges:				
- nuclear decommissioning	566	1	2,612	33
- non-nuclear plant retirement and site restoration	594	5	589	3
- litigation	810	40	1,036	46
- environmental certificates	-	43	133	164
- taxes and duties	309	7	371	7
- other	693	581	605	626
Total	**2,972**	**677**	**5,346**	**879**
Provision for early-retirement incentives	1,079	510	1,158	588
TOTAL	**4,051**	**1,187**	**6,504**	**1,467**

Millions of euro	at Dec. 31, 2013 restated	Accrual	Reversal	Utilization	Unwinding of interest	Change in scope of consolidation	Translation adjustment	Other	Reclassification from/to "Liabilities held for sale"	**at Dec. 31, 2014**
Provision for litigation, risks and other charges:										
- nuclear decommissioning	2,645	26	(56)	(19)	105	-	(3)	81	(2,212)	567
- non-nuclear plant retirement and site restoration	592	40	(84)	(12)	13	5	1	150	(106)	599
- litigation	1,082	182	(218)	(210)	26	-	-	(1)	(11)	850
- environmental certificates	297	42	(18)	(276)	-	-	-	(1)	(1)	43
- taxes and duties	378	31	(50)	(29)	-	(4)		(6)	(4)	316
- other	1,231	394	(139)	(299)	53	(2)	(19)	62	(7)	1,274
Total	**6,225**	**715**	**(565)**	**(845)**	**197**	**(1)**	**(21)**	**285**	**(2,341)**	**3,649**
Provision for early-retirement incentives	1,746	478	(129)	(539)	58	-	(3)	(15)	(7)	1,589
TOTAL	**7,971**	**1,193**	**(694)**	**(1,384)**	**255**	**(1)**	**(24)**	**270**	**(2,348)**	**5,238**

Nuclear decommissioning provision

The "nuclear decommissioning" provision decreased compared with December 31, 2013, mainly due to the reclassification of the subsidiary Slovenské elektrárne under assets held for sale. In 2013 the latter had a provision of €2,175 million for the V1 and V2 plants at Jasklovske Bohunice and the EMO 1 and 2 plants at Mochovce, which included the provision for nuclear waste disposal in the amount of €114 million, the provision for spent nuclear fuel disposal in the amount of €1,296 million and the provision for nuclear plant retirement in the amount of €765 million.
Thus, at December 31, 2014, the provision reflected solely the costs that will be incurred at the time of decommissioning of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/2003 and Law 24/2005. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (post-operational costs).

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel. The change for the year reflects the closure of a number of disputes.

Provision for environmental certificates

The provision for "environmental certificates" covers costs in respect of shortfalls in the environmental certificates need for compliance with national or supranational environmental protection requirements.

Other provisions

"Other" provisions cover various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees. In particular, as regard current and potential disputes concerning local property tax (whether the *Imposta Comunale sugli Immobili* ("ICI") or the new *Imposta Municipale Unica* ("IMU")) in Italy, the Group has taken due account of the criteria introduced with circular 6/2012 of the Public Land Agency (which resolved interpretive issues concerning the valuation methods for movable assets considered relevant for property registry purposes, including certain assets typical to generation plants, such as turbines) in estimating the liability for such taxes, both for the purposes of quantifying the probable risk associated with pending litigation and generating a reasonable valuation of probable future charges on positions that have not yet been assessed by Public Land Agency offices and municipalities.

Provision for early-retirement incentives

The "Provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The change for the year reflects, among other factors, uses for incentive provisions established in Spain and Italy in previous years, the latter largely associated with the union-company agreements signed on September 6, 2013, implementing, for a number of companies in Italy, the mechanism provided for under Article 4, paragraphs 1-7 ter, of Law 92/2012 (the Fornero Act). In addition, a new incentive mechanism was implemented in Spain in 2014, with a charge of €349 million, in connection with Endesa's restructuring and reorganization plan, which provides for the suspension of the employment contract with tacit annual renewal. With regard to that plan, on December 30, 2014, the Company signed an agreement with union representatives in which it undertook to not exercise the option to request a return to work at subsequent annual renewal dates for either the 222 employees who elected to participate in the mechanism in 2014 or for the additional 250 employees who have already been identified in the plan but will only sign the participation agreement in 2015.

35. Other non-current liabilities - *€1,464 million*

Millions of euro

	at **Dec. 31, 2014**	at Dec. 31, 2013 restated	Change	
Accrued operating expenses and deferred income	952	956	(4)	-0.4%
Other items	512	303	209	69.0%
Total	**1,464**	**1,259**	**205**	**16.3%**

At December 31, 2014, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets.

36. Trade payables - *€13,419 million*

The item amounted to €13,419 million (€12,363 million in 2013) and includes payables in respect of electricity supplies, fuel, materials, equipment associated with tenders and other services.

More specifically, trade payables falling due in less than 12 months amounted to €12,923 million (€11,904 million in 2013), while those with falling due in more than 12 months amounted to €496 million (€459 million in 2013).

37. Other current financial liabilities - *€1,177 million*

Millions of euro

	at **Dec. 31, 2014**	at Dec. 31, 2013 restated	Change	
Deferred financial liabilities	1,063	974	89	9.1%
Other items	114	126	(12)	-9.5%
Total	**1,177**	**1,100**	**77**	**7.0%**

"Deferred financial liabilities" regard accrued expense on bonds. It is broadly unchanged on the previous year.

38. Net financial position and long-term financial receivables and securities - *€37,383 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the consolidated balance sheet.

Millions of euro

	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	Change	
Long-term borrowings	40	48,655	50,905	(2,250)	-4.4%
Short-term borrowings	40	3,252	2,484	768	30.9%
Current portion of long-term borrowings	40	5,125	4,658	467	10.0%
Non-current financial assets included in debt	22	(2,701)	(4,965)	2,264	-45.6%
Current financial assets included in debt	27	(3,860)	(5,503)	1,643	-29.9%
Cash and cash equivalents	29	(13,088)	(7,873)	(5,215)	-66.2%
Total		**37,383**	**39,706**	**(2,323)**	**-5.9%**

Net financial debt declined primarily as the result of non-recurring disposals of certain assets and investments, as well as of a number of initiatives to optimize working capital, as detailed in the section on liquidity risk.

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2014, and December 31, 2013, reconciled with net financial debt as provided for in the presentation methods of the Enel Group.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Cash and cash equivalents on hand	758	1,060	(302)	-28.5%
Bank and post office deposits	12,330	6,813	5,517	81.0%
Securities	140	17	123	-
Liquidity	**13,228**	**7,890**	**5,338**	**67.7%**
Short-term financial receivables	1,977	2,247	(270)	-12.0%
Factoring receivables	177	263	(86)	-32.7%
Short-term portion of long-term financial receivables	1,566	2,976	(1,410)	-47.4%
Current financial receivables	**3,720**	**5,486**	**(1,766)**	**-32.2%**
Short-term bank debt	(30)	(118)	88	74.6%
Commercial paper	(2,599)	(2,202)	(397)	-18.0%
Short-term portion of long-term bank debt	(824)	(1,750)	926	-52.9%
Bonds issued (short-term portion)	(4,056)	(2,648)	(1,408)	-53.2%
Other borrowings (short-term portion)	(245)	(260)	15	5.8%
Other short-term financial payables	(623)	(164)	(459)	-
Total short-term financial debt	**(8,377)**	**(7,142)**	**(1,235)**	**-17.3%**
Net short-term financial position	**8,571**	**6,234**	**2,337**	**37.5%**
Debt to banks and financing entities	(7,022)	(7,873)	851	10.8%
Bonds	(39,749)	(41,483)	1,734	4.2%
Other borrowings	(1,884)	(1,549)	(335)	-21.6%
Long-term financial position	**(48,655)**	**(50,905)**	**2,250**	**4.4%**
NET FINANCIAL POSITION as per CONSOB instructions	**(40,084)**	**(44,671)**	**4,587**	**10.3%**
Long-term financial receivables and securities	**2,701**	**4,965**	**(2,264)**	**-45.6%**
NET FINANCIAL DEBT	**(37,383)**	**(39,706)**	**2,323**	**5.9%**

There are no transactions with related parties for these items.

39. Other current liabilities - *€10,827 million*

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013 restated	Change	
Payables due to customers	1,599	1,563	36	2.3%
Payables due to Electricity Equalization Fund and similar bodies	4,005	3,312	693	20.9%
Payables due to employees	496	449	47	10.5%
Other tax payables	887	963	(76)	-7.9%
Payables due to social security institutions	216	216	-	-
Contingent consideration	46	37	9	24.3%
Payables for put options granted to minority shareholders	789	790	(1)	-0.1%
Current accrued expenses and deferred income	285	300	(15)	-5.0%
Payables for acquisition of equity investments	33	-	33	-
Payables for construction contracts	317	560	(243)	-43.4%
Other	2,154	2,169	(15)	-0.7%
Total	**10,827**	**10,359**	**468**	**4.5%**

"Payables due to customers" include €1,096 million (€1,090 million at December 31, 2013) in security deposits related to amounts received from customers as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the Company does not have an unconditional right to defer repayment beyond 12 months.

"Payables due to Electricity Equalization Fund and similar bodies" mainly include payables arising from the application of equalization mechanisms to electricity purchases on the Italian market amounting to €2,449 million (€1,922 million at December 31, 2013) and on the Spanish market amounting to €1,556 million (€1,390 million at December 31, 2013).

"Contingent consideration" regards a number of investees held by the Group in North America whose fair value was determined on the basis of the terms and conditions of the contractual agreements between the parties.

The item "Payables for put options granted to minority shareholders" at December 31, 2014 includes the liability in respect of Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million (unchanged on December 31, 2013).

"Payables for acquisition of equity investments" regard the residual price to pay for purchase in 2014 of a number of companies in North America in the amount of €33 million.

40. Financial instruments

This note provides disclosures that enable users to assess the significance of financial instruments for the Company's financial position and performance.

40.1 Financial assets by category

The following table reports the carrying amount for each category of financial asset provided for under IAS 39, broken down into current and non-current financial assets, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**2014**	2013 restated	**2014**	2013 restated
Loans and receivables	40.1.1	**2,522**	**4,813**	**28,871**	**24,774**
Available for sale financial assets	40.1.2	**882**	**903**	**140**	**17**
Financial assets held to maturity	40.1.3	**139**	**128**	**-**	**-**
Financial assets at fair value through profit or loss					
Financial assets designated upon initial recognition (fair value option)	40.1.4	40	24	-	-
Derivative financial assets at FVTPL	40.1.5	5	5	4,930	2,579
Total financial assets at fair value through profit or loss		**45**	**29**	**4,930**	**2,579**
Derivative financial assets designated as hedging instruments					
Fair value hedge derivatives	40.1.5	55	45	-	4
Cash flow hedge derivatives	40.1.5	1,275	394	570	107
Total derivative financial assets designated as hedging instruments		**1,330**	**439**	**570**	**111**
TOTAL		**4,918**	**6,312**	**34,511**	**27,481**

For more information on fair value measurement, please see note 45 "Assets measured at fair value".

40.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Cash and cash equivalents	29	-	-	29	13,088	7,873
Trade receivables	25	-	-	25	12,022	11,378
Short-term portion of long-term financial receivables	27	-	-	27	1,566	2,976
Receivables for factoring	27	-	-	27	177	263
Cash collateral	27	-	-	27	1,654	1,720
Receivables for construction contracts	28	-	-	28	41	37
Other financial receivables	22	2,522	4,813	27	323	527
Total		**2,522**	**4,813**		**28,871**	**24,774**

Trade receivables from customers at December 31, 2014 amounted to €12,022 million (€11,378 million at December 31, 2013) and are recognized net of allowances for impairment losses, which amounted to €1,662 million at the end of the year, up from the opening balance of €1,472 million.

The table below shows impairment losses on trade receivables.

Millions of euro	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Trade receivables		
Gross value	13,684	12,850
Allowances and impairment	(1,662)	(1,472)
Net value	**12,022**	**11,378**

The table below shows changes in these allowances during the year.

Millions of euro	
Opening balance at Jan. 1, 2013	**1,410**
Charge for the year	829
Utilized	(546)
Unused amounts reversed	(176)
Other changes	(45)
Closing balance at Dec. 31, 2013	**1,472**
Opening balance at Jan. 1, 2014	**1,472**
Charge for the year	864
Utilized	(529)
Unused amounts reversed	(120)
Other changes	(25)
Closing balance at Dec. 31, 2014	**1,662**

Note 41 "Risk management" provides additional information on the ageing of receivables past due but not impaired.

40.1.2 Available for sale financial assets

The following table shows available for sale financial assets by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**2014**	2013 restated	Notes	**2014**	2013 restated
Equity investments in other companies	22	213	285	22	-	-
Available for sale securities	27.1	-	-	27.1	140	17
Service concession arrangements	22	669	618		-	-
Total		**882**	**903**		**140**	**17**

Changes in financial assets available for sale

Millions of euro	Non-current	Current
Opening balance at Jan. 1, 2014	**903**	**17**
Increases	104	-
Decreases	(221)	-
Changes in fair value through OCI	(19)	-
Reclassifications	105	-
Other changes	10	123
Closing balance at Dec. 31, 2014	**882**	**140**

40.1.3 Held to maturity financial assets

At December 31, 2014 financial assets held to maturity amounted to €139 million, up €11 million compared with the previous year. The item reports non-current securities held by Enel.Re.

40.1.4 Financial assets at fair value through profit or loss

The following table shows financial assets at fair value through profit or loss by nature, broken down into current and non-current financial assets.

Millions of euro	Non-current			Current		
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Derivatives at FVTPL	40.1.5	**5**	**5**	40.1.5	**4,930**	**2,579**
Financial investments in funds		40	24		-	-
Total financial assets designated upon initial recognition (fair value option)		**40**	**24**		**-**	**-**
TOTAL		**45**	**29**		**4,930**	**2,579**

40.1.5 Derivative financial assets

The following table shows the notional amount and the fair value of derivative financial assets, by type of hedge relationship and hedged risk, broken down into current and non-current financial assets.

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Fair value hedge derivatives:								
- on interest rates	883	1,045	55	45	21	76	-	4
Total	**883**	**1,045**	**55**	**45**	**21**	**76**	**-**	**4**
Cash flow hedge derivatives:								
- on interest rates	106	1,236	5	35	400	22	-	5
- on exchange rates	9,078	3,973	1,163	347	2,662	1,506	244	92
- on commodities	702	137	107	12	2,755	149	326	10
Total	**9,886**	**5,346**	**1,275**	**394**	**5,817**	**1,677**	**570**	**107**
Trading derivatives:								
- on interest rates	50	30	3	2	15	-	1	-
- on exchange rates	121	-	2	-	2,094	1,807	157	46
- on commodities	3	58	-	3	14,827	13,990	4,772	2,533
Total	**174**	**88**	**5**	**5**	**16,936**	**15,797**	**4,930**	**2,579**
TOTAL DERIVATIVE FINANCIAL ASSETS	**10,943**	**6,479**	**1,335**	**444**	**22,774**	**17,550**	**5,500**	**2,690**

For more details on derivative financial assets, please see note 43 “Derivatives and hedge accounting”.

40.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liability provided for under IAS 39, broken down into current and non-current financial liabilities, showing hedging derivatives and derivatives measured at fair value through profit or loss separately.

Millions of euro		Non-current		Current	
	Notes	**2014**	2013 restated	**2014**	2013 restated
Financial liabilities measured at amortized cost	40.2.1	**48,655**	**50,905**	**21,796**	**19,505**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	40.4	35	25	4,971	2,500
Total financial liabilities at fair value through profit or loss		**35**	**25**	**4,971**	**2,500**
Derivative financial liabilities designated as hedging instruments					
Fair value hedge derivatives	40.4	-	2	-	-
Cash flow hedge derivatives	40.4	2,406	2,189	470	440
Total derivative financial liabilities designated as hedging instruments		**2,406**	**2,191**	**470**	**440**
TOTAL		**51,096**	**53,121**	**27,237**	**22,445**

For more information on fair value measurement, please see note 46 "Liabilities measured at fair value".

40.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro	Non-current			Current		
	Notes	**2014**	2013 restated	Notes	**2014**	2013 restated
Long-term borrowings	40.3.1	48,655	50,905	40.3.1	5,125	4,658
Short-term borrowings	40.3.2	-	-	40.3.2	3,252	2,484
Trade payables	36	-	-	36	13,419	12,363
Payables for construction contracts	39	-	-	39	317	560
Total		**48,655**	**50,905**		**21,796**	**19,505**

40.3 Borrowings

40.3.1 Long-term borrowings (including the current portion due within 12 months) - *€53,780 million*

The following table reports the carrying amount and fair value for each category of debt, including the portion falling due within 12 months. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of Enel SpA.

The table below reports the situation of long-term borrowings and repayment schedules at December 31, 2014, broken down by type of borrowing and interest rate.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Changes in carrying amount
	at Dec. 31, 2014					at Dec. 31, 2013 restated					
Bonds:											
- listed, fixed rate	32,155	31,897	2,561	29,336	37,847	31,021	30,729	467	30,262	33,690	1,168
- listed, floating rate	5,722	5,692	1,432	4,260	5,982	6,545	6,506	1,134	5,372	6,832	(814)
- unlisted, fixed rate	4,926	4,885	-	4,885	5,808	5,480	5,463	986	4,477	5,827	(578)
- unlisted, floating rate	1,331	1,331	63	1,268	1,263	1,434	1,433	61	1,372	1,299	(102)
Total bonds	**44,134**	**43,805**	**4,056**	**39,749**	**50,900**	**44,480**	**44,131**	**2,648**	**41,483**	**47,648**	**(326)**
Bank borrowings:											
- fixed rate	945	926	47	879	1,170	952	940	33	907	952	(14)
- floating rate	6,861	6,839	708	6,131	7,026	7,615	7,605	860	6,745	7,580	(766)
- use of revolving credit lines	81	81	69	12	70	1,078	1,078	857	221	1,020	(997)
Total bank borrowings	**7,887**	**7,846**	**824**	**7,022**	**8,266**	**9,645**	**9,623**	**1,750**	**7,873**	**9,552**	**(1,777)**
Non-bank borrowings:											
- fixed rate	1,723	1,723	186	1,537	1,824	1,314	1,314	127	1,187	1,391	409
- floating rate	406	406	59	347	420	495	495	133	362	568	(89)
Total non-bank borrowings	**2,129**	**2,129**	**245**	**1,884**	**2,244**	**1,809**	**1,809**	**260**	**1,549**	**1,959**	**320**
Total fixed-rate borrowings	**39,749**	**39,431**	**2,794**	**36,637**	**46,649**	**38,767**	**38,446**	**1,613**	**36,833**	**41,860**	**985**
Total floating-rate borrowings	**14,401**	**14,349**	**2,331**	**12,018**	**14,761**	**17,167**	**17,117**	**3,045**	**14,072**	**17,299**	**(2,768)**
TOTAL	**54,150**	**53,780**	**5,125**	**48,655**	**61,410**	**55,934**	**55,563**	**4,658**	**50,905**	**59,159**	**(1,783)**

The balance for bonds regards, net of €776 million, the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which the Parent Company holds in portfolio, while Enel Insurance NV (formerly Enel.Re) holds bonds issued by Enel SpA totaling €30 million.

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

Millions of euro	Carrying amount	Nominal value	Carrying amount	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2014		at Dec. 31, 2013 restated	at Dec. 31, 2014	
Euro	**35,221**	**35,424**	**38,267**	**3.9%**	**4.1%**
US dollar	8,485	8,559	8,467	6.4%	6.7%
Pound sterling	5,437	5,508	4,486	6.1%	6.2%
Colombian peso	1,663	1,663	1,662	8.1%	8.1%
Brazilian real	1,149	1,157	746	12.7%	13.0%
Swiss franc	606	607	593	2.9%	2.9%
Chilean peso/UF	458	470	461	10.6%	12.6%
Peruvian sol	363	363	302	6.5%	6.5%
Russian ruble	69	69	243	7.9%	8.1%
Japanese yen	237	238	238	2.3%	2.4%
Other currencies	92	92	98		
Total non-euro currencies	**18,559**	**18,726**	**17,296**		
TOTAL	**53,780**	**54,150**	**55,563**		

Long-term financial debt denominated in currencies other than the euro increased by €1,263 million. The change is largely attributable to new borrowing in pounds sterling and Brazilian reais, partly offset by repayments of loans falling due denominated in Russian rubles.

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure.

Long-term financial debt by currency after hedging

Millions of euro	at Dec. 31, 2014					
	Initial debt structure			Impact of hedging instruments	Debt structure after hedging	
	Carrying amount	Nominal value	%			
Euro	**35,221**	**35,424**	**65.4%**	**11,787**	**47,211**	**87.2%**
US dollar	8,485	8,559	15.8%	(5,972)	2,587	4.8%
Pound sterling	5,437	5,508	10.2%	(5,508)	-	-
Colombian peso	1,663	1,663	3.1%	-	1,663	3.1%
Brazilian real	1,149	1,157	2.1%	-	1,157	2.1%
Swiss franc	606	607	1.1%	(607)	-	-
Chilean peso/UF	458	470	0.9%	206	676	1.2%
Peruvian sol	363	363	0.7%	-	363	0.7%
Russian ruble	69	69	0.1%	332	401	0.7%
Japanese yen	237	238	0.4%	(238)	-	-
Other currencies	92	92	0.2%	-	92	0.2%
Total non-euro currencies	**18,559**	**18,726**	**34.6%**	**(11,787)**	**6,939**	**12.8%**
TOTAL	**53,780**	**54,150**	**100.0%**	**-**	**54,150**	**100.0%**

at Dec. 31, 2013 restated

Initial debt structure			Impact of hedging instruments	Debt structure after hedging	
Carrying amount	Nominal value	%			
38,267	**38,525**	**68.9%**	**11,243**	**49,768**	**89.0%**
8,467	8,504	15.2%	(6,633)	1,871	3.3%
4,486	4,546	8.1%	(4,546)	-	-
1,662	1,662	3.0%	-	1,662	3.0%
746	748	1.3%	5	753	1.3%
593	595	1.1%	(595)	-	-
461	473	0.8%	435	908	1.6%
302	302	0.5%	(6)	296	0.5%
243	243	0.4%	335	578	1.0%
238	238	0.4%	(238)	-	-
98	98	0.2%	-	98	0.2%
17,296	**17,409**	**31.1%**	**(11,243)**	**6,166**	**11.0%**
55,563	**55,934**	**100.0%**	**-**	**55,934**	**100.0%**

Change in the nominal value of long-term debt

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	New financing	Exchange rate differences	Reclassification from/to assets/ (liabilities) held for sale	Nominal value
	at Dec. 31, 2013 restated							**at Dec. 31, 2014**
Bonds	44,480	(3,873)	(42)	-	2,407	1,162	-	44,134
Bank borrowings	9,645	(2,053)	-	-	1,851	1	(1,557)	7,887
Other borrowings	1,809	(287)	-	169	324	115	(1)	2,129
Total financial debt	**55,934**	**(6,213)**	**(42)**	**169**	**4,582**	**1,278**	**(1,558)**	**54,150**

Compared with December 31, 2013, the nominal value of long-term debt at December 31, 2014 decreased by €1,784 million, the net effect of €6,213 million in repayments, €4,582 million in new borrowings and €1,278 million in exchange rate losses, of which €169 million due to the change in the scope of consolidation, mainly attributable to the acquisition of a number of companies in the renewable generation sector in the United States that had previously entered into tax partnership agreements, and €1,558 million due to reclassifications to assets/liabilities held for sale (Slovenské elektrárne).

The main repayments in 2014 concerned bonds in the amount of €3,873 million, bank borrowings totaling €2,053 million and other borrowings for €287 million.

More specifically, the main bonds maturing in 2014 included:
> $1,250 million (equal to €1,030 million) in respect of a fixed-rate bond issued by Enel Finance International, maturing in October 2014;
> €1,000 million in respect of a fixed-rate bond issued by Enel SpA, maturing in June 2014;
> €762 million in respect of the repurchase of bonds secured by Enel by Enel Finance International NV, on October 28, 2014, as part of the optimization of finance operations and the active management of maturities and the cost of funds;
> $350 million (equal to €288 million) in respect of a fixed-rate bond issued by Enersis, maturing in January 2014;
> 250,000 million Colombian pesos (equal to €86 million) in respect of bond issued by Codensa, maturing in March 2014;
> $105 million (equal to €86 million) in respect of a fixed-rate bond issued by International Endesa BV, maturing in September 2014;
> $105 million (equal to €86 million) in respect of a fixed-rate bond issued by International Endesa BV maturing in 2039 and repaid in advance in February 2014;
> 5,000 million Russian rubles (equal to €69 million) in respect of a fixed-rate bond issued by Enel Russia maturing in June 2014;
> 135 million Peruvian sols (equal to €37 million) in respect of bonds issued by Edelnor and maturing in 2014.

The main repayments of bank borrowings in the year included the following:
> €817 million in respect of repayments of bank borrowings and revolving credit lines of Endesa;
> €321 million in respect of repayments of subsidized loans by Endesa;
> €338 million in respect of repayments of subsidized loans by Enel Distribuzione and Enel Produzione;
> €450 million in respect of repayments of credit lines by Slovenské elektrárne.

The main financing operations in 2014 included the following:
> in January, Enel SpA issued hybrid financial instruments with the following characteristics:
  - €1,000 million fixed-rate 5%, maturing on January 15, 2075 with a call option at January 15, 2020;
  - £500 million (equal to €642 million) fixed-rate 6.625%, maturing on September 15, 2076 with a call option at September 15, 2021;
> in April, Empresa Nacional de Electricidad SA issued a $400 million (equal to €329 million) fixed-rate bond, maturing on April 15, 2024;
> on May 9, IFC granted a 10-year $200 million loan (equal to €165 million) to Enel Brasil Participações;
> on December 3, BBVA granted a 7-year floating-rate loan of about $150 million (equal to €124 million) to the Chilean company Empresa Eléctrica Panguipulli SA;
> on July 16, the Brazilian company Ampla issued a 5-year 300 million Brazilian reais floating-rate bond (equal to €93 million) on the local market;
> in May, Emgesa SA issued a floating-rate bond totaling

240,000 million Colombian pesos (equal to €83 million), maturing on May 16, 2020;

> in April and June, Edelnor SA issued a number of fixed-rate bonds totaling 260 million Peruvian sols (equal to €72 million), maturing by June 12, 2023;

> in May, Emgesa SA issued a floating-rate bond totaling 186,000 million Colombian pesos (equal to €64 million), maturing on May 16, 2024;

> in May, Emgesa SA issued a floating-rate bond totaling 163,000 million Colombian pesos (equal to €56 million), maturing on May 16, 2030.

The table below shows the main characteristics of financial transactions carried out in 2014:

	Issuer/grantor	Issue/grant date	Amount in millions of euro	Currency	Interest rate	Interest rate type	Maturity
Bonds:							
- hybrid bond	Enel SpA	1/15/2014	1,000	EUR	5.00%	Fixed-rate	1/15/2020
- hybrid bond	Enel SpA	1/15/2014	602	GBP	6.62%	Fixed-rate	9/15/2021
- international bond	Endesa Chile	4/15/2014	290	USD	4.25%	Fixed-rate	4/15/2024
Total bonds			**1,892**				
Bank borrowings:							
	Enel Green Power Brazil	12/18/2014	131	BRL	CDI Overnight + 204 bp	Floating-rate	9/15/2024
	EGPI BV	3/27/2014	153	EUR	Euribor 6M +210 bp	Floating-rate	3/27/2026
	EGPI BV	8/14/2014	150	EUR	Euribor 6M + 60 bp	Floating-rate	2/14/2029
	Slovenské elektrárne	5/30/2014	183	EUR/RUB	10.55%	Fixed-rate	11/30/2021
	Slovenské elektrárne	1/29/2014	151	EUR	Euribor + 180 bp	Floating-rate	1/29/2019
	Slovenské elektrárne	5/30/2014	170	EUR	Euribor + 275 bp	Floating-rate	11/30/2021
	Slovenské elektrárne	7/1/2014	137	EUR	Euribor + 134 bp	Floating-rate	1/23/2021
Total bank borrowings			**1,075**				
Non-bank borrowings:							
	Enel Green Power North America	11/26/2014	129	USD	7.57%	Fixed-rate	11/26/2024
	Enel Green Power North America	4/1/2014	179	USD	8.26%	Fixed-rate	12/31/2023
Total non-bank borrowings			**308**				

The main financing contracts finalized in 2014 include:

> on April 24, 2014, Enel SpA and UniCredit SpA agreed a €550 million credit line, which replaced a credit line of €400 million granted on July 18, 2013 and falling due in July 2015;

> on September 26, 2014, Endesa SA agreed a 12-year €300 million loan with the European Investment Bank;

> in December 2014 Endesa SA agreed the following bilateral credit facilities:

- €500 million with Banco Santander maturing on March 16, 2018;
- €500 million with CaixaBank maturing on April 30, 2018;
- €300 million with BBVA maturing on March 16, 2018;
- €200 million with Banco Sabadell maturing on February 2, 2018;
- €150 million with Kutxabank maturing on February 18, 2018;
- €100 million with Bankinter maturing on March 27, 2018;
- €100 million with Banco Popular maturing on March 29, 2018;
- €50 million with Ibercaja maturing on January 15, 2018.

The Group's main long-term financial liabilities are governed by covenants containing undertakings by the borrowers (Enel, Endesa and the other Group companies) and in some cases the Parent Company as guarantor that are commonly adopted in international business practice. The main covenants regard the bond issues carried out within the framework of the Global Medium-Term Notes program, loans granted by the EIB and Cassa Depositi e Prestiti, the

€10 billion revolving line of credit agreed in April 2010, the Forward Start Facility Agreement entered into on February 8, 2013 in the amount of €9.44 billion and issues of subordinated unconvertible hybrid bonds.

To date none of the covenants have been triggered.

The main commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;

> pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer itself;

> specification of default events, whose occurrence (e.g. insolvency, failure to pay principal or interest, initiation of liquidation proceedings, etc.) constitutes a default;

> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;

> early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants governing the loans granted to a number of Group companies by the EIB can be summarized as follows:

> negative pledge clauses, under which Enel undertakes not to establish or grant to third parties additional guarantees or privileges with respect to those already established in the individual contracts by the company or other subsidiaries of the Group, unless an equivalent guarantee is extended equally or pro rata to the loans in question;

> clauses that require the guarantor (whether Enel SpA or banks acceptable to the EIB) to maintain its rating above a specified grade; in the case of guarantees provided by Enel SpA, the Group's equity may not fall below a specified level;

> material changes clauses, under which the occurrence of a specified event (mergers, spin-offs, disposal or transfer of business units, changes in company control structure, etc.) gives rise to the consequent adjustment of the contract, without which the loan shall become repayable immediately without payment of any commission;

> requirements to report periodically to the EIB;

> requirement for insurance coverage and maintenance of property, possession and use of the works, plant and machinery financed by the loan over the entire term of the agreement;

> contract termination clauses, under which the occurrence of a specified event (serious inaccuracies in documentation presented in support of the contract, failure to repay at maturity, suspension of payments, insolvency, special administration, disposal of assets to creditors, dissolution, liquidation, total or partial disposal of assets, declaration of bankruptcy or composition with creditors or receivership, substantial decrease in equity, etc.) triggers immediate repayment.

In 2009 Cassa Depositi e Prestiti granted a loan to Enel Distribuzione that was amended in 2011. The main covenants governing the loan and the guarantee issued by the Parent Company can be summarized as follows:

> a termination and acceleration clause, under which the occurrence of a specified event (such as failure to pay principal or interest installments, breach of contract obligations or occurrence of a substantive prejudicial event, etc.) entitles Cassa Depositi e Prestiti to terminate the loan;

> a clause forbidding Enel or its significant subsidiaries (defined in the contract and the guarantee as subsidiaries pursuant to Article 2359 of the Italian Civil Code or consolidated companies whose turnover or total gross assets are at least 10% of consolidated turnover or consolidated gross assets) from establishing additional liens, guarantees or other encumbrances except for those expressly permitted unless Cassa Depositi e Prestiti gives it prior consent;

> clauses requiring Enel to report to Cassa Depositi e Prestiti both periodically and upon the occurrence of specified events (such as a change in Enel's credit rating, or breach in an amount above a specified threshold in respect of any financial debt contracted by Enel, Enel Distribuzione or any of their significant subsidiaries). Violation of such obligation entitles Cassa Depositi e Prestiti to exercise an acceleration clause.

- a clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

The main covenants for the €10 billion revolving line of credit and the Forward Start Facility Agreement are substantially similar and can be summarized as follows:

- negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
- pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
- change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
- specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;
- under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets)) constitutes a default in respect of the liabilities in question, which become immediately repayable;
- periodic reporting requirements.

The main covenants covering the hybrid bonds can be summarized as follows:

- specification of default events, whose occurrence (e.g. failure to pay principal or interest, insolvency, initiation of liquidation proceedings, etc.) constitutes a default in respect of the liability in question, which in some cases becomes immediately repayable;
- subordination clauses: each hybrid bond is subordinate to all other bonds issued by the company and ranks pari passu with all other hybrid financial instruments issued, being senior only to equity instruments;
- prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The undertakings in respect of the bond issues carried out by Endesa Capital under the Global Medium-Term Notes program can be summarized as follows:

- cross-default clauses under which debt repayment would be accelerated in the case of failure to make payment (above specified amounts) on any financial liability of Endesa or Endesa Capital that is listed or could be listed on a regulated market;
- negative pledge clauses under which the issuer may not establish mortgages, liens or other encumbrances on all or part of its assets to secure any financial liability that is listed or could be listed on a regulated market, unless an equivalent guarantee is extended equally or pro rata to the bonds in question;
- pari passu clauses, under which the securities and guarantees have at least the same seniority as all other present and future unsecured and unsubordinated securities issued by Endesa Capital or Endesa.

Finally, the loans granted to Endesa, International Endesa BV and Endesa Capital do not contain cross-default clauses regarding the debt of subsidiaries in Latin America.

Undertakings in respect of project financing granted to subsidiaries regarding renewables and other subsidiaries in Latin America contain covenants commonly adopted in international business practice. The main commitments regard clauses pledging all the assets assigned to the projects in favor of the creditors.

A residual portion of the debt of Enersis and Endesa Chile (both controlled indirectly by Endesa) is subject to cross-default clauses under which the occurrence of a default event (failure to make payment or breach of other obligations) in respect of any financial liability of a subsidiary of Enersis or

Endesa Chile constitutes a default in respect of the liability in question, which becomes immediately repayable.
In addition, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets.
In addition to the foregoing, a number of loans provide for early repayment in the case of a change of control over Endesa or the subsidiaries.

40.3.2 Short-term borrowings - *€3,252 million*

At December 31, 2014 short-term borrowings amounted to €3,252 million, an increase of €768 million on December 31, 2013. They break down as follows.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2014		at Dec. 31, 2013 restated		Change	
Short-term bank borrowings	30	30	118	118	(88)	(88)
Commercial paper	2,599	2,599	2,202	2,202	397	397
Cash collateral and other financing on derivatives	457	457	119	119	338	338
Other short-term borrowings	166	166	45	45	121	121
Short-term borrowings	**3,252**	**3,252**	**2,484**	**2,484**	**768**	**768**

Short-term bank borrowings amounted to €30 million. The payables represented by commercial paper relate to issues outstanding at the end of December 2014 in the context of the €6,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, which was renewed in April 2010, as well as the €3,209 million program of Endesa Latinoamérica (formerly Endesa Internacional BV) and Enersis.
At December 31, 2014 issues under these programs totaled €2,599 million, of which €2,400 million pertaining to Enel Finance International and €199 million to International Endesa BV.

40.4 Derivative financial liabilities

The following table shows the notional amount and the fair value of derivative financial liabilities, by type of hedge relationship and hedged risk, broken down into current and non-current financial liabilities.

Millions of euro	Non-current				Current			
	Notional amount		Fair value		Notional amount		Fair value	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Fair value hedge derivatives:								
- on exchange rates	-	5	-	2	-	-	-	-
Total	**-**	**5**	**-**	**2**	**-**	**-**	**-**	**-**
Cash flow hedge derivatives:								
- on interest rates	3,635	4,056	554	361	922	1,345	2	24
- on exchange rates	6,415	8,825	1,627	1,821	341	2,943	4	260
- on commodities	742	391	225	7	2,075	4,100	464	156
Total	**10,792**	**13,272**	**2,406**	**2,189**	**3,338**	**8,388**	**470**	**440**
Trading derivatives								
- on interest rates	107	216	21	22	123	600	75	51
- on exchange rates	240	14	10	-	2,716	2,219	71	34
- on commodities	20	66	4	3	15,307	10,582	4,825	2,415
Total	**367**	**296**	**35**	**25**	**18,146**	**13,401**	**4,971**	**2,500**
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**11,159**	**13,573**	**2,441**	**2,216**	**21,484**	**21,789**	**5,441**	**2,940**

For more details on derivative financial liabilities, please see note 43 "Derivatives and hedge accounting".

40.5 Net gains and losses

The following table shows net gains and losses by category of financial instruments, excluding derivatives:

Millions of euro	**2014**	
	Net gains/(losses)	Of which impairment/ reversal of impairment
Available for sale financial assets measured at fair value	(94)	-
Available for sale financial assets measured at amortized cost	1	-
Held to maturity financial assets	6	-
Loans and receivables	(249)	(807)
Financial assets at FVTPL		
Financial assets held for trading	-	-
Financial assets designated upon initial recognition (fair value option)	6	-
Total financial assets at FVTPL	**6**	**-**
Financial liabilities measured at amortized cost	(4,252)	-
Financial liabilities at FVTPL		
Financial liabilities held for trading	(4)	-
Financial liabilities designated upon initial recognition (fair value option)	(28)	-
Total financial liabilities at FVTPL	**(32)**	**-**

For more details on net gains and losses on derivatives, please see note 10 "Financial income/(expense) from derivatives".

41. Risk management

Financial risk management objectives and policies

As part of its operations, the Enel Group is exposed to a variety of financial risks, notably market risks (including interest rate risk, foreign exchange risk and commodity risk), credit risk and liquidity risk.

The Group's governance arrangements for financial risk envisage:

> specific internal committees, formed of members of the Group's top management and chaired by the CEO, which are responsible for strategic policy-making and oversight of risk management;
> the establishment of specific policies set at both the Group level and at the level of individual Divisions/countries/business lines, which define the roles and responsibilities for those involved in managing, monitoring and controlling risks, ensuring the organizational separation of units involved in managing the Group's business and those responsible for managing risk;
> the specification of operational limits at both the Group level and at the level of individual Divisions/countries/business lines for the various types of risk. These limits are monitored periodically by the risk management units.

Market risks

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices.
Market risks are essentially composed of interest rate risk, foreign exchange risk and commodity price risk.
Interest rate risk and foreign exchange risk are primarily generated by the presence of financial instruments.
The main financial liabilities, other than derivatives, held by the Company include bonds, bank borrowings, other borrowings, commercial paper, cash collateral for derivatives transactions, liabilities for construction contracts and trade payables.
The main purpose of those financial instruments is to finance the operations of the Group.
The main financial assets, other than derivatives, held by the Group include financial receivables, factoring receivables, cash collateral for derivatives transactions, cash and cash equivalents, receivables for construction contracts and trade receivables.
For more details, please see note 40 "Financial instruments".
The sources of exposure to interest rate risk and foreign exchange risk did not change with respect to the previous year.

The nature of the financial risks to which the Group is exposed is such that changes in interest rates can cause an increase in net financial expense or adverse changes in the value of assets/liabilities measured at fair value.

The Group is also exposed to the risk that changes in the exchange rates between the euro and the main foreign currencies could have an adverse impact on the value in euro of performance and financial aggregates denominated in foreign currencies, such as costs, revenue, assets and liabilities, as well as the consolidation values of equity investments denominated in currencies other than the euro (translation risk). As with interest rates, changes in exchange rates can cause variations in the value of financial assets and liabilities measured at fair value.

The Group's policies for managing market risks provide for the mitigation of the effects on performance of changes in interest rates and exchange rates with the exclusion of translation risk. This objective is achieved both at the source of the risk, through the strategic diversification of the nature of financial assets and liabilities, and by modifying the risk profile of specific exposures with derivatives entered into on over-the-counter markets.

The risk of fluctuations in commodity prices is generated by the volatility of those prices and existing structural correlations, which creates uncertainty about the margin on transactions in fuels and energy. Price developments are observed and analyzed in order to develop the Group's industrial, financial and commercial strategies and policies.
In order to contain the effects of such fluctuations and stabilize margins, Enel develops, in accordance with the

Group's policies and risk governance limits, strategies that impact the various stages of the industrial process associated with the production and sale of electricity and gas, such as advance sourcing and hedging, and plans and techniques for hedging financial risks with derivatives. The Group companies develop strategies for hedging the price risk arising from trading in commodities and, using financial instruments, reduce or eliminate market risk, sterilizing the variable components of price. If authorized, they can also engage in proprietary trading in the energy commodities used by the Group in order to monitor and enhance their understanding of the most relevant markets.

The organizational structure defined in 2014 provides for a single entity to operate on behalf of the entire Group in sourcing fuels and selling electricity and gas on wholesale markets, as well as centralizing trading with the direct control of the units involved in that business, which as they also operate at the local level can maintain effective relationships with the markets. The global business line cooperates with units of the holding company designated to steer, monitor and integrate global performance. In order to manage and control market risks associated with energy commodities, strengthening an integrated vision of our business and a geographical awareness of sales and trading operations is consistent with the global environment in which the Group operates, creating opportunities for improvement in both maximizing margins and governing risks.

As part of its governance of market risks, the Company regularly monitors the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of clearing obligations (EMIR - European Market Infrastructure Regulation 648/2012 of the European Parliament). During 2014, no overshoot of those threshold values was detected.

As part of its measurement of financial risks, the Group assesses credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments measured at fair value for the corresponding amount of counterparty risk.

For more information, please see note 45 "Assets measured at fair value".

Interest rate risk

Interest rate risk is the risk that the fair value or expected cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The main source of interest rate risk for the Enel Group is the presence of financial instruments. It manifests itself primarily as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.

For more information, please see note 40 "Financial instruments".

The exposure to interest rate risk did not change compared with the previous year.

The Enel Group manages interest rate risk through the definition of an optimal financial structure, with the dual goal of stabilizing borrowing costs and containing the cost of funds. This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps and interest rate options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the hedged position.

Proxy hedging techniques may be used in a number of residual circumstances, when the hedging instruments for the risk factors are not available on the market or are not sufficiently liquid. For the purpose of EMIR compliance, in order to test the actual effectiveness of the hedging techniques adopted, the Group subjects its hedge portfolios to periodic statistical assessment.

Using interest rate swaps, the Enel Group agrees with the counterparty to periodically exchange floating-rate interest flows with fixed-rate flows, both calculated on the same notional principal amount.

Floating-to-fixed interest rate swaps transform floating-rate financial liabilities into fixed rate liabilities, thereby neutralizing the exposure of cash flows to changes in interest rates.

Fixed-to-floating interest rate swaps transform fixed rate financial liabilities into floating-rate liabilities, thereby neutralizing the exposure of their fair value to changes in interest rates.

Floating-to-floating interest rate swaps permit the exchange of floating-rate interest flows based on different indexes.

Some structured borrowings have multi-stage interest flows hedged by interest rate swaps that at the reporting date, and for a limited time, provide for the exchange of fixed-rate interest flows.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge. Hedging strategies can also make use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero cost collars).
Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to Enel's expectations for future interest rate developments. In addition, interest rate options are also considered most appropriate in periods of uncertainty about future interest rate developments because they make it possible to benefit from any decrease in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2014 and December 31, 2013 broken down by type of contract:

Millions of euro	Notional amount	
	2014	2013 restated
Floating-to-fixed interest rate swaps	5,043	7,175
Fixed-to-floating interest rate swaps	889	1,121
Fixed-to-fixed interest rate swaps	100	100
Floating-to-floating interest rate swaps	180	180
Interest rate options	50	50
Total	**6,262**	**8,626**

For more details on interest rate derivatives, please see note 43 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.

Millions of euro	**2014**				2013 restated			
	Pre-hedge	%	Post-hedge	%	Pre-hedge	%	Post-hedge	%
Floating rate	17,656	30.8%	13,396	23.3%	19,651	33.6%	13,536	23.2%
Fixed rate	39,749	69.2%	44,009	76.7%	38,767	66.4%	44,882	76.8%
Total	**57,405**		**57,405**		**58,418**		**58,418**	

At December 31, 2014, 31% of financial debt was floating rate (34% at December 31, 2013 restated). Taking account of hedges of interest rates considered effective pursuant to the IFRS-EU, 23% of net financial debt (23% at December 31, 2013 restated) was exposed to interest rate risk. Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, 77% of net financial debt was hedged (77% hedged at December 31, 2013 restated).

These results are in line with the limits established in the risk management policy.
In 2014 the main maturities of a bond issued by Enel SpA, prepayments by International Endesa BV, borrowings of Slovenské elektrárne and the normal amortization of the borrowings of Group companies led to a corresponding reduction of €2,215 million in interest rate swaps.

Interest rate risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross debt.

These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Group's profit before tax would be affected by a change in the level of interest rates as follows:

Millions of euro		2014			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Basis points	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	34	(34)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	7	(7)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	25	-	-	70	(70)
Fair value hedges	25	(11)	11	-	-

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For the companies of the Enel Group, the main source of foreign exchange risk is the presence of financial instruments and cash flows denominated in a currency other than its currency of account and/or functional currency.
More specifically, foreign exchange risk is mainly generated with the following transaction categories:
> debt denominated in currencies other than the currency of account or the functional currency entered into by the holding company or the individual subsidiaries;
> cash flows in respect of the purchase or sale of fuel or electricity on international markets;
> cash flows in respect of investments in foreign currency, dividends from unconsolidated foreign companies or the purchase or sale of equity investments.

The exposure to foreign exchange risk did not change with respect to the previous year.
For more details, please see note 40 "Financial instruments".

In order to minimize this risk, the Group normally uses a variety of over-the-counter (OTC) derivatives such as cross currency interest rate swaps, currency forwards and currency swaps.
The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts offsets the corresponding change in the fair value and/or cash flows of the hedged position.

Cross currency interest rate swaps are used to transform a long-term financial liability in foreign currency into an equivalent liability in the currency of account or functional currency of the company holding the exposure.
Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.
Currency swaps are contracts in which the counterparties enter into two transactions of the opposite sign at different future dates (normally one spot, the other forward) that provide for the exchange of principal denominated in different currencies.

The following table reports the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013, broken down by type of hedged item:

Millions of euro	Notional amount	
	2014	2013 restated
Cross currency interest rate swaps (CCIRSs) hedging debt denominated in currencies other than the euro	14,801	14,263
Currency forwards hedging foreign exchange risk on commodities	4,942	4,253
Currency forwards hedging future cash flows in currencies other than euro	3,552	1,906
Currency swaps hedging commercial paper	148	246
Currency forwards hedging loans	224	201
Other currency forwards	-	423
Total	**23,667**	**21,292**

More specifically, these include:

> CCIRSs with a notional amount of €14,801 million to hedge the foreign exchange risk on debt denominated in currencies other than the euro (€14,263 million at December 31, 2013);

> currency forwards with a total notional amount of €8,494 million used to hedge the foreign exchange risk associated with purchases and sales of natural gas, purchases of fuel and expected cash flows in currencies other than the euro (€6,159 million at December 31, 2013);

> currency swaps with a total notional amount of €148 million used to hedge the foreign exchange risk associated with redemptions of commercial paper issued in currencies other than the euro (€246 million at December 31, 2013);

> currency forwards with a total notional amount of €224 million used to hedge the foreign exchange risk associated with loans in currencies other than the euro (€201 million at December 31, 2013).

At December 31, 2014, 35% (31% at December 31, 2013) of Group long-term debt was denominated in currencies other than the euro.

Taking account of hedges of foreign exchange risk, the percentage of debt not hedged against that risk amounted to 13% at December 31, 2014 (11% at December 31, 2013).

Foreign exchange risk sensitivity analysis

The Group analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact on profit or loss and equity of market scenarios that would cause a change in the fair value of derivatives or in the financial expense associated with unhedged gross medium/long-term debt.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows:

Millions of euro	2014				
		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Exchange rate	Increase	Decrease	Increase	Decrease
Change in financial expense on gross debt denominated in foreign currency after hedging	10%	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	85	(103)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	10%	-	-	(1,900)	2,321
Fair value hedges	10%	-	-	-	-

Commodity risk

The Group is exposed to the rsk of fluctuations in the price of commodities mainly associated with the purchase of fuel for power plants and the purchase and sale of natural gas under indexed contracts, as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on the electricity spot market).

The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.

As regards electricity sold by the Group, Enel mainly uses fixed-price contracts in the form of bilateral physical contracts and financial contracts (e.g. contracts for differences, VPP contracts, etc.) in which differences are paid to the counterparty if the market electricity price exceeds the strike price and to Enel in the opposite case. The residual exposure in respect of the sale of energy on the spot market not hedged with such contracts is quantified and managed on the basis of an estimation of developments in generation costs. Proxy hedging techniques may be used for the industrial portfolios when the hedging instruments for the risk factors generating the exposure are not available on the market or are not sufficiently liquid, while portfolio hedging techniques can be used to assess opportunities for netting intercompany flows.

The Group mainly uses plain vanilla derivatives for hedging (more specifically, forwards, swaps, options on commodities, futures, contracts for differences).

Enel also engages in proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations, which are performed only by Group companies expressly authorized to do so under corporate policies, consist in taking on exposures in energy commodities (oil products, gas, coal, CO_2 certificates and electricity in the main European countries) using financial derivatives and physical contracts traded on regulated and over-the-counter markets, exploiting profit opportunities through arbitrage transactions carried out on the basis of expected market developments.

The commodity risk management processes established at the Group level are designed to constantly monitor developments in risk over time and to determine whether the risk levels, as observed for specific analytical dimensions (for example, geographical areas, organizational structures, business lines, etc.), comply with the thresholds consistent with the risk appetite established by top management. These operations are conducted within the framework of formal governance rules that establish strict risk limits. Compliance with the limits is verified daily by units that are independent of those undertaking the transactions. Positions are monitored monthly, assessing the Profit at Risk, in the case of industrial portfolios, and daily, calculating Value at Risk, in the case of the trading book.

The risk limits for Enel's proprietary trading are set in terms of Value at Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits for 2014 is equal to about €33 million.

The following table reports the notional amount of outstanding transactions at December 31, 2014 and December 31, 2013, broken down by type of instrument:

Millions of euro	Notional amount	
	2014	2013 restated
Forward and futures contracts	26,671	17,526
Swaps	9,359	11,024
Options	401	264
Embedded derivatives	-	659
Total	**36,431**	**29,473**

For more details, please see note 43 "Derivatives and hedge accounting".

Sensitivity analysis of commodity risk

The following table presents the results of the analysis of sensitivity to a reasonably possible change in the commodity prices underlying the valuation model used in the scenario at the same date, with all other variables held constant. The analysis assesses the impact of shifts in the commodity price curve of +10% and -10%.

The impact on pre-tax profit is mainly attributable to the change in the prices of gas and oil commodities. The impact on equity is almost entirely due to changes in the prices of coal and gas. The Group's exposure to changes in the prices of other commodities is not material.

Millions of euro		2014			
		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Commodity price	Increase	Decrease	Increase	Decrease
Change in fair value of trading derivatives on commodities	10%	(60)	(61)	-	-
Change in fair value of derivatives on commodities designated as hedging instruments	10%	-	-	(236)	(276)

Credit risk

The Group's commercial, commodity and financial operations expose it to credit risk, i.e. the possibility that an unexpected change in the creditworthiness of a counterparty could have an effect on the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).
In recent years, in view of the instability and uncertainty that have affected the financial markets and an economic crisis of global proportions, average collection times have trended upwards. In order to minimize credit risk, the general policy at the Group level provides to the use of uniform criteria in all the main regions/countries/business lines in measuring credit exposures in order to promptly identify any deterioration in the quality of outstanding receivables – identifying any mitigation actions to be taken – and to enable the consolidation and monitoring of exposures at the Group level.
Credit exposures are managed at the region/country/business line level by different units, thereby ensuring the necessary segregation of risk management and control activities. Monitoring the consolidated exposure is carried out by Enel SpA.

As regards the credit risk associated with commodity transactions, a uniform counterparty assessment system is used at the Group level, with local level implementation. Since 2013, portfolio limits approved by the Group Credit Risk Committee have been applied and monitored at the region/country/business line level and at the consolidated level.

For the credit risk generated by financial transactions, including those in derivatives, risk is minimized by selecting counterparties with high standing from among leading national and international financial institutions, diversifying the portfolio, entering into margin agreements that call for the exchange of cash collateral and/or using netting arrangements. An internal assessment system was used again in 2014 to apply and monitor operational limits for credit risk, approved by the Group Financial Risk Committee in respect of financial counterparties at the region/country/business line level and at the consolidated level.

To manage credit risk even more effectively, for a number of years the Group has carried out non-recourse assignments of receivables, which have mainly involved specific segments of the commercial portfolio and, to a lesser extent, invoiced receivables and receivables to be invoiced of companies operating in other segments of the electricity industry than retail sales.
All of the above transactions are considered non-recourse transactions for accounting purposes and therefore involved the full derecognition of the corresponding assigned assets from the balance sheet, as the risks and rewards associated with them have been transferred.

Concentration of customer credit risk

Trade receivables are generated by the Group's operations in many regions and countries (Italy, Spain, Romania, Latin America, Russia, France, North America, etc.) with a base of customers and counterparties that is highly diversified, whether geographically, sectorally (industrial companies, energy companies, enterprises in retail trade, tourism, communications, government entities, etc.) or by size (large corporate, small and medium-sized enterprises, residential customers). Through its subsidiaries, Enel has more than 60 million customers or counterparties with whom it has generally granular credit exposures.

Financial assets past due but not impaired

Millions of euro	2014
Impaired trade receivables	**1,662**
Not past due and not impaired trade receivables	**8,380**
Past due but not impaired trade receivables:	**3,642**
- less than 3 months	1,416
- from 3 months to 6 months	282
- from 6 months to 12 months	399
- from 12 months to 24 months	489
- more than 24 months	1,056
Total	**13,684**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

> ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;

> maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including liquidity and short-term deposits, available committed credit lines and a portfolio of highly liquid asset.

In the long term, liquidity risk is mitigated by maintaining a balanced maturity profile for our debt, access to a range of sources of funding on different markets, in different currencies and with diverse counterparties.

At the Group level, Enel SpA (directly and through its subsidiary Enel Finance International NV) performs centralized treasury functions (with the exception of the Endesa Group, where those functions are performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), guaranteeing access to the money and capital markets.

The Group has undertaken a number of initiatives to optimize working capital and the associated cash flows. More specifically, on the basis of the consultation document 618/2014/R/EEL of the Authority for Electricity, Gas and the Water System of December 11, 2014 (finalized on January 16, 2015) concerning the entry into force of the new Grid Code, which provides for the possibility of extending the deadlines for payments due from distribution companies to the Equalization Fund for the restitution of revenue in respect of general system costs, Enel Distribuzione settled system costs for October 2014, totaling €1.2 billion, in January 2015.

The Group holds the following undrawn lines of credit:

Millions of euro	**at Dec. 31, 2014**		at Dec. 31, 2013 restated	
	Expiring within one year	Expiring beyond one year	Expiring within one year	Expiring beyond one year
Committed credit lines	671	13,456	494	14,912
Uncommitted credit lines	425	-	795	-
Commercial paper	6,727	-	7,088	-
Total	**7,823**	**13,456**	**8,377**	**14,912**

Committed credit lines amounted to €14,127 million at the Group level, with €13,456 million expiring after 2015. Total available resources came to €21,279 million, of which €6,727 million in commercial paper.

Maturity analysis

The table below summarizes the maturity profile of the Group's long-term debt.

Millions of euro	Maturing in						
	Less than 3 months	From 3 months to 1 year	2016	2017	2018	2019	Beyond
Bonds:							
- listed, fixed rate	1,012	1,549	3,502	2,466	5,132	2,137	16,099
- listed, floating rate	1,387	45	1,182	384	796	238	1,660
- unlisted, fixed rate	-	-	-	1,233	-	1,434	2,218
- unlisted, floating rate	-	63	64	65	66	313	760
Total bonds	**2,399**	**1,657**	**4,748**	**4,148**	**5,994**	**4,122**	**20,737**
Bank borrowings:							
- fixed rate	5	42	81	63	304	60	371
- floating rate	134	574	714	496	731	562	3,628
- use of revolving credit lines	-	69	9	-	3	-	-
Total bank borrowings	**139**	**685**	**804**	**559**	**1,038**	**622**	**3,999**
Non-bank borrowings:							
- fixed rate	49	137	185	161	163	134	894
- floating rate	13	46	70	66	39	33	139
Total non-bank borrowings	**62**	**183**	**255**	**227**	**202**	**167**	**1,033**
TOTAL	**2,600**	**2,525**	**5,807**	**4,934**	**7,234**	**4,911**	**25,769**

Commitments to purchase commodities

In conducting its business, the Enel Group has entered into contracts to purchase specified quantities of commodities at a certain future date for its own use, which qualify for the own use exemption provided for under IAS 39.

The following table reports the undiscounted cash flows associated with outstanding commitments at December 31, 2014.

Millions of euro	**at Dec. 31, 2014**	2015-2019	2020-2024	2025-2029	Beyond
Commitments to purchase commodities:					
- electricity	54,384	20,142	10,954	7,725	15,563
- fuel	63,605	35,718	16,468	8,289	3,130
Total	**117,989**	**55,860**	**27,422**	**16,014**	**18,693**

42. Offsetting financial assets and financial liabilities

At December 31, 2014, the Group did not hold offset positions in assets and liabilities, as it is not the Enel Group's policy to settle financial assets and liabilities on a net basis.

43. Derivatives and hedge accounting

43.1 Derivatives designated as hedging instruments

Derivatives are initially recognized at fair value, at the trade date of the contract, and are subsequently re-measured at fair value.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange rate risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Group also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Group designates derivatives as hedging instruments in one of the following hedge relationships.

> cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels denominated in a foreign currency; iv) changes in the price of forecast electricity sales at variable prices; and v) changes in the price of transactions in coal and petroleum commodities;

> fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;

> derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 41 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the Group's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Group currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the Group against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Group currently makes marginal use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

Hedge of a net investment in a foreign operation (NIFO)

Hedges of net investments in foreign operations, with a functional currency other than the euro, are hedges of the impact of changes in exchange rates in respect of investments in foreign entities. The hedge instrument is a liability denominated in the same currency as the investment. The foreign exchange differences of the hedged item and the hedge are accumulated each year in equity until the disposal of the investment, at which time the foreign exchange differences are transferred to profit or loss.

The Group does not currently hold any hedges of net investments in a foreign operation.

The following table shows the notional amount and the fair value of hedging derivatives classified on the basis of the type of hedge relationship.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Fair value hedge derivatives:								
- on interest rates	904	1,121	55	49	-	-	-	-
- on exchange rates	-	-	-	-	-	5	-	(2)
Cash flow hedge derivatives:								
- on interest rates	506	1,258	5	40	4,557	5,401	(556)	(385)
- on exchange rates	11,740	5,479	1,407	439	6,756	11,768	(1,631)	(2,081)
- on commodities	3,457	286	433	22	2,817	4,491	(689)	(163)
Total	**16,607**	**8,144**	**1,900**	**550**	**14,130**	**21,665**	**(2,876)**	**(2,631)**

For more on the fair value measurement of derivatives, please see note 45 "Assets measured at fair value".

For more on the classification of hedging derivatives as non-current and current assets and non-current and current liabilities, please see note 41 "Risk management".

43.2 Hedge relationships by type of risk hedged

Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instrument	**Hedged item**	**at Dec. 31, 2014**		**at Dec. 31, 2013 restated**	
Interest rate swaps	Fixed-rate borrowings	41	1,004	50	1,221
Interest rate swaps	Floating-rate borrowings	(537)	4,963	(346)	6,559
Total		**(496)**	**5,967**	**(296)**	**7,780**

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2014 and December 31, 2013, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Fair value hedge derivatives:								
- interest rate swaps	904	1,121	55	49	-	-	-	-
Cash flow hedge derivatives:								
- interest rate swaps	506	1,258	5	40	4,557	5,401	(556)	(385)
Total interest rate derivatives	**1,410**	**2,379**	**60**	**89**	**4,557**	**5,401**	**(556)**	**(385)**

The notional amount of derivatives classified as hedging instruments at December 31, 2014 came to €5,967 million, with a corresponding negative fair value of €496 million. The general decline in the yield curve over the course of the year prompted a deterioration in the fair value of cash flow hedge derivatives and an improvement in that of fair value hedge derivatives.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on interest rate risk.

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2014	2015	2016	2017	2018	2019	Beyond
Cash flow hedge derivatives on interest rates							
Positive fair value	5	(5)	2	-	-	-	-
Negative fair value	(556)	(115)	(89)	(75)	(65)	(55)	(226)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects:

Millions of euro	**2014**	2013 restated
Opening balance at January 1, 2014	**(1,729)**	**(1,638)**
Changes in fair value recognized in equity (OCI)	958	(281)
Changes in fair value recognized in profit or loss	130	228
Closing balance at December 31, 2014	**(641)**	**(1,691)**

Foreign exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on the foreign exchange risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
		at Dec. 31, 2014		at Dec. 31, 2013 restated	
Hedging instruments	**Hedged item**				
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(508)	14,064	(1,580)	13,848
Cross currency interest rate swaps (CCIRSs)	Floating-rate borrowings	11	416	26	415
Cross currency interest rate swaps (CCIRSs)	Future cash flows denominated in foreign currencies	(38)	321	-	-
Currency forwards	Future commodity purchases denominated in foreign currencies	312	3,674	(90)	2,962
Currency forwards	Future cash flows denominated in foreign currencies	-	21	-	27
Total		**(224)**	**18,496**	**(1,644)**	**17,252**

Cash flow hedges and fair value hedges include:

> CCIRSs with a notional amount of €14,064 million used to hedge the foreign exchange risk on fixed-rate debt denominated in currencies other than the euro, with a negative fair value of €508 million;

> CCIRSs with a notional amount of €737 million used to hedge the foreign exchange risk on floating-rate debt denominated in currencies other than the euro, with a negative fair value of €27 million;

> currency forwards with a notional amount of €3,695 million used to hedge the foreign exchange risk associated with purchases and sales of natural gas, purchases of fuel and expected cash flows in currencies other than the euro, with a fair value of €312 million.

The following table reports the notional amount and fair value of foreign exchange derivatives at December 31, 2014 and December 31, 2013, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Fair value hedge derivatives:								
- CCIRSs	-	-	-	-	-	5	-	(2)
Cash flow hedge derivatives:								
- currency forwards	3,520	218	315	4	175	2,771	(3)	(95)
- CCIRSs	8,220	5,261	1,092	435	6,581	8,997	(1,628)	(1,986)
Total foreign exchange derivatives	**11,740**	**5,479**	**1,407**	**439**	**6,756**	**11,773**	**(1,631)**	**(2,083)**

The notional amount of CCIRSs at December 31, 2014 amounted to €14,801 million (€14,263 million at December 31, 2013), an increase of €538 million. Cross currency interest rate swaps with a total value of €1,989 million expired and were cancelled against new derivatives hedging the hybrid bond issued by Enel SpA in pounds sterling and floating-rate borrowings in currencies other than the currency of account with a total value of €1,398 million. The value also reflects developments in the exchange rate of the euro against the main other currencies, which cause their notional amount to increase by €1,129 million.

The notional value of currency forwards at December 31, 2014 amounted to €3,695 million (€2,989 million at December 31, 2013), an increase of €706 million. The exposure to foreign exchange risk, especially that associated with the US dollar, is mainly due to purchases and sales of natural gas and purchase of fuel. Changes in the notional amount are connected with normal developments in operations.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on foreign exchange risk:

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2014	2015	2016	2017	2018	2019	Beyond
Cash flow hedge derivatives on exchange rates							
Positive fair value	1,407	185	137	274	103	409	829
Negative fair value	(1,631)	(62)	(157)	(41)	(53)	(183)	485

The following table shows the impact of cash flow hedge derivatives on foreign exchange risk on equity during the period, gross of tax effects:

Millions of euro	**2014**	2013 restated
Opening balance at January 1, 2014	**(84)**	**(75)**
Changes in fair value recognized in equity (OCI)	(1,089)	(61)
Changes in fair value recognized in profit or loss	64	52
Closing balance at December 31, 2014	**(1,109)**	**(84)**

Commodity risk

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Cash flow hedge derivatives								
Derivatives on power:								
- swaps	545	81	50	12	152	326	(7)	(9)
- forwards/futures	1,149	115	95	4	348	1,502	(18)	(26)
Total derivatives on power	**1,694**	**196**	**145**	**16**	**500**	**1,828**	**(25)**	**(35)**
Derivatives on coal:								
- swaps	-	-	-	-	718	1,250	(183)	(120)
Total derivatives on coal	**-**	**-**	**-**	**-**	**718**	**1,250**	**(183)**	**(120)**
Derivatives on gas and oil:								
- swaps	124	-	41	-	13	17	(3)	(1)
- forwards/futures	1,426	-	197	-	1,586	1,396	(478)	(7)
Total derivatives on gas and oil	**1,550**	**-**	**238**	**-**	**1,599**	**1,413**	**(481)**	**(8)**
Derivatives on CO_2:								
- forwards/futures	213	90	50	6	-	-	-	-
Total derivatives on CO_2	**213**	**90**	**50**	**6**	**-**	**-**	**-**	**-**
TOTAL DERIVATIVES ON COMMODITIES	**3,457**	**286**	**433**	**22**	**2,817**	**4,491**	**(689)**	**(163)**

The table reports the notional amount and fair value of derivatives hedging the price risk on commodities at December 31, 2014 and at December 31, 2013, broken down by type of hedge.
The positive fair value of cash flow hedge derivatives on commodities mainly regards hedges of gas and oil amounting to €238 million, derivatives on power amounting to €145 million and transactions on CO_2 with a fair value of €50 million. The first category primarily regards hedges of fluctuations in the price of natural gas, for both purchases and sales, carried out for oil commodities and gas products with physical delivery (all-in-one hedges).
Cash flow hedge derivatives on commodities with a negative fair value regard derivatives on gas and oil commodities amounting to €481 million, hedges of coal purchases for the generation companies amounting to €183 million and derivatives on power amounting to €25 million.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on commodity risk:

Millions of euro	Fair value	Distribution of expected cash flows					
	at Dec. 31, 2014	2015	2016	2017	2018	2019	Beyond
Cash flow hedge derivatives on commodities							
Positive fair value	433	327	104	2	-	-	-
Negative fair value	(689)	(464)	(225)	-	-	-	-

The following table shows the impact of cash flow hedge derivatives on commodity risk on equity during the period, gross of tax effects:

Millions of euro	**2014**	2013 restated
Opening balance at January 1, 2014	**(52)**	**(75)**
Changes in fair value recognized in equity (OCI)	(318)	(228)
Changes in fair value recognized in profit or loss	122	251
Closing balance at December 31, 2014	**(248)**	**(52)**

44. Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2014 and December 31, 2013:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated	**at Dec. 31, 2014**	at Dec. 31, 2013 restated
Derivatives at FVTPL								
Derivatives on interest rates:								
- interest rate swaps	65	30	4	2	180	766	(88)	(69)
- interest rate options	-	-	-	-	50	50	(8)	(4)
Derivatives on exchange rates:								
- currency forwards	2,215	1,807	159	46	2,956	2,233	(81)	(34)
Derivatives on commodities								
Derivatives on power:								
- swaps	1,207	2,356	155	131	1,611	1,775	(183)	(94)
- forwards/futures	5,391	6,128	480	133	5,456	3,469	(417)	(44)
- options	104	52	2	4	80	32	(6)	(3)
Total derivatives on power	**6,702**	**8,536**	**637**	**268**	**7,147**	**5,276**	**(606)**	**(141)**
Derivatives on coal:								
- swaps	1,527	928	187	57	1,742	422	(218)	(58)
- forwards/futures	73	35	7	5	51	13	(15)	(2)
- options	3	2	3	2	10	7	(23)	(5)
Total derivatives on coal	**1,603**	**965**	**197**	**64**	**1,803**	**442**	**(256)**	**(65)**
Derivatives on gas and oil:								
- swaps	645	1,844	2,686	1,988	902	1,714	(2,747)	(1,998)
- forwards/futures	5,677	2,535	944	130	5,170	2,079	(824)	(95)
- options	99	82	278	61	102	89	(331)	(59)
Total derivatives on gas and oil	**6,421**	**4,461**	**3,908**	**2,179**	**6,174**	**3,882**	**(3,902)**	**(2,152)**
Derivatives on CO_2:								
- forwards/futures	68	65	19	18	63	257	(10)	(19)
Total derivatives on CO_2	**68**	**65**	**19**	**18**	**63**	**257**	**(10)**	**(19)**
Derivatives on other commodities:								
- swaps	35	21	10	7	138	132	(53)	(39)
- options	1	-	1	-	2	-	(2)	(1)
Total derivatives on other commodities	**36**	**21**	**11**	**7**	**140**	**132**	**(55)**	**(40)**
Embedded derivatives		-	-	-	-	659	-	(1)
TOTAL DERIVATIVES ON COMMODITIES	**17,110**	**15,885**	**4,935**	**2,584**	**18,513**	**13,697**	**(5,006)**	**(2,525)**

At December 31, 2014 the notional amount of trading derivatives on interest rates came to €295 million. The change in the notional compared with December 31, 2013 is attributable to a natural decline in amortization of existing interest rate swaps and the expiry of €500 million in derivatives during 2014 that, although established for hedging purposes, did not meet the requirements for hedge accounting. The fair value of €92 million deteriorated by €21 million, mainly due to the general decline in the yield curve.

At December 31, 2014, the notional amount of derivatives on exchange rates was €5,171 million. The increase in their notional value and the associated fair value mainly reflected normal operations and developments in exchange rates.

At December 31, 2014, the notional amount of derivatives on commodities came to €30,157 million.

The positive fair value of trading derivatives on commodities includes, among other elements, hedges of gas and oil amounting to €3,908 million and derivatives on power amounting to €637 million.

The negative fair value of trading derivatives on commodities mainly regards hedges of gas and oil amounting to €3,902 million and derivatives on power amounting to €606 million.

These values include transactions that, although established for hedging purposes, did not meet the requirements for hedge accounting.

45. Asset measured at fair value

The Group determines fair value in accordance with IFRS 13 whenever such measurement is required by the international accounting standards as a recognition or measurement criterion.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date (i.e. an exit price).

The best proxy of fair value is market price, i.e. the current publically available price actually used on a liquid and active market.

The fair value of assets and liabilities is classified in accordance with the three-level hierarchy described below, depending on the inputs and valuation techniques used in determining their fair value:

> Level 1, where the fair value is determined on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
> Level 2, where the fair value is determined on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices);
> Level 3, where the fair value is determined on the basis of unobservable inputs.

This note also provides detailed disclosures concerning the valuation techniques and inputs used to perform these measurements.

To that end:

> recurring fair value measurements of assets or liabilities are those required or permitted by the IFRS in the balance sheet at the close of each period;
> non-recurring fair value measurements are those required or permitted by the IFRS in the balance sheet in particular circumstances.

For general information or specific disclosures on the accounting treatment of these circumstances, please see note 2 “Accounting policies and measurement criteria”.

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the financial statements, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Equity investments in other companies measured at fair value	22	**157**	157	-	-	**-**	-	-	-
Service concession arrangements	22	**669**	-	669	-	**-**	-	-	-
Securities held to maturity	22.1	**139**	139	-	-	**-**	-	-	-
Financial investments in funds	22.1	**40**	40	-	-	**-**	-	-	-
Cash flow hedge derivatives:									
- on interest rates	43	**5**	-	5	-	**-**	-	-	-
- on exchange rates	43	**1,163**	-	1,163	-	**-**	-	-	-
- on commodities	43	**107**	89	18	-	**326**	148	178	-
Fair value hedge derivatives:									
- on interest rates	43	**55**	-	55	-	**-**	-	-	-
Trading derivatives:									
- on interest rates	43	**3**	-	3	-	**1**	-	1	-
- on exchange rates	43	**2**	-	2	-	**157**	-	157	-
- on commodities	43	**-**	-	-	-	**4,772**	2,590	2,182	-
Inventories measured at fair value	24	**-**	-	-	-	**267**	267	-	-
Assets held for sale	30	**-**	-	-	-	**6,778**	-	-	6,778

The fair value of equity investments in other companies is determined for listed companies on the basis of the quoted price set on the closing date of the year, while that for unlisted companies is based on a reliable valuation of the relevant assets and liabilities.

"Service concession arrangements" concern electricity distribution operations in Brazil by Ampla and Coelce and are accounted for in accordance with IFRIC 12. Fair value was estimated as the net replacement cost based on the most recent rate information available and on the general price index for the Brazilian market.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk. More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual

financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.
The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).
Amounts denominated in currencies other than the euro are converted into euros at the year-end exchange rates provided by the European Central Bank.
The notional amounts of derivatives reported here do not necessarily represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

Finally, "Assets held for sale" primarily regard Slovenské elektrárne. The associated fair value is the estimated realizable value, net of disposal prices, as determined on the basis of the documentation currently available on the sale of the company.

45.1 Fair value of other assets

For each class of assets not measured at fair value in the balance sheet but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those assets are classified.

Millions of euro		Non-current assets				Current assets			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Property investments	16	**171**	-	17	154	**-**	-	-	-
Equity investments in other companies	22	**13**	-	-	13	**-**	-	-	-
Inventories	24	**-**	-	-	-	**76**	-	-	76

The table reports property investments, equity investments in other companies and inventories measured at cost, whose fair value has been estimated at €171 million, €13 million and €76 million respectively. The amounts were calculated with the assistance of appraisals conducted by independent experts, who used different methods depending on the specific assets involved.
The value of equity investments classified in Level 3 increased by €7 million compared with 2013 and regards a number of equity investments of Endesa.
The value of inventories largely regards environmental certificates.

46. Liabilities measured at fair value

The following table reports for each class of liabilities measured at fair value on a recurring or non-recurring basis in the financial statements the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	**Fair value**	Level 1	Level 2	Level 3	**Fair value**	Level 1	Level 2	Level 3
Cash flow hedge derivatives:									
- on interest rates	43	**554**	-	554	-	**2**	-	2	-
- on exchange rates	43	**1,627**	-	1,627	-	**4**	-	4	-
- on commodities	43	**225**	104	121	-	**464**	144	320	-
Trading derivatives:									
- on interest rates	43	**21**	-	21	-	**75**	-	75	-
- on exchange rates	43	**10**	-	10	-	**71**	-	71	-
- on commodities	43	**4**	-	4	-	**4,825**	3,277	1,548	-
Contingent consideration	39	**-**	-	-	-	**46**	-	-	46
Payables for put options granted to minority shareholders	39	**13**	-	-	13	**789**	-	-	789
Deferred income	39	**-**	-	-	-	**34**	-	34	-
Liabilities held for sale	30	**-**	-	-	-	**5,290**	-	-	5,290

Contingent consideration regards a number of equity investments held by the Group in North America, whose fair value was determined on the basis of the contractual terms and conditions between the parties.

The item "Payables for put options granted to minority shareholders" includes the liability for the options on Enel Distributie Muntenia and Enel Energie Muntenia in the total amount of €778 million, determined on the basis of the exercise conditions in the associated contracts, and €24 million for the liability associated with the options on Renovables de Guatemala (€13 million) and Maicor Wind (€11 million).

The "Liabilities held for sale" main regard Slovenské elektrárne. The fair value is the estimated realizable value, net of disposal prices, as determined on the basis of the documentation currently available on the sale of the company.

46.1 Fair value of other liabilities

For each class of liabilities not measured at fair value in the balance sheet but whose fair value must be reported, the following table reports the fair value at the end of the period and the level in the fair value hierarchy into which the fair value measurements of those liabilities are classified.

Millions of euro

	Notes	**Fair value**	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	40.3.1	**43,655**	35,981	7,674	-
- floating rate	40.3.1	**7,245**	3,435	3,810	-
Bank borrowings:					
- fixed rate	40.3.1	**1,170**	-	1,170	-
- floating rate	40.3.1	**7,096**	-	7,096	-
Non-bank borrowings:					
- fixed rate	40.3.1	**1,824**	-	1,824	-
- floating rate	40.3.1	**420**	-	420	-
Short-term payables to banks	40.3.2	**30**	-	30	-
Commercial paper	40.3.2	**2,599**	-	2,599	-
Cash collateral and other financing on derivatives	40.3.2	**457**	-	457	-
Other short-term financial payables	40.3.2	**166**	-	166	-
Total		**64,662**	**39,416**	**25,246**	**-**

47. Related parties

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

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Acquirente Unico - Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market
GME - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Purchase of electricity on the Power Exchange for pumping and plant planning
GSE - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market Purchase of transport, dispatching and metering services
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Purchase of fuels for generation plants, storage services and natural gas distribution
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, as well as Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity, Gas and the Water System.

The following tables summarize transactions with related parties, associated companies and joint arrangements outstanding at December 31, 2014 and carried out during the period.

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane	Other
Income statement							
Revenue from sales and services	-	3,087	1,150	1,124	256	25	63
Other revenue	-	-	4	1	353	-	5
Other financial income	-	-	-	-	-	-	-
Electricity, gas and fuel purchases	4,395	1,690	64	1,229	1	-	2
Services and other materials	-	163	1,886	77	4	119	46
Other operating expenses	3	-	4	46	-	-	-
Net income /(expense) from commodity contracts measured at fair value	17	-	29	-	-	-	-
Other financial expense	-	-	-	-	-	-	-

Millions of euro	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane	Other
Balance sheet							
Trade receivables	-	444	544	127	24	5	14
Other current assets	1	7	13	1	102	5	5
Other non-current liabilities	-	-	-	-	-	-	2
Trade payables	762	382	406	443	1,006	45	29
Other current liabilities	-	-	1	-	-	1	-
Non-current derivative financial liabilities	-	-	24	-	-	-	-
Other information							
Guarantees received	-	-	-	150	-	4	24
Commitments	-	-	1	19	-	18	11

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-GB/group/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2014, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

Key management personnel	Total	Associates and joint arrangements	Overall total	Total in financial statements	% of total
-	5,705	46	5,751	73,328	7.8%
-	363	4	367	2,463	14.9%
-		23	23	1,248	1.8%
-	7,381	214	7,595	36,928	20.6%
-	2,295	145	2,440	17,179	14.2%
-	53	-	53	2,362	2.2%
-	46	-	46	(225)	-20.4%
-	-	28	28	5,540	0.5%

Key management personnel	Total	Associates and joint arrangements	Overall total	Total in financial statements	% of total
-	1,158	62	1,220	12,022	10.1%
-	134	8	142	2,706	5.2%
-	2	-	2	1,464	0.1%
-	3,073	86	3,159	13,419	23.5%
-	2	1	3	10,827	-
-	24	-	24	2,441	1.0%
-	178	-	178		
-	49	-	49		

48. Contractual commitments and guarantees

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

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	4,304	5,685	(1,381)
Commitments to suppliers for:			
- electricity purchases	54,384	42,181	12,203
- fuel purchases	63,605	55,788	7,817
- various supplies	1,782	2,176	(394)
- tenders	1,785	2,001	(216)
- other	2,345	2,696	(351)
Total	**123,901**	**104,842**	**19,059**
TOTAL	**128,205**	**110,527**	**17,678**

For more details on the expiry of commitments and guarantees, please see the section "Commitments to purchase commodities" in note 41.

49. Contingent liabilities and assets

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees

The Court of Adria, in a ruling issued on March 31, 2006, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and public authorities. Damages for a number of mainly private parties (individuals and environmental associations) were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (Ministry for the Environment, a number of public entities of Veneto and Emilia Romagna, including the area's park agencies) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.

An appeal was lodged against the ruling of the Court of Adria and, on March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation. In a ruling on January 11, 2011, the Court of Cassation granted the appeal, overturning the decision of the Venice Court of Appeal, and referred the case to the civil section of the Venice Court of Appeal to rule as regards payment of damages and the division of such damages among the accused. As regards amounts paid to a number of public entities in Veneto, Enel has already made payment under a settlement agreement reached in 2008. With a suit lodged in 2011, the Ministry for the Environment, the public entities of Emilia and the private actors who had already participated as injuried parties in the criminal case asked the Venice Court of Appeal to order Enel SpA and Enel Produzione to pay civil damages for harm caused by the emissions from the Porto Tolle power station. The amount of damages requested for economic and environmental losses was about €100 million, which Enel contested. During 2013, an agreement was reached – with no admission of liability by Enel/Enel Produzione – with the public entities of Emilia Romagna to express social solidarity in line with the general sustainability policies of the Group. The suits with the Ministry and private parties (environmental associations and a number of resident individuals, who have received no payments from Enel during the proceedings) remain open. On July 10, 2014, the decision of the Venice Court of Appeal was filed ordering the defendants, jointly with Enel/Enel Produzione, to pay damages in the amount of €312,500, plus more than €55,000 in legal expenses. The Ministry's request for calculation of the amount of damages it claimed it was owed was deemed inadmissible, as grounds for barring such action arose in the course of the criminal proceedings. In the meantime the Court issued a general conviction with damages to be awarded in a separate decision and ordered payment of legal costs.

In August 2011, the Public Prosecutor's Office of Rovigo asked that a number of directors, former directors, officers, former officers and employees of Enel and Enel Produzione be remanded for trial on the charge of willful omission to take precautionary actions to prevent a disaster in respect of the alleged emissions from the Porto Tolle plant. Subsequently, the public prosecutor filed charges of willfully causing a disaster. During 2012, the pre-trial hearing judge of Rovigo, granting the request of the Public Prosecutor's Office of Rovigo, ordered the committal for trial of all of the accused for both offences. The Ministry for the Environment, the Ministry of Health and other actors, mainly local authorities in Emilia Romagna and Veneto, as well as the park agencies of the area, joined the case as injured parties, seeking unspecified damages from the above individuals, without citing Enel or Enel Produzione as liable parties. Evidence was submitted during 2013. During the year, as part of the agreement mentioned earlier, most of the public entities withdrew their suits.

At the hearing of March 31, 2014, the Court sitting en banc issued its ruling of first instance, acquitting all of the accused of the charge of willful omission to take precautionary safety measures. The Court also acquitted all of the accused of the charge of willfully causing a disaster, with the exception of the two former Chief Executive Officers of Enel SpA (although the Court did not grant the request for recognition of aggravating circumstances as provided for when the disaster actually occurs). The former Chief Executive Officers were then ordered to pay unspecified damages in a separate civil action, with a total provisional ruling of €410,000 and payment of court costs for the remaining civil parties to the action. The Court's full ruling was filed at the end of September 2014. The decision was appealed by the two former Chief Executive Officers and by the public prosecutor at the start of November 2014. Further appeals were later filed by (i) the acquitted Chief Executive Officer, in order to obtain the denial of the grounds for appeal of the prosecutor and a broader acquittal than that obtained in the first trial; (ii) two local authorities that had not initially participated; and (iii) the two Ministries (Environment and Health).

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding is under way before the Court of Brindisi concerning the Brindisi Sud thermal plant. A number of employees of Enel Produzione – cited as a liable party in civil litigation during 2013 – have been accused of causing criminal damage and dumping of hazardous substances with regard to the alleged contamination of land adjacent to the plant with coal dust as a result of actions between 1999 and 2011. At the end of 2013, the accusations were extended to cover 2012 and 2013. As part of the proceeding, injured parties, including the Province and City of Brindisi, have submitted claims for total damages of about €1.4 billion. The argument phase is under way and hearings of witnesses and technical experts are under way.
Criminal proceedings are also under way before the Courts of Reggio Calabria and Vibo Valentia against a number of employees of Enel Produzione for the offense of illegal waste disposal in connection with alleged violations concerning the disposal of waste from the Brindisi plant. Enel Produzione has not been cited as a liable party for civil damages.

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

In the wake of the blackout that occurred on September 28, 2003, numerous claims were filed against Enel Distribuzione for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. Most of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione. The Court of Cassation has also consistently ruled in favor of Enel Distribuzione. At December 30, 2014 pending cases numbered about 23,700 as a result of additional appeals filed despite the abandonment of suits by the plaintiffs and/or joinder of proceedings. In addition, in view of the rulings in Enel's favor by both the courts of appeal and the Court of Cassation, the flow of new claims has come to a halt. Beginning in 2012, a number of actions for recovery were initiated, which continue, to obtain repayment of amounts paid by Enel in execution of the rulings in the courts of first instance.
In May 2008, Enel served its insurance company (Cattolica) a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings. The case also involved a number of reinsurance companies in the proceedings, which have challenged Enel's claim. In a ruling of October 21, 2013, the Court of Rome granted Enel's petition, finding the insurance coverage to be valid and ordering Cattolica, and consequently the reinsurance companies, to hold Enel harmless in respect of amounts paid or to be paid to users and their legal counsel as well as, within the limits established by the policies, to pay defense costs.
On the basis of that ruling, in October 2014, Enel filed suit against Cattolica with the Court of Rome to obtain a quantification of the amounts due to Enel and payment of those amounts by Cattolica.
The first hearing has been set for March 30, 2015.
Subsequently, Cattolica appealed the ruling of the court of first instance of October 21, 2013, before the Rome Court of Appeal, asking that it be overturned. The first hearing has been set for April 27, 2015.

BEG litigation

Following an arbitration proceeding initiated by BEG SpA in Italy, Enelpower obtained a ruling in its favor in 2002, which was upheld by the Court of Cassation in 2010, which entirely rejected the complaint with regard to alleged breach by

Enelpower of an agreement concerning the construction of a hydroelectric power station in Albania.

Subsequently, BEG, acting through its subsidiary Albania BEG Ambient Shpk, filed suit against Enelpower and Enel SpA in Albania concerning the matter, obtaining a ruling, upheld by the Albanian Supreme Court of Appeal, ordering Enelpower and Enel to pay tortious damages of about €25 million for 2004 as well as an unspecified amount of tortious damages for subsequent years. Following the ruling, Albania BEG Ambient Shpk demanded payment of more than €430 million.

The European Court of Human Rights, with which Enelpower SpA and Enel SpA had filed an appeal for violation of the right to a fair trial and the rule of law by the Republic of Albania, rejected the petition as inadmissible. The ruling was purely procedural and did not address the substance of the suit.

In February 2012, Albania BEG Ambient Shpk filed suit against Enel SpA and Enelpower SpA with the *Tribunal de Grande Instance* in Paris in order to render the ruling of the Albanian court enforceable in France. Enel SpA and Enelpower SpA challenged the suit. The proceeding is still under way and the Court has issued no preliminary or definitive rulings so far.

Subsequently, again at the initiative of Albania BEG Ambient, Enel France was served with two "*Saise Conservatoire de Créances*" (orders for the precautionary attachment of receivables) to conserve any receivables of Enel SpA in respect of Enel France. J.P. Morgan Bank Luxembourg SA was also served with an analogous order in respect of any receivables of Enel SpA.

In March 2014, Albania BEG Ambient Shpk filed suit against Enel SpA and Enelpower SpA in New York to render the ruling of the Albanian court enforceable in the State of New York. Enel SpA and Enelpower, in presenting their defense, contested all aspects of the foundation of the plaintiff's case and took all steps available to them to defend their interests.

On April 22, 2014, in response to a motion filed by Enel and Enelpower, the court revoked the previous ruling issued against the companies freezing assets of around $600 million. The suit is pending and no measures, preliminary or otherwise, have been taken by the court.

On June 2, 2014 Albania BEG Ambient Shpk obtained an order from the court in the Hague, based upon the preliminary injunction, freezing up to €440 million held with a number of entities and the establishment of a lien on the shares of two subsidiaries of Enel SpA in that country. Enel SpA and Enelpower SpA challenged that ruling and on July 1, 2014, the Dutch court, in granting the petition of Enel and Enelpower, provisionally determined the value of the suit at €25 million and ordered the removal of the preliminary injunction subject to the issue of a bank guarantee in the amount of €25 million by Enel and Enelpower. Enel and Enelpower have appealed this ruling and, at present, no bank guarantee has been issued.

On July 3, 2014, Albania BEG Ambient Shpk sought to obtain a second order to freeze assets. Following the hearing of August 28, 2014, the court in the Hague granted a preliminary injunction for the amount of €425 million on September 18, 2014. Enel and Enelpower have appealed this injunction and no final ruling has been issued.

At the end of July 2014, Albania BEG Ambient Shpk filed suit in the Netherlands to render the ruling of the Albanian court enforceable in that country.

Albania BEG Ambient Shpk also filed suits in Ireland and Luxembourg to render the ruling of the Court of Tirana enforceable in those two countries. Both of these suits are at a preliminary stage and no rulings have been issued. Enel SpA and Enelpower SpA are preparing their defense challenging the claims put forth by Albania BEG Ambient Shpk.

Proceedings continue in the suit lodged by Enelpower SpA and Enel SpA with the Court of Rome asking the Court to ascertain the liability of BEG SpA for having evaded compliance with the arbitration ruling issued in Italy in favor of Enelpower SpA through the legal action taken by Albania BEG Ambient Shpk. With this action, Enelpower SpA and Enel SpA are asking the Court to find BEG liable and order it to pay damages in the amount that the other could be required to pay to Albania BEG Ambient Shpk in the event of the enforcement of the sentence issued by the Albanian courts. At the most recent hearing of March 12, 2015, the Court took up the case for a ruling, granting the parties the statutory period for the filing of final arguments and rejoinders.

Violations of Legislative Decree 231/2001

The following four cases for alleged violation of Legislative Decree 231/2001 concerning the administrative liability of legal persons are pending. Three involve Enel Produzione and one involves Enel Distribuzione, for omission of accident prevention measures:

> for a fatal accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2008, Enel Produzione has been charged with administrative liability for manslaughter;
> for an accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2009, Enel Produzione has been charged with administrative liability for negligent personal injury;
> for a fatal accident involving an employee of a subcontractor at the Enel plant at Termini Imerese in 2008, Enel Produzione has been charged with administrative liability for manslaughter;
> for a fatal accident involving an employee of a subcontractor in Palermo in 2008, Enel Distribuzione has been charged with administrative liability for manslaughter.

The above proceedings are still in the argument phase, while the first has reached the discussion phase.

Red Eléctrica de España arbitration - Spain

On July 1, 2010, in compliance with legal requirements, Endesa Distribución Eléctrica ("EDE") signed a contract with Red Eléctrica de España ("REE") for the sale of assets consisting of the transmission network owned by EDE. The price was set at about €1,400 million. The contract provided for a price adjustment if remuneration decreased or increased following the liquidation carried out by the *Comisión Nacional de los Mercados y la Competencia* (CNMC) by December 31, 2013.

REE's interpretation of Ministerial Order IET/2443/2013, published in December 2013, would produce a lower remuneration than that provided for in the contract and, on that basis, the company undertook an arbitration proceeding before the *Corte Civil y Mercantil de Arbitraje* (CIMA), asking for an adjustment of the sale price.

The value of the claim was subsequently quantified at €94 million.

The proceeding is in the initial stage and EDE is conducting its defense.

Basilus litigation (formerly Meridional) - Brazil

The Brazilian construction company Basilus S/A Serviço, Emprendimiento y Participações (formerly Meridional) held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As part of its privatization, CELF transferred its assets to Ampla Energia e Serviços SA (Ampla). In 1998, Basilus filed suit against Ampla, arguing that the transfer had infringed its rights and that it had been defrauded.

Ampla obtained favorable judgments in the courts of first and second instance. Although the second-level decision was adjudicated, Basilus lodged a special appeal (*mandado de segurança*) in September 2010 asking for the adverse ruling to be overturned. That request was denied.

Subsequently Basilus lodged a new appeal with the *Tribunal Superior de Justiça*, which is still pending.

The amount involved in the dispute is about 1,096 million Brazilian reais (about €336 million).

CIEN litigation - Brazil

In 1998 the Brazilian company CIEN signed an agreement with Tractebel for the delivery of electricity from Argentina through its Argentina-Brazil interconnection line. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense. CIEN cited force majeure as a result of the Argentine crisis as the main argument in its defense. Out of court, Tractebel has indicated that it plans to acquire 30% of the interconnection line involved in the dispute.

In March 2014, the court granted CIEN's motion to suspend the proceedings in view of the existence of other litigation pending between the parties.

The amount involved in the dispute is estimated at about 118 million Brazilian reais (about €40 million), plus unspecified damages.

For analogous reasons, in May 2010 Furnas also filed suit against CIEN for failure to deliver electricity, requesting payment of about 520 million Brazilian reais (about €175 million), in addition to unspecified damages.

In alleging non-performance by CIEN, Furnas is also seeking to acquire ownership (in this case 70%) of the interconnection line.

CIEN's defense is similar to the earlier case. The claims put forth by Furnas were rejected by the trial court in August 2014. Furnas lodged an appeal (not yet notified to CIEN) against the latter decision.

Cibran litigation - Brazil

Companhia Brasileira de Antibióticos (Cibran) has filed a number of suits against Ampla Energia e Serviços SA (Ampla) to obtain damages for alleged losses incurred as a result of the interruption of service by the Brazilian distribution company. The Court ordered a unified technical appraisal for those cases, the findings of which were partly unfavorable to Ampla. The latter challenged the findings, asking for a new study. The proceedings concerning that petition are pending.
In September 2014, the court of first instance issued a ruling against Ampla in one of the various suits noted above, levying a penalty of about 200,000 Brazilian reais (about €60,000) as well as other damages to be quantified at a later stage. Ampla has appealed the ruling and the appeal is under way.
A decision by the court of first instance on the other suits is still pending.
The value of all of the disputes is estimated at about 166 million Brazilian reais (about €50 million).

Coperva litigation - Brazil

As part of the project to expand the grid in rural areas of Brazil, in 1982 Companhia Energética do Ceará SA ("Coelce"), then owned by the Brazilian government and now an Enel Group company, had entered into contracts for the use of the grids of a number of cooperatives established specifically to pursue the expansion project. The contracts provided for the payment of a monthly fee by Coelce, which was also required to maintain the networks.
Those contracts, between cooperatives established in special circumstances and the then public-sector company, do not specifically identify the grids governed by the agreements, which has prompted a number of the cooperatives to sue Coelce asking for, among other things, a revision of the fees agreed in the contracts. These actions include the suit filed by Cooperativa de Eletrificação Rural do V do Acarau Ltda (Coperva) with a value of about 161 million Brazilian reais (about €49 million). The court of first instance ruled in favor of Coelce but Coperva has appealed the decision.

SAPE (formerly Electrica) arbitration proceedings - Romania

On June 11, 2007, Enel SpA entered into a Privatization Agreement with SC Electrica SA for the privatization of Electrica Muntenia Sud ("EMS"). The accord provided for the sale to Enel of 67.5% of the Romanian company. In accordance with the unbundling rules, in September 2008 the distribution and electricity sales operations were transferred to two new companies, Enel Distributie Muntenia ("EDM") and Enel Energie Muntenia ("EEM"). In December 2009, Enel transferred the entire capital of the two companies to Enel Investment Holding BV ("EIH").
On July 5, 2013, Electrica notified Enel SpA, EIH, EDM and EEM (limited to a number of claims) of a request for arbitration before the International Chamber of Commerce in Paris, claiming damages for alleged violations of specific clauses of the Privatization Agreement.
More specifically, the plaintiff claimed payment of penalties of about €800 million, plus interest and additional unspecified damages.
The proceeding is under way and Enel is conducting its defense.

On September 29, 2014, SAPE notified Enel and Enel Investment Holding that it had submitted a further arbitration request to the International Court of Arbitration in Paris seeking around €500 million (plus interest) in connection with the put option contained in the Privatization Agreement. The put option gives SAPE the right to sell a 13.57% stake in Enel Distributie Muntenia and Enel Energie Muntenia.
The suit is at a preliminary stage.

Gabčíkovo dispute - Slovakia

Slovenské elektrárne (SE) is involved in a number of cases before the national courts concerning the 720 MW Gabčíkovo hydroelectric plant, which is administered by Vodohospodárska Výsatavba Štátny Podnik ("VV") and whose operation and maintenance, as part of the privatization of SE in 2006, had been entrusted to SE for a period of 30 years under a management agreement (the VEG Operation Agreement).

Immediately after the closing of the privatization, the Public Procurement Office (PPO) filed suit with the Court of Bratislava seeking to void the VEG Operation Agreement on the basis of alleged violations of the regulations governing public tenders, qualifying the contract as a service contract and as such governed by those regulations. In November 2011 the court of first instance ruled in favor of SE, whereupon the PPO appealed the decision.
In parallel with the PPO action, VV also filed a number of suits, asking in particular for the voidance of the VEG Operation Agreement and for SE to pay VV the revenue from the sale of electricity generated by the plant since 2006.
SE considers the claims of VV to be unfounded and is contesting the various suits, which have been suspended pending a decision in the proceeding launched by the PPO.
On March 9, 2015, the decision of the appeals court overturned the ruling of the court of first instance and voided the contract. The ruling will be appealed once the decision is officially notified.

LaGeo arbitration

The case regards a complex dispute that began in October 2008, when Enel Produzione (succeeded by Enel Green Power - "EGP") undertook arbitration action before the International Chamber of Commerce in Paris against Comisión Ejecutiva Hidroeléctrica ("CEL", wholly owned by the government of El Salvador) and its subsidiary Inversiones Energéticas ("INE"). Enel claimed breach of the shareholders' agreement regarding the Salvadoran company LaGeo, which operated in the geothermal industry. Enel's claims were upheld in the initial ruling, the second ruling and before the Court of Cassation in France, but in the meantime a number of actions were undertaken in El Salvador against EGP to void the shareholders' agreement and involve the company as a civilly liable party in a criminal enquiry into alleged "*peculado*" in the acquisition of LaGeo. In addition, in July 2013 the Parliament of El Salvador passed a measure approving the withdrawal of El Salvador from the Washington Convention of 1965, which allowed foreign investors to bring claims against a state before the International Center for Settlement of Investment Disputes (ICSID). Before that law was enacted, however, Enel had initiated a proceeding before the ICSID to preserve its rights against the interference of the Salvadoran government in EGP's relations with CEL.
On December 7, 2014, within the ICSID arbitration proceeding, EGP and the Republic of El Salvador signed a framework agreement to settle the multiple disputes concerning EGP's investments in LaGeo.
Under the provisions of the accord, in December 2014, following the revocation of the seizure of EGP's assets in El Salvador, EGP sold its entire stake in LaGeo (equal to 36.2%) to INE for about $280 million.
The full effectiveness of the final settlement of the dispute with the Republic of El Salvador and the termination of the ICSID arbitration proceeding are subject to a number of specific conditions (termination of the pending local litigation against EGP and its representatives) to be verified in the next six months. Pending final resolution, the ICSID proceeding has been suspended.

Dispute between Energia XXI Energias Renováveis e Consultoria Limitada and Enel Green Power España

In 1999 Energia XXI filed for arbitration against MADE (now Enel Green Power España) for alleged losses incurred due to the early termination of an agency contract for the sale of wind generators and wind farms of Enel Green Power España in Portugal and Brazil. With its ruling of November 21, 2000, the arbitration board found that the termination of the contract by MADE was illegitimate and ordered it to pay: (i) legal costs; (ii) the fixed portion of the monthly fee for the period from July 21, 1999 (date of termination of contract) to October 9, 2000 (expiration date of the contract), equal to about €50,000; (iii) as well as lost profits to be determined in respect of contracts for at least 15 MW of capacity. Following the arbitration ruling, two civil court cases began:

> the first appeal was lodged by MADE with the *Tribunal Judicial de Primera Instancia* asking for the arbitration ruling to be voided. The case is still pending with the court of first instance following referral by the Court of Appeal (subsequently confirmed by the Supreme Court of Appeal on September 26, 2013), which granted Enel Green Power España's appeal of the admission of briefs;
> the second appeal was lodged by Energia XXI on May 9, 2006, with the Civil Court of Lisbon, with which Energia XXI asked for Enel Green Power España to be ordered to pay the amount determined in the arbitration ruling (the losses for which Energia XXI now puts at €546 mil-

lion). Enel Green Power España considers the claim to be unfounded. Acting on a petition by Enel Green Power España, the court has so far suspended the case pending resolution of the first suit.

CIS and Interporto Campano

On December 4, 2009 and August 4, 2010 Enel Green Power SpA signed, with Interporto Campano and Centro Ingrosso Sviluppo Campania Gianni Nappi SpA ("CIS"), respectively, a leasehold agreement with a term of more than nine years and a leasehold estate for the rooftops of the industrial sheds of CIS and Interporto Campano in order to build and operate a photovoltaic plant. Two fires subsequently broke out at those sheds: the first occurred on April 22, 2011, during the construction of the plant, while the second broke out on March 26, 2012.

Following the fires, CIS undertook two arbitration proceedings, on November 3, 2012 and May 23, 2014, respectively, with the latter undertaken together with Interporto Campano.

In the arbitration ruling filed on January 31, 2015, the ruling of the arbitration board in the first proceeding found against the contractor as well as contributory negligence on the part of both CIS and Enel Green Power ("EGP"), ordering EGP to pay CIS about €2.5 million, equal to half of the damages originally admitted for indemnification. In the second arbitration proceeding, CIS and Interporto Campano sought the termination of the leasehold estate and the more-than-9-year lease as well as damages for alleged losses following breaches by EGP quantified in the amount of about €65 million, of which about €35 million for costs incurred in dismantling the photovoltaic plants. EGP asked for the suits to be dismissed and filed a counterclaim for damages of about €40 million. The proceeding is at an early stage.

Bocamina II arbitration - Chile

Litigation is under way concerning the contract for the construction of the second unit of the Bocamina thermal plant ("Bocamina II"). The contract was agreed in 2007 by Endesa Chile with a consortium made up of Ingeniería y Construcción Tecnimont Chile Compañía Limitada, Tecnimont SpA, Tecnimont do Brasil Construção and Administração de Projetos Ltda (together, "Tecnimont"), Slovenske Energeticke Strojarne AS and Ingeniería y Construcción SES Chile Limitada (together "SES"). On October 17, 2012 Endesa Chile submitted a request for arbitration before the International Chamber of Commerce in Paris, citing the non-performance of the consortium and claiming damages (subsequently quantified in the amount of about $373 million, or about €270 million).

During the arbitration proceedings, the consortium filed a counterclaim against Endesa Chile in the amount of about $1,300 million – about €940 million (most of which in the form of damages for the alleged harm to the image of Tecnimont following the execution of the bank guarantees by Endesa Chile).

In January 2015, Endesa Chile and the consortium signed a settlement agreement to close the arbitration proceeding (and forestall any other possible litigation) concerning the EPC contract for the construction of the Bocamina II project.

Tax litigation in Brazil

> In 1998, Ampla Energia e Serviços SA financed the acquisition of Coelce with the issue of bonds in the amount of $350 million ("Fixed Rate Notes" - FRN) subscribed by its Panamanian subsidiary, which had been established to raise funds abroad. Under the special rules then in force, subject to maintaining the bond until 2008, the interest paid by Ampla to its subsidiary was not subject to withholding tax in Brazil.
>
> However, the financial crisis of 1998 forced the Panamanian company to refinance itself with its Brazilian parent, which for that purpose obtained loans from local banks. The tax authorities considered this financing to be the equivalent of the early extinguishment of the bond, with the consequent loss of entitlement to the exemption from withholding tax.
>
> In December 2005, Ampla Energia e Serviços SA carried out a spin-off in favor of Ampla Investimentos e Serviços SA that involved the transfer of the residual FRN debt and the associated rights and obligations.
>
> On November 6, 2012, the *Camara Superior de Recursos Fiscales* (the highest level of administrative courts) issued a ruling against Ampla, for which the company promptly asked that body for clarifications. On October 15, 2013,

Ampla was notified of the denial of the request for clarification ("*Embargo de Declaración*"), thereby upholding the previous adverse decision. The company provided security for the debt and on June 27, 2014 continued litigation before the ordinary courts ("*Tribunal Superior de Justiça*").
The amount involved in the dispute at December 31, 2014 was about €332 million.

> In 2002, the State of Rio de Janeiro changed the deadlines for payment of the ICMS (*Imposto sobre Circulação de Mercadorias e Serviços*) by withholding agents (to the 10th, 20th and 30th of each month - *Ley Benedicta*). Owing to liquidity problems, between September 2002 and February 2005, Ampla Energia e Serviços continued to pay the ICMS in compliance with the previous system (the 5th day of the subsequent month). Despite an informal agreement, the Brazilian tax authorities issued an assessment for late payment of the ICMS ("*multa de demora*"). Ampla appealed the measure (the highest level of administrative courts), arguing that the penalties imposed were not due owing to the application of a number of amnesties granted between 2004 and 2006. In the event of an adverse ruling, the company will continue litigation before the ordinary courts.
While the outcome of the final administrative proceedings is not yet known, following the registration of the claim in the Public Registry of the State of Rio de Janeiro, Ampla was required to provide security.
The amount involved in the dispute at December 31, 2014 was about €83 million.

> The States of Rio de Janeiro and Ceará issued a number of tax assessments against Ampla Energia e Serviços (for the years 1996-1999 and 2007-2012) and Companhia Energética do Ceará (for the years 2003, 2004 and 2006-2009), challenging the deduction of ICMS in relation to the purchase of certain assets. The companies challenged the assessments, arguing that they correctly deducted the tax and asserting that the assets, the purchase of which generated the ICMS, are intended for use in their electricity distribution activities.
The amount involved in the disputes totaled approximately €58 million at December 31, 2014.

> On November 4, 2014, the Brazilian tax authorities issued an assessment against Endesa Brasil SA (now Enel Brasil SA) alleging the failure to apply withholding tax to payments of allegedly higher dividends to non-resident recipients.
More specifically, in 2009, Endesa Brasil, as a result of the first-time application of the IFRS-IAS, had cancelled goodwill, recognizing the effects in equity, on the basis of the correct application of the accounting standards it had adopted. The Brazilian tax authorities, however, asserted – during a tax assessment – that the accounting treatment was incorrect and that the effects of the cancellation should have been recognized through profit or loss. As a result, the corresponding value (about €202 million) was reclassified as a payment of income to non-residents and, therefore, subject to withholding tax of 15%.
On December 2, 2014, the company appealed the initial ruling, arguing that its accounting treatment was correct. It should be noted that the accounting treatment adopted by the company was agreed with the external auditor and also confirmed by a specific legal opinion issued by a local firm specializing in corporate law.
The overall amount involved in the dispute at December 31, 2014 was about €66 million.

50. Events after the reporting period

Enel Green Power extends framework accord with Vestas to develop additional wind capacity in the United States

On January 12, 2015 Enel Green Power, acting through its subsidiary Enel Green Power North America Inc. ("EGP NA"), extended the framework agreement signed at the end of 2013 with Vestas for the development of wind farms in the United States.
The 2013 agreement, which provided for the supply of Vestas wind turbines, has supported EGP NA's recent successful growth in the United States.
The capacity yet to be developed under the 2013 agreement, together with the current extension, will enable EGP NA to qualify up to approximately 1 GW of future wind capacity in the United States for Federal Production Tax Credits (PTCs).

Exchange of bonds and issue of new bonds

On January 27, 2015, Enel Finance International NV ("EFI"), a wholly-owned subsidiary of Enel SpA, following a non-binding public exchange offer that ran from January 14 to January 21, purchased bonds issued by EFI and guaranteed by Enel in the total amount of €1,429,313,000. The consideration for the purchase was represented by (i) senior fixed-rate notes with a minimum lot size of €100,000 (and multiples of €1,000) issued by EFI (under the Global Medium-Term Notes program of EFI and Enel) and guaranteed by Enel, in the principal amount of €1,462,603,000 and (ii) cash in the amount of €194,365,920.
The transaction was carried out as part of the optimization of EFI's financial management. It is intended to pursue active management of the Group's maturity structure and the cost of funds. The new notes, which EFI issued as part of the exchange offer under the Global Medium-Term Notes program with an Enel guarantee, bear an interest rate of 1.966% and mature on January 27, 2025.

New bond issue of up to €1 billion to back exchange offers for existing bonds is authorized

On January 26, 2015, the Board of Directors authorized one or more new bond issues, to be carried out by December 31, 2015, with a total maximum principal amount of up to €1 billion.
The authorization is intended to allow Enel to make new bond issues to serve any exchange offers for bonds previously issued by the Company under the Global Medium-Term Notes program, in order to optimize the Enel Group's capital and financial structure and to permit it to seize any opportunities that may arise in international financial markets.

Disposal of SF Energy

On January 29, 2015, the agreement signed on November 7, 2014 by Enel Produzione, a subsidiary of Enel, for the sale of its stake in SF Energy was finalized at a price of €55 million. Of the entire stake, 50% was sold to SEL - Società Elettrica Altoatesina (the counterparty in the agreement), while the remaining 50% was sold to Dolomiti Energia following exercise of its pre-emption rights. The disposal is part of the agreements between Enel Produzione and SEL.
The agreements also provide for the sale of the 40% stake held by Enel Produzione in SE Hydropower for €345 million. The latter transaction will be finalized only upon meeting the final condition provided for under the terms of the agreement, namely for SEL to obtain a bank commitment to provide the funding for the purchase of the equity stake. The condition is expected to be met by the end of the 1st Quarter of 2015.

Renegotiation of revolving credit line of about €9.4 billion

On February 12, 2015, Enel SpA and its Dutch subsidiary Enel Finance International NV renegotiated the revolving credit facility of about €9.4 billion agreed on February 8, 2013, reducing its cost and extending the facility's maturity to 2020 from the original expiry date of April 2018.
The credit facility, which can be used by Enel and/or by Enel Finance International with a Parent Company guarantee, is not connected with the Group's debt refinancing program. It is intended to provide the Group's treasury with an extremely flexible and practical instrument for managing working capital.
The cost of the credit facility varies in relation to Enel's credit rating and bears a spread on Euribor that, based upon Enel's current rating, falls to 80 basis points from the previous 190 basis points, while the commitment fee has been reduced to 35% of the spread from the previous 40%, i.e. from 76 basis points to 28 basis points.
A number of Italian and foreign banks were involved in the transaction, with Mediobanca serving as the Documentation Agent.

Updates of disposal plan

On February 25, 2015, the Enel Board of Directors examined the updates of the plan for disposals of the Group's equity investments in Eastern Europe, announced to the market on July 10, 2014. Under the strategic guidelines set out in the new business plan to be presented to the financial community, it decided to suspend the process of disposing of the distribution and sales assets in Romania and to continue with the disposal of the generation assets held in Slovakia.

51. Share-based incentive plans

Between 2000 and 2008, Enel implemented stock incentive plans (stock option plans and restricted share units plans) each year in order to give the Enel Group – in line with international business practice and the leading Italian listed companies – a means for fostering management motivation and loyalty, strengthening a sense of corporate team spirit in our key personnel, and ensuring their enduring and constant effort to create value, thus creating a convergence of interests between shareholders and management.
The remainder of this section describes the features of the stock incentive plans adopted by Enel and still in place in 2014.

2008 stock option plan

The 2008 plan provides for the grant of personal, non-transferable inter vivos options to subscribe a corresponding number of newly issued ordinary Enel shares to senior managers selected by the Board of Directors. The main features of the 2008 plan are discussed below.

Beneficiaries

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

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession *mortis causa*) specifically governed by the Regulations.
The vesting of the options is subject to achievement of two operational objectives, both calculated on a consolidated, three-year basis: (i) earnings per share (EPS, equal to Group net income divided by the number of Enel shares in circulation) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years and (ii) the return on average capital employed (ROACE, equal to the ratio between operating income and average net capital employed) for the 2008-2010 period, also determined on the basis of the amounts specified in the budgets for those years.
Depending on the degree to which the objectives are achieved, the number of options that can actually be exercised by each beneficiary is determined on the basis of a performance scale established by the Enel Board of Directors and may vary up or down with respect to the basic option grant by a percentage amount of between 0% and 120%.

Exercise procedures

Once achievement of the operational objectives has been verified, the options can be exercised as from the third year after the grant year and up to the sixth year as from the grant year. The options can be exercised at any time, with the exception of two blocking periods lasting about one month before the approval of the draft annual financial statements of Enel SpA and the half-year report by the Board of Directors.

Strike price

The strike price was originally set at €8.075, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2008. The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €7.118 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares.
Subscription of the shares is charged entirely to the beneficiaries, as the plan does not provide for any facilitated terms to be granted in this respect.

Shares serving the plan

In June 2008, the Extraordinary Shareholders' Meeting granted the Board of Directors a five-year authorization to carry out a paid capital increase in the maximum amount of €9,623,735.
The Board of Directors has not implemented the capital increase in the light of developments in the Enel stock price.

Developments in the 2008 stock option plan

The Board of Directors has determined that in the 2008-2010 period both EPS and ROACE exceeded the levels set out in the budgets for those years, thereby enabling the options to vest in an amount equal to 120% of those originally granted to the beneficiaries, in application of the performance scale established by the Enel Board of Directors.

The following table reports developments in the 2008 stock option plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options exercised at Dec. 31, 2013	Options lapsed at Dec. 31, 2013	Options lapsed in 2014	Options outstanding at Dec. 31, 2014
8,019,779 (1)	16 Group executives	€8.075 (2)	Rights vested	None	None	9,623,735	None

(1) Following the review conducted by the Enel Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) had been achieved, a total of 9,623,735 options have vested.
(2) The strike price was changed to €7.118 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.

It should be noted that the overall dilution of share capital as at December 31, 2014 attributable to the exercise of the stock options granted under the various plans amounts to 1.31%.

The following table summarizes developments over the course of 2012, 2013 and 2014 in the Enel stock option plans, detailing the main assumptions used in calculating their fair value.

Developments in stock option plans

Number of options	2008 plan
Options granted at December 31, 2012	9,623,735 (1)
Options exercised at December 31, 2012	
Options lapsed at December 31, 2012	
Options outstanding at December 31, 2012	9,623,735 (1)
Options lapsed in 2013	-
Options outstanding at December 31, 2013	9,623,735 (1)
Options lapsed in 2014	9,623,735 (1)
Options outstanding at December 31, 2014	-
Fair value at grant date (euro)	0.17
Volatility	21%
Option expiry	December 2014

(1) Following the review conducted by the Enel SpA Board of Directors on the occasion of the approval of the Enel Group's consolidated financial statements for 2010 to determine the degree to which the two operational targets (EPS and ROACE) set for the 2008 plan had been achieved, a total of 9,623,735 options have vested (120% of the 8,019,779 options originally granted).

Restricted share units plan 2008

In June 2008 Enel's Ordinary Shareholders' Meeting approved an additional incentive mechanism, a restricted share units plan. The plan – which is also linked to the performance of Enel shares – differs from the stock option plans in that it does not involve the issue of new shares and therefore has no diluting effect on share capital. It grants the beneficiaries rights to receive the payment of a sum equal to the product of the number of units exercised and the average value of Enel shares in the month preceding the exercise of the units.

Beneficiaries

The plan covers the management of the Enel Group (including the managers already participating in the 2008 stock option plan, which includes the person who at the time of the grant of the units is CEO of Enel in his or her capacity as General Manager), with the exception of the managers of the Infrastructure and Networks Division for the reasons discussed with the 2008 stock option plan. The beneficiaries have been divided into brackets and the basic number of units granted to each has been determined on the basis of the average gross annual compensation of the bracket, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

Exercise of the units – and the consequent receipt of the payment – is subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit of the company at which the beneficiary is employed from the Group or succession *mortis causa*) specifically governed by the Regulations. As regards other exercise conditions, the plan first establishes a suspensory operational objective (a "hurdle target"): (i) for the first 50% of the basic number of units granted, Group EBITDA for 2008-2009, calculated on the basis of the amounts specified in the budgets for those years; and (ii) for the remaining 50% of the basic number of units granted, Group EBITDA for 2008-2010, calculated on the basis of the amounts specified in the budgets for those years.

If the hurdle target is achieved, the actual number of units that can be exercised by each beneficiary is determined on the basis of a performance objective represented by:

> for the first 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2009 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and that of a specific benchmark index calculated as the average of the performance of the MIBTEL index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric Index (weight: 50%); and

> for the remaining 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2010 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and the benchmark index calculated as the average of the performance of the MIBTEL index (weight: 50%) – replaced in 2009 with the FTSE Italia All Share index as indicated above – and the Bloomberg World Electric Index (weight: 50%).

The number that can be exercised may vary up or down with respect to the basic unit grant by a percentage amount of between 0% and 120% as determined on the basis of a specific performance scale.

If the hurdle target is not achieved in the first two-year period, the first tranche of 50% of the units granted may be recovered if the same hurdle target is achieved over the longer three-year period indicated above. It is also possible to extend the validity of the performance level registered in the 2008-2010 period to the 2008-2009 period, where performance was higher in the longer period, with the consequent recovery of units that did not actually vest in the first two-year period because of the lower performance level and on the condition that the first 50% of the basic unit grant has not yet been exercised.

Exercise procedures

Once achievement of the hurdle target and the performance objectives has been verified, of the total number of units granted, 50% may be exercised as from the second year subsequent to the grant year and the remaining 50% as from the third year subsequent to the grant year, with the deadline for exercising all the units being the sixth year subsequent to the grant year. In any event, each year the units can only be exercised during four time windows of ten business days each (to be announced by Enel over the course of the plan) in the months of January, April, July and October.

Developments in the 2008 restricted share units plan

The review conducted by the Board of Directors to verify satisfaction of the exercise conditions found the following. For the first 50% of the basic units granted, in 2008-2009 the hurdle target for Group EBITDA had been achieved and Enel shares had slightly outperformed the benchmark index, meaning that according to the performance scale 100% of the units originally granted had vested. For the remaining 50% of the basic grant awarded, in 2008-2010 the hurdle target for Group EBITDA had been achieved and Enel shares significantly outperformed the benchmark index, meaning that according to the performance scale an amount equal to 120% of the units originally granted had vested. In view of the fact that the level of achievement of the performance targets over the 2008-2010 period was higher than that achieved in 2008-2009, it is therefore possible to recover the units that did not vest in 2008-2009 as a result of the lower level of achievement of the performance targets for beneficiaries who had not yet exercised the first 50% of the basic units granted before achievement of the targets for 2008-2010 had been ascertained.

The following table reports developments in the 2008 restricted share units plan.

Number of RSU	2008 plan
RSU outstanding at December 31, 2012	254,314
of which vested at December 31, 2012	*254,314*
RSU lapsed in 2013	-
RSU exercised in 2013	24,540
RSU outstanding at December 31, 2013	229,774
of which vested at December 31, 2013	*229,774*
RSU lapsed in 2014	3,421
RSU exercised in 2014	226,353
RSU outstanding at December 31, 2014	-
of which vested at December 31, 2014	-
Fair value at the grant date (euro)	3.16
Expiry of the restricted share units	December 2014

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the consolidated financial report of the Enel Group at December 31, 2014, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2014 and December 31, 2014.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that the consolidated financial statements of the Enel Group at December 31, 2014:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.
4. Finally, we certify that the report on operations, included in the Annual Report 2014 and accompanied by the consolidated financial statements of the Enel Group at December 31, 2014, contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 18, 2015

Francesco Starace	Alberto De Paoli
Chief Executive Officer of Enel SpA	Officer responsible for the preparation of the financial reports of Enel SpA

Separate financial statements of Enel SpA

Income statement

Euro	Notes	2014		2013	
			of which with related parties		*of which with related parties*
Revenue					
Revenue from services	4.a	244,732,151	*244,663,410*	268,845,478	*268,636,586*
Other revenue and income	4.b	920,520	*92,914*	6,653,586	*4,473,336*
	[Subtotal]	**245,652,671**		**275,499,064**	
Costs					
Electricity purchases and consumables	5.a	1,426,297		6,410,639	
Services, leases and rentals	5.b	184,864,554	*57,699,240*	230,244,862	*78,671,891*
Personnel	5.c	119,589,202	*(32,288)*	90,030,892	*(487)*
Depreciation, amortization and impairment losses	5.d	543,329,226		8,823,887	-
Other operating expenses	5.e	19,256,153	*(317,979)*	14,056,103	*115,042*
	[Subtotal]	**868,465,432**		**349,566,383**	
Operating income		**(622,812,761)**		**(74,067,319)**	
Income from equity investments	6	1,818,272,847	*1,818,272,847*	2,028,038,570	*2,028,038,570*
Financial income from derivatives	7	2,190,314,832	*459,596,620*	1,491,687,360	*938,294,046*
Other financial income	8	221,643,785	*194,191,141*	320,518,912	*226,716,064*
Financial expense from derivatives	7	1,954,373,400	*1,169,367,271*	1,601,052,005	*185,192,393*
Other financial expense	8	1,377,093,325	*3,142,675*	1,001,287,461	*124,529,446*
	[Subtotal]	**898,764,739**		**1,237,905,376**	
Income before taxes		**275,951,978**		**1,163,838,057**	
Income taxes	9	(282,250,536)		(208,522,895)	
NET INCOME FOR THE YEAR		**558,202,514**		**1,372,360,952**	

Statement of comprehensive income

Euro	Notes	2014	2013
Net income for the year		**558,202,514**	**1,372,360,952**
Other comprehensive income recyclable to profit or loss			
Effective portion of change in the fair value of cash flow hedges		(73,365,668)	91,792,576
Income/(Loss) recognized directly in equity recyclable to profit or loss		**(73,365,668)**	**91,792,576**
Other comprehensive income not recyclable to profit or loss			
Remeasurements of net defined benefit liabilities/(assets)		7,140,604	(3,811,101)
Income/(Loss) recognized directly in equity not recyclable to profit or loss		**7,140,604**	**(3,811,101)**
Income/(Loss) recognized directly in equity	22	**(66,225,064)**	**87,981,475**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**491,977,450**	**1,460,342,427**

Balance sheet

Euro	Notes				
ASSETS		**at Dec. 31, 2014**		at Dec. 31, 2013	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	10	7,795,187		8,632,640	
Intangible assets	11	11,405,854		11,331,906	
Deferred tax assets	12	382,572,824		278,678,021	
Equity investments	13	38,754,068,086		39,289,052,513	
Derivatives	14	1,979,171,296	*818,817,602*	1,355,401,642	*971,785,658*
Other non-current financial assets	15	146,490,819	*116,989,366*	164,581,474	*116,989,366*
Other non-current assets	16	466,782,285	*176,864,784*	483,128,702	*198,690,947*
	[*Subtotal*]	**41,748,286,351**		**41,590,806,898**	
Current assets					
Trade receivables	17	131,944,125	*126,901,064*	216,133,599	*208,963,697*
Tax receivables	18	624,614,245		253,623,738	
Derivatives	14	280,273,785	*50,482,464*	176,685,848	*104,059,774*
Other current financial assets	19	5,040,376,082	*4,222,947,341*	5,280,776,020	*4,169,321,515*
Cash and cash equivalents	20	6,972,042,465		3,122,891,795	
Other current assets	21	243,507,371	*208,144,734*	319,387,652	*196,029,881*
	[*Subtotal*]	**13,292,758,073**		**9,369,498,652**	
TOTAL ASSETS		**55,041,044,424**		**50,960,305,550**	

Euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2014**		at Dec. 31, 2013	
			of which with related parties		*of which with related parties*
Shareholders' equity					
Share capital		9,403,357,795		9,403,357,795	
Reserves		9,113,576,853		9,179,799,975	
Retained earnings (loss carried forward)		6,061,293,373		5,911,368,935	
Profit for the period		558,202,514		1,372,360,952	
TOTAL SHAREHOLDERS' EQUITY	22	**25,136,430,535**		**25,866,887,657**	
Non-current liabilities					
Long-term borrowings	23	17,287,754,222		17,764,398,155	
Post-employment and other employee benefits	24	301,792,836		335,802,956	
Provisions for risks and charges	25	16,242,515		22,914,882	
Deferred tax liabilities	12	251,979,935		130,417,074	
Derivatives	14	2,483,607,608	*469,314,078*	2,097,671,557	*69,551,426*
Other non-current liabilities	26	286,974,494	*286,925,885*	283,108,323	*281,355,187*
	[*Subtotal*]	**20,628,351,610**		**20,634,312,947**	
Current liabilities					
Short-term borrowings	23	4,745,815,106	*4,319,403,537*	1,653,452,736	*1,531,015,176*
Current portion of long-term borrowings	23	2,362,593,688		1,060,916,047	
Trade payables	27	138,773,087	*54,531,005*	212,116,969	*82,427,757*
Derivatives	14	359,151,436	*233,714,323*	237,438,726	*71,724,967*
Other current financial liabilities	28	694,402,099	*54,139,432*	586,528,715	*30,211,789*
Other current liabilities	30	975,526,863	*396,492,507*	708,651,753	*643,231,699*
	[*Subtotal*]	**9,276,262,279**		**4,459,104,946**	
TOTAL LIABILITIES		**29,904,613,889**		**25,093,417,893**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**55,041,044,424**		**50,960,305,550**	

Statement of changes in shareholders' equity

	Share capital and reserves (Note 22)			
Euro	Share capital	Share premium reserve	Legal reserve	Reserve pursuant to Law 292/1993
At January 1, 2013	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Adjustment for adoption of IAS 19/R (Employee benefits)	-	-	-	-
At January 1, 2013 restated	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Reclassification of retained earnings/ (losses carried forward) as a result of adoption of IAS 19/R (Employee benefits)	-	-	-	-
Other changes	-	-	-	-
Exercise of stock options	-	-	-	-
Stock option plans - changes for the year	-	-	-	-
Allocation of 2012 net income:				
- Dividends	-	-	-	-
- Legal reserve	-	-	-	-
- Retained earnings	-	-	-	-
Comprehensive income for the year:				
Income/(Loss) recognized directly in equity	-	-	-	-
Net income for the year	-	-	-	-
At December 31, 2013	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
At January 1, 2014	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**
Other changes	-	-	-	-
Exercise of stock options	-	-	-	-
Stock option plans - changes for the year	-	-	-	-
Allocation of 2013 net income:				
- Dividends	-	-	-	-
- Legal reserve	-	-	-	-
- Retained earnings	-	-	-	-
Comprehensive income for the year:				
Income/(Loss) recognized directly in equity	-	-	-	-
Net income for the year	-	-	-	-
Total at December 31, 2014	**9,403,357,795**	**5,292,076,658**	**1,880,671,559**	**2,215,444,500**

Other sundry reserves	Reserve from remeasurement of defined benefit obligation	Reserve from measurement of financial instruments	Retained earnings/(loss carried forward)	Net income for the year	**Total shareholders' equity**
68,237,877	**-**	**(351,618,268)**	**3,899,806,022**	**3,420,002,506**	**25,827,978,649**
-	(12,997,883)	-	(6,337,719)	8,401,795	**(10,933,807)**
68,237,877	**(12,997,883)**	**(351,618,268)**	**3,893,468,303**	**3,428,404,301**	**25,817,044,842**
-	-	-	8,401,795	(8,401,795)	**-**
4,057	-	-	-	-	**4,057**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	-	(1,410,503,669)	**(1,410,503,669)**
-	-	-	-	-	**-**
-	-	-	2,009,498,837	(2,009,498,837)	**-**
-	(3,811,101)	91,792,576	-	-	**87,981,475**
-	-	-	-	1.372.360.952	**1.372.360.952**
68,241,934	**(16,808,984)**	**(259,825,692)**	**5,911,368,935**	**1,372,360,952**	**25,866,887,657**
68,241,934	**(16,808,984)**	**(259,825,692)**	**5,911,368,935**	**1,372,360,952**	**25,866,887,657**
1,942	-	-	-	-	**1,942**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	-	(1,222,436,514)	**(1,222,436,514)**
-	-	-	-	-	**-**
-	-	-	149,924,438	(149,924,438)	**-**
-	7,140,604	(73,365,668)	-	-	**(66,225,064)**
-	-	-	-	558,202,514	**558,202,514**
68,243,876	**(9,668,380)**	**(333,191,360)**	**6,061,293,373**	**558,202,514**	**25,136,430,535**

Statement of cash flows

Euro	Notes	2014		2013	
			of which with related parties		*of which with related parties*
Net income for the year		**558,202,514**		**1,372,360,952**	
Adjustments for:					
Depreciation, amortization and impairment losses of intangible assets and property, plant and equipment	5.d	11,703,869		8,823,887	
Exchange rate adjustments of foreign currency assets and liabilities		287,123,443		(44,451,090)	
Accruals to provisions		24,534,294		5,351,239	
Dividends from subsidiaries, associates and other companies	6	(1,818,272,847)	*(1,818,272,847)*	(2,028,038,570)	*(2,028,038,570)*
Net financial (income)/expense		623,640,479	*524,292,099*	821,498,632	*(855,288,272)*
Income taxes	9	(282,250,536)		(208,522,895)	
(Gains)/Losses from disposals and other non-monetary items		535,184,427		199,541	
Cash flows from operating activities before changes in net current assets		**(60,134,357)**		**(72,778,304)**	
Increase/(Decrease) in provisions		(55,266,390)		(45,341,313)	
(Increase)/Decrease in trade receivables	17	84,189,474	*82,062,633*	261,670,783	*261,374,143*
(Increase)/Decrease in financial and non-financial assets/liabilities		54,102,343	*(233,456,295)*	1,039,665,816	*385,631,611*
Increase/(Decrease) in trade payables	27	(73,343,882)	*(27,896,752)*	18,740,838	*14,716,332*
Interest income and other financial income collected		774,010,519	*470,312,293*	884,976,129	*536,801,979*
Interest expense and other financial expense paid		(1,369,270,987)	*(148,092,677)*	(1,558,640,462)	*(315,924,208)*
Dividends from subsidiaries, associates and other companies	6	1,818,272,847	*1,818,272,847*	2,028,038,570	*2,028,038,570*
Income taxes paid (consolidated taxation mechanism)		(246,793,145)		(887,496,996)	
Cash flows from operating activities (a)		**925,766,422**		**1,668,835,061**	
Investments in property, plant and equipment and intangible assets	10-11	(10,940,364)	*(10,406,565)*	(12,862,854)	*(12,765,252)*
Equity investments	13	(200,000)	*(200,000)*	(100,000,000)	*(100,000,000)*
Cash flows from investing/disinvesting activities (b)		**(11,140,364)**		**(112,862,854)**	
Financial debt (new long-term borrowing)	23	1,602,264,514		2,651,827,471	
Financial debt (repayments and other net changes)	23	(1,103,409,596)		(3,908,963,730)	*(2,500,000,000)*
Net change in long-term financial payables/(receivables)		(974,482,447)		138,110,953	*27,332,965*
Net change in short-term financial payables/(receivables)		4,632,587,974	*2,682,474,947*	(2,364,107,212)	*(1,278,001,143)*
Dividends paid	22	(1,222,435,833)		(1,410,503,669)	
Increase in capital and reserves due to exercise of stock options	22	-		-	
Cash flows from financing activities (c)		**2,934,524,612**		**(4,893,636,187)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c)		**3,849,150,670**		**(3,337,663,980)**	
Cash and cash equivalents at the beginning of the year	20	3,122,891,795		6,460,555,775	
Cash and cash equivalents at the end of the year	20	**6,972,042,465**		**3,122,891,795**	

Notes to the financial statements

1

Form and content of the financial statements

Enel SpA is a corporation (*società per azioni*) that operates in the electricity and gas sector and has its registered office in Viale Regina Margherita 137, Rome, Italy.
In its capacity as holding company, Enel SpA sets the strategic objectives for the Group and its subsidiaries and coordinates their activities. In providing management and coordination, Enel SpA's activities on behalf of the other Group companies can be summarized as follows:

> corporate governance;
> extraordinary financing and financial planning;
> tax planning and strategy;
> risk assessment management;
> legal policies;
> guidelines on management training and compensation policies;
> government relations;
> accounting guidelines;
> strategic marketing.

Enel SpA performs, both directly and through the subsidiary Enel Finance International NV, a centralized treasury function for the Group (with the exception of the Endesa Group), thereby ensuring that the companies have access to the money and capital markets. Furthermore, the Company, directly and through Enel Insurance NV, provides insurance coverage.
As the Parent Company, Enel SpA has prepared the consolidated financial statements of the Enel Group for the year ending December 31, 2014, which form an integral part of this Annual Report pursuant to Article 154-*ter*, paragraph 1, of the Consolidate Law on Financial Intermediation (Legislative Decree 58 of February 24, 1998).

On March 18, 2015, the Board authorized the publication of these financial statements at December 31, 2014.
These financial statements have undergone statutory auditing by Reconta Ernst & Young SpA.

Basis of presentation

The separate financial statements for the year ended December 31, 2014 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".
The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.
The financial statements consist of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity and the statement of cash flows and the related notes.
The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups held for sale, if any. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the close of the financial year; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.
The income statement is classified on the basis of the nature of costs, with separate reporting of net income/(loss) from continuing operations and net income/(loss) from any discontinued operations.
The indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations, if any.
The income statement, the balance sheet and the statement of cash flows report transactions with related parties, the definition of which is given in the section "Accounting policies and measurement criteria" for the consolidated financial statements.

The financial statements have been prepared on a going concern basis using the cost method, with the exception of items measured at fair value in accordance with IFRS-EU, as explained in the measurement bases applied to each individual item in the consolidated financial statements.
The financial statements are presented in euro, the functional currency of the Company, and the figures shown in the notes are reported in millions of euro unless stated otherwise.

The financial statements provide comparative information in respect of the previous period.
In addition, the income statement and the balance sheet have been modified to improve the presentation of the impact of derivatives on performance and the financial position. This involved the insertion of new accounts in the income statement and the balance sheet as well as the reclassification of the figures for 2013 and at December 31, 2013, in order to ensure comparability.

2

Accounting policies and measurement criteria

The accounting policies and measurement criteria are the same as those adopted in the preparation of the consolidated financial statements, to which the reader should refer for more information, with the exception of those regarding equity investments in subsidiaries and associated companies.
Subsidiaries are all entities over which Enel SpA has control. The Company controls an entity when it is exposed to or has rights to variable returns deriving from its involvement and has the ability, through the exercise of its power over the investee, to affect its returns. Power is defined as having the concrete ability to direct the significant activities of the entity by virtue of the existence of substantive rights.
Associates comprise those entities in which Enel SpA has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investees but not exercise control or joint control over those entities.
Equity investments in subsidiaries and associates are measured at cost. Cost is adjusted for any impairment losses, which are reversed where the reasons for their recognition no longer obtain. The carrying amount resulting from the reversal may not exceed the original cost.
Where the loss pertaining to Enel SpA exceeds the carrying amount of the investment and the Company is obligated to perform the legal or constructive obligations of the investee or in any event to cover its losses, the excess with respect to the carrying amount is recognized in liabilities in the provisions for risks and charges.
In the case of a disposal, without economic substance, of an investment to an entity under common control, any difference between the consideration received and the carrying amount of the investment is recognized in equity.

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

3

Recent accounting standards

For information on recent accounting standards, please refer to the corresponding section of the notes to the consolidated financial statements.

Information on the income statement

Revenue

4.a Revenue from services - *€245 million*

"Revenue from services" is comprised of:

Millions of euro

	2014	2013	Change
Services			
Group companies	245	268	(23)
Non-Group counterparties	-	1	(1)
Total revenue from sales and services	**245**	**269**	**(24)**

Revenue from services amounted to €245 million and essentially regard services provided by the Company to subsidiaries as part of its management and coordination function and the rebilling of sundry expenses incurred by it but pertaining to the subsidiaries.
The decrease of €24 million with respect to the previous year is mainly due to the decline in rebilling to a number of Group companies for services associated with the business combinations and reorganizations and to the reduction in revenues for management fees and service activities.
"Revenues from sales and services" break down by geographical area as follows:

> €206 million in Italy;
> €34 million in the European Union;
> €5 million in non-EU Europe.

4.b Other revenue and income - *€1 million*

"Other revenue and income" came to €1 million in 2014, down from the previous year (€6 million in 2013), mainly with regard to a reduction in rebillings for services of personnel seconded to other Group companies.

Costs

5.a Electricity purchases and consumables - *€2 million*

"Electricity purchases and consumables" came to €2 million, down €4 million from the previous year, essentially due to the recognition in 2013 of the price revision contained in the long-term import contract with Alpiq (€4 million), which, even though it expired on December 31, 2011, provided for the revision within 3 years of the last invoice date.

5.b Services, leases and rentals - *€185 million*

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

Millions of euro

	2014	2013	Change
Services	170	212	(42)
Leases and rentals	15	18	(3)
Total services, leases and rentals	**185**	**230**	**(45)**

Costs for services, totaling €170 million, concerned costs for services provided by third parties in the amount of €126 million (€149 million in 2013) and services provided by Group companies totaling €44 million (€63 million in 2013). More specifically, the decrease in costs for services provided by third parties, equal to €23 million, is mainly attributable to the decline in advertising, communication and print campaign expenses (€12 million) and costs associated with the acquisition and disposal of companies (€8 million).
Costs for services rendered by Group companies decreased by €19 million, mainly due to lower costs incurred in respect of IT services and training provided by Enel Italia Srl (€9 million) and the decline in costs for personnel of Enel Distribuzione SpA (€4 million) and Endesa (€2 million) seconded to Enel SpA.
Costs for "Leases and rentals" mainly comprise costs for leasing assets from the subsidiary Enel Italia Srl. They fell by €3 million compared with the previous year, essentially due to lower property rental and leasing costs.

5.c Personnel - *€120 million*

Personnel costs break down as follows.

Millions of euro

	Notes	**2014**	2013	Change
Wages and salaries		71	64	7
Social security costs		24	19	5
Post-employment benefits	24	5	(1)	6
Other long-term benefits	24	9	5	4
Other costs and other incentive plans	25	11	3	8
Total		**120**	**90**	**30**

"Personnel" costs amounted to €120 million, an increase of €30 million compared with 2013, essentially the result of the rise in "Wages and salaries" and the related social security costs (totaling €12 million), the increase in post-employment benefits (€6 million) and in the costs associated with the Long-Term Incentive Plan (€4 million), as well as the recognition in 2013 of a non-current item pertaining to the reversal of the provision for the transition-to-retirement plan (€6 million).

The item "Post-employment benefits" includes cost for defined benefit plans and for defined contribution plans. In more detail, costs for defined contribution plans amounted to €4 million for 2014, unchanged from 2013.

The table below shows the average number of employees by category compared with the previous year, and the actual number of employees at December 31, 2014.

	Average number			Headcount
	2014	2013	Change	**at Dec. 31, 2014**
Senior managers	143	123	20	159
Middle managers	312	338	(26)	322
Office staff	324	332	(8)	310
Blue collar	-	-	-	-
Total	**779**	**793**	**(14)**	**791**

5.d Depreciation, amortization and impairment losses - *€543 million*

Millions of euro

	2014	2013	Change
Depreciation	3	1	2
Amortization	9	8	1
Impairment losses	531	-	531
Total	**543**	**9**	**534**

"Depreciation, amortization and impairment losses", amounting to €543 million (€9 million in 2013), rose by €534 million compared with the previous year, essentially due to the impairment loss reported on the investments in Enel Produzione SpA (€512 million) and Enel Ingegneria e Ricerca SpA (€19 million), as well as higher amortization and depreciation.

5.e Other operating expenses - *€19 million*

"Other operating expenses" amounted to €19 million, up €5 million on the previous year, mainly due to a decline in reversals from the provision for litigation as compared with 2013.

Operating income amounted to a negative €623 million, a deterioration of €549 million compared with the previous year.

6. Income from equity investments - *€1,818 million*

Income from equity investments, amounting to €1,818 million, regards dividends approved by the shareholders' meetings of the subsidiaries and associates that were fully distributed in 2014.

Millions of euro

	2014	2013	Change
Dividends from subsidiaries and associates	**1,818**	**2,028**	**(210)**
Enel Produzione SpA	223	222	1
Enel Distribuzione SpA	1,373	1,625	(252)
Enelpower SpA	1	3	(2)
Enel.Factor SpA	3	4	(1)
Enel Italia Srl	7	40	(33)
Enel Energia SpA	16	44	(28)
Enel Servizio Elettrico SpA	85	-	85
Enel Green Power SpA	109	89	20
CESI SpA	1	1	-
Dividends from other entities	**-**	**-**	**-**
Emittenti Titoli SpA	-	-	-
Income from equity investments	**1,818**	**2,028**	**(210)**

7. Net financial income/(expense) from derivatives - *€236 million*

This item breaks down as follows.

Millions of euro

	2014	2013	Change
Financial income from derivatives			
- on behalf of Group companies:	**1,726**	**1,342**	**384**
income from derivatives at fair value through profit or loss	1,726	1,342	384
- on behalf of Enel SpA:	**464**	**150**	**314**
income from fair value hedge derivatives	39	14	25
income from cash flow hedge derivatives	415	98	317
income from derivatives at fair value through profit or loss	10	38	(28)
Total financial income from derivatives	**2,190**	**1,492**	**698**
Financial expense on derivatives			
- on behalf of Group companies:	**1,737**	**1,335**	**402**
expense on derivatives at fair value through profit or loss	1,737	1,335	402
- on behalf of Enel SpA:	**217**	**266**	**(49)**
expense on cash flow hedge derivatives	167	239	(72)
expense on derivatives at fair value through profit or loss	*50*	*27*	*23*
Total financial expense from derivatives	**1,954**	**1,601**	**353**
TOTAL NET FINANCIAL INCOME/(EXPENSE) FROM DERIVATIVES	**236**	**(109)**	**345**

Net income from derivatives amounted to €236 million (net financial expense of €109 million in 2013) and essentially reflects the net financial income from derivatives entered into on behalf of Enel SpA. The increase of €345 million over 2013 was mainly caused by the increase in net income from cash flow hedge and fair value hedge derivatives (respectively, €389 million and €25 million), partly offset by higher net financial expense on derivatives at fair value through profit or loss (€51 million), entered into on behalf of Enel SpA and to hedge interest rates and exchange rates.

For more details on derivatives, please see note 31 "Financial instruments" and note 33 "Derivatives and hedge accounting".

8. Other net financial income/(expense) - *€(1,155) million*

This item breaks down as follows.

Millions of euro

	2014	2013	Change
Other financial income			
Interest income at the effective interest rate			
Interest income at effective interest rate on long-term financial assets	6	20	(14)
Interest income at effective interest rate on short-term financial assets	206	232	(26)
Total	**212**	**252**	**(40)**
Positive exchange rate differences	10	60	(50)
Other income	-	8	(8)
Total other financial income	**222**	**320**	**(98)**
Other financial expense			
Interest expense at the effective interest rate			
Interest expense on bank borrowings	67	96	(29)
Interest expense on bonds	968	746	222
Interest expense on other borrowings	3	125	(122)
Total	**1,038**	**967**	**71**
Negative exchange rate differences	293	8	285
Interest expense on post-employment and other employee benefits	9	13	(4)
Fair value hedge charges - adjustment of hedged items	26	14	12
Other financial expense	11	(1)	12
Total other financial expense	**1,377**	**1,001**	**376**
TOTAL OTHER NET FINANCIAL INCOME/(EXPENSE)	**(1,155)**	**(681)**	**(474)**

Net other financial expense amounted to €1,155 million, mainly reflecting the interest expense on borrowings (€1,038 million) and negative exchange rate differences (€293 million), partly offset by short and long-term interest income (totaling €212 million). The increase in net financial expense of €474 million over 2013 was primarily caused by net exchange rate differences (a negative €335 million), higher interest expense on borrowings (€71 million), as well as lower interest income on financial assets (totaling €40 million).

These changes reflect movements in interest and exchange rates, as well as changes in debt during the year.

9. Income taxes - *€282 million*

Millions of euro

	2014	2013	Change
Current taxes	(299)	(216)	(83)
Deferred tax income	8	10	(2)
Deferred tax expense	9	(2)	11
Total	**(282)**	**(208)**	**(74)**

Income taxes for 2014 showed a creditor position of €282 million, mainly due to the reduction in taxable income for IRES purpose as a result of the exclusion of 95% of the dividends received from the subsidiaries and the deductibility of Enel SpA's interest expense for the Group's consolidated taxation mechanism in accordance with corporate income tax law (Article 96 of the Uniform Income Tax Code).
This essentially reflected both the difference between the two years in the amount of dividends received from subsidiaries and the non-deductibility of the impairment losses on equity investments recognized in 2014 and meeting the requirements of Article 87 of the Uniform Income Tax Code.

The following table reconciles the theoretical tax rate with the effective tax rate.

Millions of euro

	2014	% rate	2013	% rate
Income before taxes	276		1,164	
Theoretical corporate income taxes (IRES) (27.5%)	**76**	**27.5%**	**320**	**27.5%**
Tax decreases:				
- dividends from equity investments	(475)	-172.1%	(530)	-45.5%
- prior-year writedowns	-	-	(1)	-0.1%
- uses of provisions	(14)	-5.1%	(17)	-1.5%
- other	(22)	-8.0%	-	-
Tax increases:				
- writedowns for the year	152	55.1%	-	-
- accruals to provisions	10	3.6%	9	0.8%
- prior-year expense	3	1.1%	3	0.3%
- other	3	1.1%	9	0.8%
Total current income taxes (IRES)	**(267)**	**-96.7%**	**(207)**	**-17.8%**
IRAP	**-**	**-**	**-**	**-**
Difference on estimated income taxes from prior years	**(32)**	**-11.6%**	**(9)**	**-0.8%**
Total deferred tax items	**17**	**6.2%**	**8**	**0.7%**
- of which changes for the year	9		7	
- of which changes in estimates for previous years	8		1	
TOTAL INCOME TAXES	**(282)**	**-102.2%**	**(208)**	**-17.9%**

Information on the balance sheet

Assets

10. Property, plant and equipment - *€8 million*

Developments in property, plant and equipment for 2013 and 2014 are set out in the table below.

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	**Total**
Cost	1	3	3	5	19	26	57
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(24)	(52)
Balance at Dec. 31, 2012	**1**	**1**	**-**	**-**	**1**	**2**	**5**
Capital expenditure	-	-	-	-	-	5	5
Depreciation	-	-	-	-	-	(1)	(1)
Total changes	-	-	-	-	-	4	**4**
Cost	1	3	3	5	19	31	62
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(25)	(53)
Balance at Dec. 31, 2013	**1**	**1**	**-**	**-**	**1**	**6**	**9**
Capital expenditure	-	-	-	-	-	2	2
Depreciation	-	-	-	-	-	(3)	(3)
Total changes	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Cost	1	3	3	5	19	33	64
Accumulated depreciation	-	(2)	(3)	(5)	(18)	(28)	(56)
Balance at Dec. 31, 2014	**1**	**1**	**-**	**-**	**1**	**5**	**8**

"Property, plant and equipment" totaled €8 million, a decrease of €1 million compared with the previous year, essentially attributable to the negative net balance between capital expenditure during the year (€2 million) and depreciation for the period (€3 million). "Leasehold improvements" mainly regard the renovation work on an number of buildings housing Enel SpA's headquarters.

11. Intangible assets - *€11 million*

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

Millions of euro	Industrial patents and intellectual property rights	Assets under development and advances	Total
Balance at Dec. 31, 2012	**11**	**1**	**12**
Capital expenditure	6	1	7
Assets entering service	1	(1)	-
Amortization	(8)	-	(8)
Total changes	**(1)**	**-**	**(1)**
Balance at Dec. 31, 2013	**10**	**1**	**11**
Capital expenditure	-	9	9
Assets entering service	9	(9)	-
Amortization	(9)	-	(9)
Total changes	**-**	**-**	**-**
Balance at Dec. 31, 2014	**10**	**1**	**11**

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software as well as related evolutionary maintenance. Amortization is calculated on a straight-line basis over the item's residual useful life (three years on average).
The amount of the item remained stable as compared with the previous year since the amortization for the year (€9 million) was entirely offset by assets entering service, essentially in respect of software systems to manage consolidated reporting, risk and centralized finance systems.
"Assets under development and advances", amounting to €1 million, also remained the same as in 2013 and essentially regard expenditure on centralized finance systems, the implementation of risk measurement models and improvements in the Parent Company's reporting management and accounting systems.

12. Deferred tax assets and liabilities - *€383 million and €252 million*

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

Millions of euro

	at Dec. 31, 2013	Increase/ (Decrease) taken to income statement	Increase/ (Decrease) taken to equity	**at Dec. 31, 2014**
	Total			**Total**
Deferred tax assets				
Nature of temporary differences:				
- accruals to provisions for risks and charges and impairment losses	36	(5)	(3)	28
- derivatives	199	-	115	314
- other items	44	(3)	-	41
Total deferred tax assets	**279**	**(8)**	**112**	**383**
Deferred tax liabilities				
Nature of temporary differences:				
- measurement of financial instruments	130	-	113	243
- other items	-	9	-	9
Total deferred tax liabilities	**130**	**9**	**113**	**252**
Excess net deferred IRES tax assets after any offsetting	**171**			**172**
Excess net deferred IRAP tax liabilities after any offsetting	**(22)**			**(41)**

"Deferred tax assets" totaled €383 million (€279 million at December 31, 2013), an increase of €104 million compared with the previous year, mainly attributable to deferred tax assets in respect of the fair value measurement of cash flow hedges (€115 million) and the reversal of a number of items associated with accruals to provisions for risks and charges and impairment losses (€5 million).

"Deferred tax liabilities" totaled €252 million, an increase of €122 million (€130 million at December 31, 2013), due largely to deferred taxes in respect of the fair value measurement of cash flow hedges (€113 million).

The amount of deferred tax liabilities was determined by applying the rates of 27.5% for IRES and 5.57% for IRAP (taking account of regional surtaxes). The amount of deferred tax assets was determined by applying the IRES rate of 27.5% only, as in the coming years we do not expect to earn income subject to IRAP sufficient to reverse the temporary deductible differences.

13. Equity investments - *€38,754 million*

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

Millions of euro	Original cost	(Writedowns)/ evaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding
			at Dec. 31, 2013		
A) Subsidiaries					
Enel Produzione SpA	4,892	-	4	4,896	100.0
Enel Ingegneria e Ricerca SpA	46	-	1	47	100.0
Enel Distribuzione SpA	4,054	-	2	4,056	100.0
Enel Servizio Elettrico SpA	110	-	-	110	100.0
Enel Trade SpA	901	-	1	902	100.0
Enel Green Power SpA	3,640	-	2	3,642	68.3
Enel Investment Holding BV	8,498	(4,473)	-	4,025	100.0
Enelpower SpA	189	(159)	-	30	100.0
Enel Energia SpA	1,321	(8)	-	1,313	100.0
Enel Iberoamérica SL	18,300	-	-	18,300	100.0
Enel.Factor SpA	18	-	-	18	100.0
Enel Sole Srl	5	-	-	5	100.0
Enel Italia Srl	525	(41)	3	487	100.0
Enel.Newhydro Srl	70	(54)	-	16	100.0
Enel Finance International NV	1,414	-	-	1,414	100.0
Enel Oil & Gas SpA	-	-	-	-	-
Total	**43,983**	**(4,735)**	**13**	**39,261**	
C) Associates					
CESI SpA	23	-	-	23	42.7
Total	**23**	**-**	**-**	**23**	
D) Other companies					
Elcogas SA	5	(1)	-	4	4.3
Emittenti Titoli SpA	1	-	-	1	10.0
Idrosicilia SpA	-	-	-	-	1.0
Total	**6**	**(1)**	**-**	**5**	
TOTAL	**44,012**	**(4,736)**	**13**	**39,289**	

Value adjustments	Original cost	(Writedowns)/ Revaluations	Other changes - IFRIC 11 and IFRS 2	Carrying amount	% holding
Changes in 2014		**at Dec. 31, 2014**			
(512)	4,892	(512)	4	4,384	100.0
(19)	46	(19)	1	28	100.0
-	4,054	-	2	4,056	100.0
-	110	-	-	110	100.0
-	901	-	1	902	100.0
-	3,640	-	2	3,642	68.3
-	8,498	(4,473)	-	4,025	100.0
-	189	(159)	-	30	100.0
-	1,321	(8)	-	1,313	100.0
-	18,300	-	-	18,300	100.0
-	18	-	-	18	100.0
-	5	-	-	5	100.0
-	525	(41)	3	487	100.0
-	70	(54)	-	16	100.0
-	1,414	-	-	1,414	100.0
-	-	-	-	-	100.0
(531)	**43,983**	**(5,266)**	**13**	**38,730**	
-	23	-	-	23	42.7
-	**23**	**-**	**-**	**23**	
(4)	5	(5)	-	-	4.3
-	1	-	-	1	10.0
-	-	-	-	-	1.0
(4)	**6**	**(5)**	**-**	**1**	
(535)	**44,012**	**(5,271)**	**13**	**38,754**	

The table below reports changes in equity investments in 2014.

Millions of euro	
Increases:	
Incorporation of Enel Oil & Gas SpA	-
Total increases	**-**
Decreases:	
Writedown of equity investment in Enel Produzione SpA	(512)
Writedown of equity investment in Enel Ingegneria e Ricerca SpA	(19)
Writedown of equity investment in Elcogas SA	(4)
Total decreases	**(535)**
NET CHANGE	**(535)**

The net decrease in the value of equity investments in subsidiaries, associates and other companies is attributable to:

> the writedown of the equity investment in Enel Produzione SpA in the amount of €512 million, to take account of the ongoing impact of the economic crisis in Italy and in consideration of the negative impact of such crisis on the traditional electricity generation sector;

> the writedown of the equity investment in Enel Ingegneria e Ricerca SpA in the amount of €19 million, to take account of the losses posted by the company and the presumable recovery of the recognized cost;

> to the total writedown of the equity investment in Elcogas SA, which has been in liquidation since January 1, 2015, for €4 million;

> the incorporation of Enel Oil & Gas SpA on November 26, 2014, through the contribution of €200,000 towards the share capital.

The share certificates for Enel SpA's investments in Italian subsidiaries are held in custody at Monte dei Paschi di Siena. The following table reports the share capital and shareholders' equity of the investments in subsidiaries, associates and other companies at December 31, 2014.

	Registered office	Currency	Share capital (euro)	Shareholders' equity (millions of euro)	Prior year income/ (loss) (millions of euro)	% holding	Carrying amount (millions of euro)
A) Subsidiaries							
Enel Produzione SpA	Rome	Euro	1,800,000,000	4,039	(1,793)	100.0	4,384
Enel Ingegneria e Ricerca SpA	Rome	Euro	30,000,000	26	(1)	100.0	28
Enel Distribuzione SpA	Rome	Euro	2,600,000,000	4,365	1,278	100.0	4,056
Enel Servizio Elettrico SpA	Rome	Euro	10,000,000	98	5	100.0	110
Enel Trade SpA	Rome	Euro	90,885,000	357	(235)	100.0	902
Enel Green Power SpA (1)	Rome	Euro	1,000,000,000	8,929	440	68.3	3,642
Enel Investment Holding BV (1)	Amsterdam	Euro	1,593,050,000	3,673	61	100.0	4,025
Enelpower SpA	Milan	Euro	2,000,000	30	-	100.0	30
Enel Energia SpA	Rome	Euro	302,039	1,214	160	100.0	1,313
Enel Iberoamérica SL	Madrid	Euro	500,000,000	23,546	21	100.0	18,300
Enel.Factor SpA	Rome	Euro	12,500,000	48	4	100.0	18
Enel Sole Srl	Rome	Euro	4,600,000	56	7	100.0	5
Enel Italia Srl	Rome	Euro	50,000,000	420	9	100.0	487
Enel.Newhydro Srl	Rome	Euro	1,000,000	18	1	100.0	16
Enel Finance International NV	Amsterdam	Euro	1,478,810,370	722	32	100.0	1,414
Enel Oil & Gas SpA	Rome	Euro	200,000	-	-	100.0	-
C) Associates							
CESI SpA	Milan	Euro	8,550,000	95	2	42.7	23
D) Other companies							
Elcogas SA (2)	Puertollano	Euro	20,242,260	(8)	(18)	4.3	-
Emittenti Titoli SpA	Milan	Euro	4,264,000	16	10	10.0	1
Idrosicilia SpA (3)	Milan	Euro	22,520,000	40	2	1.0	-

(1) The figures for shareholders' equity and the results for the period refer to the Group.
(2) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2013.
(3) The figures for share capital, shareholders' equity and net income refer to the financial statements at December 31, 2012.

The carrying amounts of the equity investments in Enel Finance International NV, Enel Italia Srl, Enel Servizio Elettrico SpA, Enel Trade SpA, Enel Investment Holding BV, Enel Produzione SpA and Enel Energia SpA are considered to be recoverable even though they individually exceed the respective shareholders' equity at December 31, 2014. This circumstance is not felt to represent an impairment loss in respect of the investment but rather a temporary mismatch between the two amounts. More specifically:

> in the case of Enel Finance International NV, it is due essentially to a decline in the fair value of a number of balance sheet items that are reflected in shareholders' equity;
> as to Enel Italia Srl and Enel Servizio Elettrico SpA, it is attributable to the retroactive application of "IAS 19 - *Employee benefits*" in 2013, which involved the recognition of net actuarial losses and that necessarily had an impact on the companies' shareholders' equity. As these losses are not monetary in nature, they will be recovered in future years with no cash outflow for the subsidiaries;
> in the cases of Enel Trade SpA and Enel Investment Holding BV, given that the expected future cash flows suggest a higher value than that reflected in the carrying amount of shareholders' equity (which in certain cases reflects unfavorable exchange rates), the value of the investment will be fully recovered and the mismatch between the two amounts is only temporary.

"Equity investments in other companies" at December 31, 2014 all regard unlisted companies and are measured at cost, as the fair value cannot be reliably determined.

Millions of euro	at Dec. 31, 2014	at Dec. 31, 2013
Equity investments in unlisted companies measured at cost	**1**	**5**
Elcogas SA	-	4
Emittenti Titoli SpA	1	1
Idrosicilia SpA	-	-

14. Derivatives - *€1,979 million, €280 million, €2,484 million, €359 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Derivative financial assets	1,979	1,355	280	177
Derivative financial liabilities	2,484	2,098	359	237

For more details about the nature of derivative financial assets and liabilities, please see notes 31 "Financial instruments" and 33 "Derivative and hedge accounting".

15. Other non-current financial assets - *€146 million*

The aggregate is composed of the following:

Millions of euro	Notes	at Dec. 31, 2014	at Dec. 31, 2013	Change
Prepaid expenses		25	43	(18)
Other non-current financial assets included in net financial debt	15.1	121	122	(1)
Total		**146**	**165**	**(19)**

"Prepaid expenses" are essentially accounted for by residual transaction costs on the €10 billion revolving credit facility agreed on April 19, 2010 between Enel, Enel Finance International and Mediobanca, as well as those in respect of the Forward Start Facility Agreement signed on February 8, 2013 by the same companies with a pool of banks in the amount of €9 billion. The item reports the non-current portion of those costs and their reversal through profit or loss depends on the type of fee involved and the maturity of the credit line.

15.1 Other non-current financial assets included in net financial debt - *€121 million*

Millions of euro

	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Financial receivables				
Due from subsidiaries	31.1.1	117	117	-
Due from others		-	2	(2)
Other financial receivables		4	3	1
Total		**121**	**122**	**(1)**

Financial receivables due from subsidiaries, amounting to €117 million, refer to receivables in respect of the assumption by Group companies of their share of financial debt. The terms of the agreements call for the rebilling of the related finance costs and the income and expenses accrued on the interest-rate risk hedging contracts, as well as the repayment of the principal upon maturity of each loan.

16. Other non-current assets - *€467 million*

This item can be broken down as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Receivable from subsidiaries for assumption of supplementary pension plan liabilities	**173**	**195**	**(22)**
Tax receivables	**290**	**284**	**6**
Other long-term receivables:			
- other receivables	4	4	-
Total	**4**	**4**	**-**
TOTAL OTHER NON-CURRENT ASSETS	**467**	**483**	**(16)**

The item "Receivable from subsidiaries for assumption of supplementary pension plan liabilities" in the amount of €173 million refers to receivables in respect of the assumption by Group companies of their share of the supplementary pension plan. The terms of the agreement state that the Group companies concerned are to reimburse the costs of extinguishing defined benefit obligations of the Parent Company, which are recognized under "Post-employment and other employee benefits".

On the basis of actuarial forecasts made using current assumptions, the portion due beyond five years of the "Receivables from subsidiaries for assumption of supplementary pension plan liabilities" came to €111 million (€130 million at December 31, 2013).

"Tax receivables" regard the tax credit in respect of the claim for reimbursement submitted by Enel SpA on its own behalf for 2003 and on its own behalf and as the consolidating company for 2004-2011 for excess income tax paid as a result of not partially deducting IRAP in calculating taxable income for IRES purposes. This item increased by €6 million over the previous year due to the recognition of accrued interest for the period.

"Other receivables" amounted to €4 million and essentially regard the receivable due from Enel Ingegneria e Ricerca SpA for the sale in 2011 of the interest held in Sviluppo Nucleare Italia Srl.

17. Trade receivables - *€132 million*

The aggregate is composed of the following.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Customers:			
- other receivables	6	8	(2)
Total	**6**	**8**	**(2)**
Trade receivables due from subsidiaries	**126**	**208**	**(82)**
TOTAL	**132**	**216**	**(84)**

"Trade receivables due from subsidiaries" primarily regard the management and coordination services and other activities performed by Enel SpA on behalf of Group companies. The decrease of €82 million is linked with developments in the revenues associated with those services, as well as an improvement in collection times.
Trade receivables due from subsidiaries break down as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Subsidiaries			
Enel Iberoamérica SL	1	1	-
Enel Produzione SpA	18	6	12
Enel Distribuzione SpA	7	20	(13)
Enel Green Power SpA	7	4	3
Endesa SA	-	1	(1)
Enel Servizio Elettrico SpA	(1)	2	(3)
Enel Trade SpA	3	2	1
Enel Energia SpA	21	34	(13)
Enel Italia Srl	-	21	(21)
Slovenské elektrárne AS	17	11	6
Enel.si Srl	6	18	(12)
Enel Investment Holding BV	-	2	(2)
Enel Green Power North America Inc.	1	1	-
Enel Sole Srl	2	2	-
Enel Russia OJSC	16	14	2
Endesa Distribución Eléctrica SL	16	15	1
Endesa Generación SA	(2)	5	(7)
Enel Romania Srl	4	9	(5)
Unión Eléctrica de Canarias Generación SAU	-	8	(8)
Other	10	32	(22)
Total	**126**	**208**	**(82)**

Trade receivables by geographical area are shown below.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Italy	66	109	(43)
EU	47	75	(28)
Non-EU Europe	18	26	(8)
Other	1	6	(5)
Total	**132**	**216**	**(84)**

18. Tax receivables - *€625 million*

Income tax receivables at December 31, 2014 amounted to €625 million and essentially regard the Company's IRES credit for current 2014 taxes (€267 million) and the receivable with respect to consolidated IRES for 2014 (€354 million).

19. Other current financial assets - *€5,040 million*

This item can be broken down as follows.

Millions of euro

	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Other current financial assets included in net financial debt		4,693	4,930	(237)
Other sundry current financial assets	19.1	347	350	(3)
Total		**5,040**	**5,280**	**(240)**

19.1 Other current financial assets included in net financial debt - *€4,693* million

Millions of euro

	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Financial receivables due from Group companies:				
- short-term financial receivables (intercompany accounts)	32.1.1	4,018	3,391	627
- short-term loan to Enel Finance International NV	32.1.1	-	500	(500)
- current portion of receivables for assumption of loans	32.1.1	-	21	(21)
Financial receivables due from others:				
- other financial receivables		3	-	3
- cash collateral for margin agreements on OTC derivatives	32.1.1	672	1,018	(346)
Total		4,693	4,930	(237)

"Other current financial assets included in net financial debt", amounting to €4,693 million at December 31, 2014, refer to "Financial receivables due from Group companies" (€4,018 million) and "Financial receivables due from others" (€675 million).
"Financial receivables due from Group companies" increa-

sed by €106 million over December 31, 2013, due to the rise in short-term financial receivables due from Group companies on the intercompany current account (€627 million), partly offset by the repayment by Enel Finance International NV under the Intercompany Revolving Facility Agreement granted to it in 2013 (€500 million).

"Financial receivables due from others", amounting to €675 million, decreased by €343 million compared with December 31, 2013, essentially as a result of the reduction in cash collateral paid to counterparties for OTC derivatives on interest rates and exchange rates.

20. Cash and cash equivalents - *€6,972 million*

Cash and cash equivalents are detailed in the following table.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Bank and post office deposits	6,972	3,123	3,849
Cash and cash equivalents on hand	-	-	-
Total	**6,972**	**3,123**	**3,849**

Cash and cash equivalents amounted to €6,972 million, an increase of €3,849 million compared with December 31, 2013, mainly due to the impact of extraordinary transactions relating to the optimization of the Group's organizational structure on the centralized treasury functions, as well as lower tax payments for 2014.

21. Other current assets - *€244 million*

At December 31, 2014, the item broke down as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Tax receivables	33	122	(89)
Other receivables due from Group companies	208	196	12
Receivables due from others	3	1	2
Total	**244**	**319**	**(75)**

"Other current assets" fell by €75 million as compared with December 31, 2013.

"Tax receivables" amounted to €33 million, primarily accounted for by the VAT credit for the Group (€25 million) and other receivables with respect to prior-year income taxes (€7 million). The decrease of €89 million on the previous year is essentially due to the decline in the VAT credit for the Group (€39 million), the collection of the IRAP receivables for previous years (€24 million) and the net creditor position with respect to tax authority, in 2013, with regard to IRES receivables for the companies that participate in the consolidated taxation mechanism (€20 million).

"Other receivables due from Group companies" mainly comprise the VAT credit in respect of the companies participating in the Group VAT mechanism (€51 million) and IRES receivables due from the Group companies that participate in the consolidated taxation mechanism (€116 million).

Liabilities

22. Shareholders' equity - *€25,136 million*

Shareholders' equity amounted to €25,136 million, down €731 million compared with December 31, 2013. The decrease is essentially attributable to the distribution of the dividend for 2013 in the amount of €0.13 per share (for a total of €1,223 million), as approved by the Shareholders' Meeting on May 22, 2014, offset in part by net income for the year (€492 million).

Share capital - *€9,403 million*

At December 31, 2014 (as at December 31, 2013), the share capital of Enel SpA – considering that no options were exercised as part of stock option plans in 2014 – amounted to €9,403,357,795 fully subscribed and paid up, represented by 9,403,357,795 ordinary shares with a par value of €1.00 each.

At the same date, based on the shareholders register and the notices submitted to CONSOB and received by the Company pursuant to Article 120 of Legislative Decree 58 of February 24, 1998, as well as other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 31.24%, CNP Assurances (which holds a 3.67% stake, held as at June 26, 2014 for asset management purposes) and the People's Bank of China (2.07%).

On February 26, 2015, the Ministry for the Economy and Finance sold an interest of 5.74% in the Company. Accordingly, following that operation, the Ministry's holding in the Company has decreased from 31.24% to 25.50%.

Other reserves - *€9,114 million*

Share premium reserve - *€5,292 million*

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

Legal reserve - *€1,881 million*

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

Reserve pursuant to Law 292/1993 - *€2,215 million*

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

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

Other sundry reserves - *€68 million*

Other reserves include €19 million related to the reserve for capital grants, which reflects 50% of the grants received from Italian public entities and EU bodies in application of related laws for new works (pursuant to Article 55 of Presidential Decree 917/1986), which is recognized in equity in order to take advantage of tax deferment benefits. It also includes €29 million in respect of the stock option reserve and €20 million for other reserves.

Reserve from measurement of financial instruments - *€(332) million*

At December 31, 2014, the item was entirely represented by the reserve from measurement of cash flow hedge derivatives, a negative value of €332 million (net of the positive tax effect of €70 million).

Reserve from remeasurement of defined benefit obligation - *€(10) million*

At December 31, 2014, the defined benefit plan reserve amounted to €10 million (net of the positive tax effect of €4 million). The reserve includes all actuarial gains and losses recognized directly in equity, as the corridor approach is no longer permitted under the revised version of "IAS 19 - *Employee benefits*".

The table below provides a breakdown of changes in the reserve from measurement of financial instruments and the reserve from measurement of defined benefit plan liabilities/assets in 2013 and 2014.

Millions of euro		Gains/(Losses) recognized in equity for the year	Gross released to income statement	Taxes		Gains/(Losses) recognized in equity for the year	Gross released to income statement	Taxes	
	at Jan. 1, 2013				at Dec. 31, 2013				**at Dec. 31, 2014**
Reserve from measurement of cash flow hedge instruments	(351)	(28)	141	(21)	(259)	173	(248)	2	**(332)**
Gains/(Losses) from the remeasurement of net liabilities/(assets) for defined benefit plans	(13)	(5)	-	1	(17)	10	-	(3)	**(10)**
Gains/(Losses) recognized directly in equity	**(364)**	**(33)**	**141**	**(20)**	**(276)**	**183**	**(248)**	**(1)**	**(342)**

Retained earnings - *€6,061 million*

For 2014, the item shows an increase of €149 million, essentially attributable to retained net income for the previous year, as approved by the Shareholders' Meeting of May 22, 2014.

Net income - *€558 million*

Net income for 2014 amounted to €558 million.
The table below shows the availability of shareholders' equity for distribution.

Millions of euro

	at Dec. 31, 2014	Possible uses	Amount available
Share capital	**9,403**		
Capital reserves:			
- share premium reserve	5,292	ABC	5,292
Income reserves:			
- legal reserve	1,881	B	
- reserve pursuant to Law 292/1993	2,215	ABC	2,215
- reserve from measurement of financial instruments	(332)		
- reserve for capital grants	19	ABC	19
- stock option reserve	29	ABC	29 (1) (2)
- reserve from remeasurement of defined benefit plan liabilities	(10)		
- other	20	ABC	20
Retained earnings/(loss carried forward)	6,061	ABC	6,061
Total	**24,578**		**13,636**
amount available for distribution			*13,633*

A: for capital increases.
B: to cover losses.
C: for distribution to shareholders.
(1) Regards lapsed options.
(2) Not distributable in the amount of €3 million regarding options granted by the Parent Company to employees of subsidiaries that have lapsed.

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

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

22.1 Dividends

The table below shows the dividends paid by the Company in 2013 and 2014.

	Amount distributed (millions of euro)	Net dividend per share (euro)
Dividends paid in 2013		
Dividends for 2012	1,410	0.15
Interim dividend for 2013	-	-
Special dividends	-	-
Total dividends paid in 2013	**1,410**	**0.15**
Dividends paid in 2014		
Dividends for 2013	1,223	0.13
Interim dividend for 2014	-	-
Special dividends	-	-
Total dividends paid in 2014	**1,223**	**0.13**

The dividend for 2014, equal to €0.14 per share, for a total of €1,316 million, was proposed at the Shareholders' Meeting of May 28, 2015. These financial statements do not take account of the effect of the distribution of the 2014 dividend to shareholders.

22.2 Capital management

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating.

In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require. There were no substantive changes in objectives, policies or processes in 2014.

To this end, the Company constantly monitors developments in the level of its debt in relation to equity. The situation at December 31, 2014 and 2013 is summarized in the following table.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Non-current financial position	(17,288)	(17,764)	476
Net current financial position	4,556	5,339	(783)
Non-current financial receivables and long-term securities	121	122	(1)
Net financial debt	**(12,611)**	**(12,303)**	**(308)**
Shareholders' equity	**25,136**	**25,867**	**(731)**
Debt/equity ratio	**(0.50)**	**(0.48)**	**(0.02)**

23. Borrowings - *€17,288 million, €2,363 million, €4,746 million*

Millions of euro	Non-current		Current	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Long-term borrowings	17,288	17,764	2,363	1,061
Short-term borrowings	-	-	4,746	1,653

For more details about the nature of borrowings, please see note 31 "Financial instruments".

24. Post-employment and other employee benefits - *€302 million*

The Company provides its employees with a variety of benefits, including termination benefits, additional months' pay, indemnities in lieu of notice, loyalty bonuses for achievement of seniority milestones, supplementary pension plans, supplementary healthcare plans, residential electricity discounts (limited to retired personnel only), additional indemnity for FOPEN pension contributions, FOPEN pension contributions in excess of deductible amount and personnel incentive plans.

The item includes accruals made to cover post-employment benefits under defined benefit plans and other long-term benefits to which employees are entitled under statute, contract or other form of employee incentive scheme.

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

The following table reports the change during the year in the defined benefit obligation, as well as a reconciliation of the defined benefit obligation with the obligation recognized in the balance sheet at December 31, 2014 and at December 31, 2013.

Millions of euro	**2014**					2013				
	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**	Pension benefits	Electricity discount	Health insurance	Other benefits	**Total**
CHANGES IN ACTUARIAL OBLIGATION										
Actuarial obligation at January 1	**273**	**11**	**37**	**15**	**336**	**296**	**9**	**39**	**14**	**358**
Current service cost	-	-	-	10	**10**	-	-	-	5	**5**
Interest expense	8	-	1	-	**9**	9	-	1	-	**10**
Actuarial (gains)/losses arising from changes in financial assumptions	(7)	-	(2)	-	**(9)**	4	2	(1)	-	**5**
Experience adjustments	(3)	1	1	-	**(1)**	-	1	-	-	**1**
(Gains)/Losses arising from settlements	-	-	-	-	**-**	(6)	-	-	-	**(6)**
Other payments	(29)	(1)	(2)	(11)	**(43)**	(29)	(1)	(2)	(4)	**(36)**
Other changes	-	-	-	-	**-**	(1)	-	-	-	**(1)**
Actuarial obligation at December 31	**242**	**11**	**35**	**14**	**302**	**273**	**11**	**37**	**15**	**336**

Millions of euro

	2014	2013
(Gains)/Losses charged to profit or loss		
Service cost	10	5
Interest expense	9	10
(Gains)/Losses arising from settlements	-	(6)
Total	**19**	**9**

Millions of euro

	2014	2013
Remeasurement (gains)/losses in OCI		
Actuarial (gains)/losses on defined benefit plans	(10)	6
Total	**(10)**	**6**

The current service cost for employee benefits in 2014 amounted to €10 million, recognized under personnel costs (€6 million in 2013), while the interest cost from the accretion of the liability amounted to €9 million (€10 million in 2013).

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

	2014	2013
Discount rate	0.50% - 2.15%	0.75% - 3.0%
Rate of wage increases	1.6% - 3.6%	2.0% - 4.0%
Rate of increase in healthcare costs	2.6%	3.0%

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

Millions of euro

	An increase of 0.5% in discount rate	A decrease of 0.5% in discount rate	An increase of 0.5% in inflation rate	An increase of 0.5% in remuneration	An increase of 0.5% in pensions currently being paid	An increase of 1% in healthcare costs	An increase of 1 year in life expectancy of active and retired employees
Healthcare plans: ASEM	(2)	2	2	2	2	4	1

25. Provisions for risks and charges - *€16 million*

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

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

Millions of euro		Taken to income statement			Total	
		Accruals	Reversals	Utilization		
	at Dec. 31, 2013				**at Dec. 31, 2014**	*of which current portion*
Provision for litigation, risks and other charges:						
- litigation	19	-	(6)	(1)	12	*12*
- other	3	-	-	-	3	*-*
Total	**22**	**-**	**(6)**	**(1)**	**15**	***12***
Provision for early-retirement incentives	1	-	-	-	1	*1*
TOTAL	**23**	**-**	**(6)**	**(1)**	**16**	***13***

The net reduction in the litigation provision amounted to €7 million, essentially reflecting the revision of estimates for a number of outstanding disputes (€6 million).

26. Other non-current liabilities - *€287 million*

"Other non-current liabilities" amounted to €287 million (€283 million at December 31, 2013). They essentially regard the debt towards Group companies that arose following Enel SpA's request (submitted in its capacity as the consolidating company) for reimbursement for 2004-2011 of the additional income taxes paid as a result of not deducting part of IRAP in computing taxable income for IRES purposes. The liability in respect of the subsidiaries is balanced by the recognition of non-current tax receivables (note 16). The change for the year of €4 million was essentially attributable to the increase in the liability as a result of interest accrued during the period.

27. Trade payables - *€139 million*

Millions of euro	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Trade payables:			
- due to third parties	85	130	(45)
- due to Group companies	54	82	(28)
Total	**139**	**212**	**(73)**

"Trade payables" include payables due to third parties of €85 million (€130 million at December 31, 2013) and payables due to Group companies of €54 million (€82 million at December 31, 2013).

Trade payables due to subsidiaries at December 31, 2014 break down as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Subsidiaries			
Enel Produzione SpA	1	1	-
Enel Distribuzione SpA	-	18	(18)
Enel Ingegneria e Ricerca SpA	-	4	(4)
Enel Servizio Elettrico SpA	-	2	(2)
Enel Trade SpA	1	1	-
Enel Italia Srl	25	32	(7)
Enel.Factor SpA	12	4	8
Endesa SA	4	13	(9)
Enel Russia OJSC	4	3	1
Sviluppo Nucleare Italia Srl	3	1	2
Other	4	3	1
Total	**54**	**82**	**(28)**

Trade payables break down by geographical area as follows.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Suppliers			
Italy	123	183	(60)
EU	9	18	(9)
Non-EU	5	8	(3)
Other	2	3	(1)
Total	**139**	**212**	**(73)**

28. Other current financial liabilities - *€694 million*

"Other current financial liabilities" mainly regard interest expense accrued on debt outstanding at end-year.

Millions of euro

	Notes	at Dec. 31, 2014	at Dec. 31, 2013	Change
Deferred financial liabilities	31.2.1	649	527	122
Other items	31.2.1	45	60	(15)
Total		**694**	**587**	**107**

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

29. Net financial position and long-term financial receivables and securities - *€12,611 million*

The following table shows the net financial position and long-term financial receivables and securities on the basis of the items on the balance sheet.

Millions of euro

	Notes	at Dec. 31, 2014	at Dec. 31, 2013	Change
Long-term borrowings	23	17,288	17,764	(476)
Short-term borrowings	23	4,746	1,653	3,093
Current portion of long-term borrowings	23	2,363	1,061	1,302
Non-current financial assets included in debt	15.1	121	122	(1)
Current financial assets included in debt	19.1	4,693	4,930	(237)
Cash and cash equivalents	20	6,972	3,123	3,849
Total		**12,611**	**12,303**	**308**

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2014, reconciled with net financial debt as reported in the report on operations.

Millions of euro

	at Dec. 31, 2014		at Dec. 31, 2013		Change
		of which with related parties		*of which with related parties*	
Bank and post office deposits	6,972		3,123		3,849
Liquidity	6,972		3,123		3,849
Current financial receivables	**4,693**	***4,018***	**4,930**	***3,912***	**(237)**
Short-term bank debt	(3)		(4)		1
Short-term portion of long-term bank debt	(2,363)		(1,061)		(1,302)
Other short-term financial payables	(4,743)	*(4,320)*	(1,649)	*(1,531)*	(3,094)
Short-term financial debt	**(7,109)**		**(2,714)**		**(4,395)**
Net short-term financial position	**4,556**		**5,339**		**(783)**
Bonds	(17,288)		(17,764)		476
Long-term borrowings	**(17,288)**		**(17,764)**		**476**
Long-term financial position	**(17,288)**		**(17,764)**		**476**
NET FINANCIAL POSITION as per CONSOB instructions	**(12,732)**		**(12,425)**		**(307)**
Long-term financial receivables	**121**	***117***	**122**	***117***	**(1)**
NET FINANCIAL DEBT	**(12,611)**		**(12,303)**		**(308)**

30. Other current liabilities - *€975 million*

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

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Tax payables	540	31	509
Payables due to Group companies	396	643	(247)
Payables due to employees, recreational/assistance associations	20	18	2
Payables due to social security institutions	8	8	-
Payables due to customers for security deposits and reimbursements	1	1	-
Other	10	8	2
Total	**975**	**709**	**266**

"Tax payables" amounted to €540 million and essentially regard amounts due to tax authorities for consolidated IRES (€533 million). The increase as compared with the previous year amounted to €509 million and essentially regards amounts due to tax authorities for consolidated IRES in 2014 (tax receivable in 2013), partly offset by the change from a debtor position in 2014 to a creditor position in 2014 with respect to Group VAT (€24 million).

"Payables due to Group companies" amounted to €396 million and are composed of €316 million in liabilities generated by the IRES consolidated taxation mechanism and €77 million in liabilities from the Group consolidated VAT system. The decrease of €247 million reflected developments in the debtor positions generated by these consolidated taxation mechanisms.

31. Financial instruments

31.1 Financial assets by category

The following table shows the carrying amount for each category of financial assets provided by IAS 39, broken down into current and non-current financial assets, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Loans and receivables	31.1.1	146	165	12,144	8,619
Financial assets at fair value through profit or loss					
Derivative financial assets at FVTPL	31.1.2	1,283	1,041	280	177
Total		**1,283**	**1,041**	**280**	**177**
Derivative financial assets designated as hedging instruments					
Cash flow hedge derivative financial assets	31.1.2	656	304	-	-
Fair value hedge derivative financial assets	31.1.2	40	10	-	-
Total		**696**	**314**	**-**	**-**
TOTAL		**2,125**	**1,520**	**12,424**	**8,796**

31.1.1 Loans and receivables

The following table shows loans and receivables by nature, broken down into current and non-current financial assets.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013
Cash and cash equivalents		-	-	20	6,972	3,123
Trade receivables		-	-	17	132	216
Financial receivables due from Group companies						
Current portion of receivables for assumption of loans	15.1	117	117		-	21
Receivables on intercompany accounts		-	-	19.1	4,018	3,391
Short-term loan granted to Enel Finance International NV		-	-	19.1	-	500
Other financial receivables		-	-		205	257
Total financial receivables due from Group companies		**117**	**117**		**4,223**	**4,169**
Financial receivables due from others						
Cash collateral for margin agreements on OTC derivatives		-	-	19.1	672	1,018
Other financial receivables		29	48		145	93
Total financial receivables due from others		**29**	**48**		**817**	**1,111**
TOTAL		**146**	**165**		**12,144**	**8,619**

The primary change related to an increase in "Cash and cash equivalents" of €3,849 million compared with December 31, 2013 due to the impact of extraordinary transactions relating to the optimization of the Group's organizational structure on the centralized treasury functions.

31.1.2 Derivative financial assets

The following table shows the notional amount and the fair value of derivative financial assets, by type of hedge relationship and hedged risk, broken down into current and non-current financial assets.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	Change	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Derivative financial assets designated as hedging instruments										
Cash flow hedges:										
- on interest rate risk	-	-	-	-	-	400	-	-	-	-
- on foreign exchange risk	3,649	1,319	656	304	352	-	-	-	-	-
Total cash flow hedges	**3,649**	**1,319**	**656**	**304**	**352**	**400**	**-**	**-**	**-**	**-**
Fair value hedges:										
- on interest rate risk	800	800	40	10	30	-	-	-	-	-
Total fair value hedges	**800**	**800**	**40**	**10**	**30**	**-**	**-**	**-**	**-**	**-**
Derivatives at FVTPL:										
- on interest rate risk	3,112	3,413	376	225	151	45	-	2	-	2
- on foreign exchange risk	9,582	7,865	907	816	91	4,476	4,603	278	177	101
Total FVTPL	**12,694**	**11,278**	**1,283**	**1,041**	**242**	**4,521**	**4,603**	**280**	**177**	**103**
TOTAL	**17,143**	**13,397**	**1,979**	**1,355**	**624**	**4,921**	**4,603**	**280**	**177**	**103**

For more details about derivative financial assets please, please see note 33 "Derivatives and hedge accounting".

31.2 Financial liabilities by category

The following table shows the carrying amount for each category of financial liabilities provided by IAS 39, broken down into current and non-current financial liabilities, showing separately hedging derivatives and derivatives measured at fair value through profit or loss.

Millions of euro		Non-current		Current	
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Financial liabilities measured at amortized cost	31.2.1	17,288	17,764	7,942	3,513
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities at FVTPL	31.2.2	1,295	1,045	358	226
Total		**1,295**	**1,045**	**358**	**226**
Derivative financial liabilities designated as hedging instruments					
Cash flow hedge derivatives	31.2.3	1,189	1,053	1	11
Total		**1,189**	**1,053**	**1**	**11**
TOTAL		**19,772**	**19,862**	**8,301**	**3,750**

For more details about fair value measurement, please see note 34 "Fair value measurement".

31.2.1 Financial liabilities measured at amortized cost

The following table shows financial liabilities at amortized cost by nature, broken down into current and non-current financial liabilities.

Millions of euro		Non-current			Current	
	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013	Notes	**at Dec. 31, 2014**	at Dec. 31, 2013
Long-term borrowings	23	17,288	17,764		2,363	1,061
Short-term borrowings		-	-	23	4,746	1,653
Trade payables		-	-	27	139	212
Other current financial liabilities		-	-	28	694	587
Total		**17,288**	**17,764**		**7,942**	**3,513**

Borrowings

Long-term borrowings (including the current portion due within 12 months) - *€19,651 million*

Long-term borrowings, which refers exclusively to bonds, denominated in euros and other currencies, including the current portion due within 12 months (equal to €2,363 million), amounted to €19,651 million at December 31, 2014.

The following table shows the nominal values, carrying amounts and fair values of long-term borrowings at December 31, 2014, including the portion due within 12 months, grouped by type of borrowing and type of interest rate. For listed debt instruments, the fair value is given by official prices. For unlisted debt instruments, the fair value is determined using valuation techniques appropriate for each category of financial instrument and the associated market data for the reporting date, including the credit spreads of the Group.

Millions of euro	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Nominal value	Carrying amount	Current portion	Portion due in more than 12 months	Fair value	Carrying amount
	at Dec. 31, 2014					at Dec. 31, 2013					Change
Bonds:											
- fixed rate	15,414	15,284	1,000	14,284	18,166	13,519	13,364	-	13,364	14,974	1,920
- floating rate	4,380	4,367	1,363	3,004	4,311	5,483	5,461	1,061	4,400	5,320	(1,094)
Total	**19,794**	**19,651**	**2,363**	**17,288**	**22,477**	**19,002**	**18,825**	**1,061**	**17,764**	**20,294**	**826**
Total fixed-rate borrowings	**15,414**	**15,284**	**1,000**	**14,284**	**18,166**	**13,519**	**13,364**	**-**	**13,364**	**14,974**	**1,920**
Total floating-rate borrowings	**4,380**	**4,367**	**1,363**	**3,004**	**4,311**	**5,483**	**5,461**	**1,061**	**4,400**	**5,320**	**(1,094)**
TOTAL	**19,794**	**19,651**	**2,363**	**17,288**	**22,477**	**19,002**	**18,825**	**1,061**	**17,764**	**20,294**	**826**

The balance for bonds regards, net of €777 million, the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019", which Enel SpA holds in its portfolio.

For more details about the maturity analysis of borrowings, please, refer to note 32 "Risk management" and about the level of fair value measurements, please, refer to note 34 "Fair value measurement".

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

Long-term borrowings by currency and interest rate

Millions of euro	Carrying amount		Nominal value	Current average nominal interest rate	Current effective interest rate
	at Dec. 31, 2013	**at Dec. 31, 2014**	**at Dec. 31, 2014**		
Euro	**16,115**	**16,056**	**16,145**	**4.2%**	**4.5%**
US dollar	890	1,012	1,030	8.8%	9.2%
Pound sterling	1,820	2,583	2,619	6.5%	6.7%
Total non-euro currencies	**2,710**	**3,595**	**3,649**		
TOTAL	**18,825**	**19,651**	**19,794**		

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

Millions of euro	Nominal value	Repayments	New borrowing	Own bonds repurchased	Exchange rate differences	Nominal value
	at Dec. 31, 2013					**at Dec. 31, 2014**
Bonds	19,002	(1,061)	1,602	(42)	293	**19,794**
Total	**19,002**	**(1,061)**	**1,602**	**(42)**	**293**	**19,794**

Compared with December 31, 2013, the nominal value of long-term debt rose by €792 million, the net result of €1,602 million in new borrowing, €293 million in exchange rate losses, €1,061 million in repayments and €42 million in repurchases of own bonds.

The table below shows the characteristics of the main borrowings finalized in 2014.

New borrowings

Type of borrowing	Issuer	Issue date	Issue amount (millions of euro)	Currency	Interest rate (%)	Interest rate type	Maturity
Bonds:							
- 2014-2020 Hybrid Bond	Enel SpA	01/15/2014	1,000	EUR	5.000%	Fixed rate	01/15/2020
- 2014-2021 Hybrid Bond	Enel SpA	09/15/2014	602	GBP	6.625%	Fixed rate	09/15/2021
Total			**1,602**				

The main transactions carried out in 2014 for a total value of €1,602 million, related to the issue of hybrid instruments structured in the following tranches:

> €1,000 million fixed-rate 5%, maturing January 15, 2020;
> £500 million fixed-rate 6.625%, maturing September 15, 2021 (equal to €602 million at the issue date).

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

The main covenants governing the debt regard the bond issues carried out within the framework of the Global Medium-Term Notes program, issues of subordinated unconvertible hybrid bonds, the €9.4 billion Forward Start Facility Agreement agreed on February 8, 2013 by Enel SpA and Enel Finance International NV with a pool of banks and the loans granted by UniCredit SpA in July 2013 and April 2014. To date none of the covenants have been triggered.

The main commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or pro rata to the bonds in question;
> pari passu clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer itself;
> specification of default events, whose occurrence (e.g. insolvency, failure to pay principal or interest, initiation of liquidation proceedings, etc.) constitutes a default;
> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
> early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants covering the hybrid bonds can be summarized as follows:

> specification of default events, whose occurrence (e.g. failure to pay principal or interest, insolvency, initiation of

liquidation proceedings, etc.) constitutes a default in respect of the liability in question, which in some cases becomes immediately repayable;

> subordination clauses: each hybrid bond is subordinate to all other bonds issued by the company and ranks pari passu with all other hybrid financial instruments issued, being senior only to equity instruments;
> prohibition on mergers with other companies, the sale or leasing of all or a substantial part of the company's assets to another company, unless the latter succeeds in all obligations of the issuer.

The main covenants for the Forward Start Facility Agreement and the loan agreements between Enel SpA and UniCredit SpA are substantially similar and can be summarized as follows:

> negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure certain financial liabilities;
> pari passu clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
> change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian State or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
> specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause;
> under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) of the borrower or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least equal to a specified percentage (10% of gross consolidated revenues or total consolidated assets)) constitutes a default in respect of the liabilities in question, which become immediately repayable;
> clause on the disposal of assets under which the borrower is barred from disposing of certain assets or business activities, unless expressly agreed otherwise;
> periodic reporting requirements.

Short-term borrowings - €4,746 million

The following table shows short-term borrowings at December 31, 2014, by nature.

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Short-term bank borrowings (ordinary current account)	3	4	(1)
Cash collateral for CSAs on OTC derivatives received	423	118	305
Short-term borrowings from Group companies (on intercompany current account)	3,820	1,531	2,289
Other short-term borrowings from Group companies	500	-	500
Total	**4,746**	**1,653**	**3,093**

Short-term borrowings amounted to €4,746 million (€1,653 million in 2013), up €3,093 over the previous year, mainly due to:

> the €305 million increase in cash collateral received from counterparties for transactions in OTC derivatives on interest rates and exchange rates;

> the €2,289 million increase in "Short-term borrowings from Group companies" attributable to a deterioration in the debtor position on the intercompany current account held with subsidiaries;

> the €500 million increase in "Other short-term borrowings from Group companies" as a result of drawings made on the Intercompany Short Term Deposit Agreement, the short-term credit line with Enel Finance International NV.

It should be specified that the fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

Debt structure after hedging

The following table shows the effect of the hedges of foreign currency risk on the gross long-term debt structure (including portions maturing in the next 12 months).

Millions of euro	at Dec. 31, 2014					at Dec. 31, 2013				
	Initial debt structure			Impact of hedging instruments	Debt structure after hedging	Initial debt structure			Impact of hedging instruments	Debt structure after hedging
	Carrying amount	Notional amount	%			Carrying amount	Notional amount	%		
Euro	16,056	16,145	82.0%	3,649	19,794	16,115	16,249	85.5%	2,753	19,002
US dollar	1,012	1,030	5.0%	(1,030)	-	890	906	4.8%	(906)	-
Pound sterling	2,583	2,619	13.0%	(2,619)	-	1,820	1,847	9.7%	(1,847)	-
Total	**19,651**	**19,794**	**100.0%**	**-**	**19,794**	**18,825**	**19,002**	**100.0%**	**-**	**19,002**

The following table shows the effect of the hedges of interest rate risk on the gross long-term debt outstanding at the reporting date.

Outstanding gross debt	at Dec. 31, 2014		at Dec. 31, 2013	
	Before hedging	After hedging	Before hedging	After hedging
%				
Floating rate	22.1%	19.2%	28.9%	20.2%
Fixed rate	77.9%	80.8%	71.1%	79.8%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

31.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, broken down into current (€358 million) and non-current (€1,295 million) financial liabilities, refer solely to derivative financial liabilities.

31.2.3 Derivative financial liabilities

The following table shows the notional amount and the fair value of derivative financial liabilities, by type of hedge relationship and hedged risk, broken down into current and non-current financial liabilities.

Millions of euro	Non-current					Current				
	Notional amount		Fair value			Notional amount		Fair value		
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	Change	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	Change
Derivative financial assets designated as hedging instruments										
Cash flow hedge:										
- on interest rate risk	390	1,690	159	153	6	900	500	1	11	(10)
- on foreign exchange risk	1,470	2,811	1,030	900	130	-	-	-	-	-
Total cash flow hedge	**1,860**	**4,501**	**1,189**	**1,053**	**136**	**900**	**500**	**1**	**11**	**(10)**
Derivatives on FVTPL:										
- on interest rate risk	3,150	3,464	384	233	151	146	600	75	50	25
- on foreign exchange risk	9,582	7,865	911	812	99	4,476	4,603	283	176	107
Total derivatives on FVTPL	**12,732**	**11,329**	**1,295**	**1,045**	**250**	**4,622**	**5,203**	**358**	**226**	**132**
TOTAL	**14,592**	**15,830**	**2,484**	**2,098**	**386**	**5,522**	**5,703**	**359**	**237**	**122**

For more details about derivative financial liabilities, please see note 33 "Derivatives and hedge accounting".

31.2.4 Net gains/(losses)

The following table shows net gains and losses by category of financial instruments, excluding derivatives.

Millions of euro	Net gains/(losses)		of which: impairment/reversal of impairment
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**
Available for sale financial assets	-	-	
Loans and receivables	7	34	(8)
Financial assets at FVTPL			
Financial liabilities measured at amortized cost	(1,319)	(791)	
Financial liabilities at FVTPL			
Financial liabilities held for trading	-	-	
Financial liabilities designated upon initial recognition (fair value option)	-	-	

For more details on net gains and losses on derivatives, please see note 7 "Net financial income/(expense) from derivatives".

32. Risk management

32.1 Financial risk management objectives and policies

As part of its operations, the Company is exposed to a variety of financial risks, notably market risks (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Company's governance arrangements for financial risk envisage:

> specific internal committees, formed of members of the Company's top management and chaired by the CEO, which are responsible for strategic policy-making and oversight of risk management;

> the establishment of specific policies set at both the Company level and at the level of individual Divisions/countries/business lines, which define the roles and responsibilities for those involved in managing, monitoring and controlling risks, ensuring the organizational separation of units involved in managing the Group's business and those responsible for managing risk;

> the specification of operational limits at both the Company level and at the level of individual Divisions/countries/business lines for the various types of risk. These limits are monitored periodically by the risk management units.

32.2 Market risks

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices.

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

Interest rate risk and foreign exchange risk are primarily generated by the presence of financial instruments.

The main financial liabilities, other than derivatives, held by the Company include bonds, bank borrowings (including revolving credit facilities and loans from EU bodies), other borrowings, cash collateral for derivatives transactions and trade payables.

The main purpose of those financial instruments is to finance the operations of the Company.

The main financial assets, other than derivatives, held by the Company include financial receivables, cash collateral for derivatives transactions, cash and cash equivalents, short-term deposits and trade receivables.

For more details, please see note 32 "Financial instruments".

The source of exposure to interest rate risk and foreign exchange risk did not change with respect to the previous year.

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

The Group's policies for managing financial risks provide for the stabilization of the effects of changes in interest rates and exchange rates. This objective is achieved both at the source of the risk, through the strategic diversification of the nature of financial assets and liabilities, and by modifying the risk profile of the exposure with derivatives entered into on over-the-counter markets.

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

During 2013, EMIR (European Market Infrastructure Regulation) 648/2012 of the European Parliament came into force. It is intended to regulate the OTC derivatives market in order to contain the systemic and counterparty risk typical of the market within sustainable limits, increasing the transparency of trading and reducing the scope for market abuse.

To this end, the EMIR framework introduces an operational model for the management of the entire life cycle of OTC derivatives, involving both financial and non-financial counterparties. Among the main innovations, it provides for the standar-

dization of contracts, the obligation to use a clearing system involving a central or bilateral counterparty, and requirements to report to authorized entities at the European level (trade repositories).
In 2013, the Enel Group, as non-financial counterparty, undertook a number of initiatives to ensure compliance with the EMIR regulatory framework.
In particular, in the more specific area of risk management governance, the Company has begun monitoring the size of the OTC derivatives portfolio in relation to the threshold values set by regulators for the activation of the clearing obligations. During 2014, no overshoot of those threshold values was detected.

The volume of transactions in financial derivatives outstanding at December 31, 2014 is reported below, with specification of the notional amount of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank, where denominated in currencies other than the euro.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price). The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Company's credit risk exposure.

Starting from 2013, the Company now includes a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.
More specifically, the Company measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk for the Company manifests itself as a change in the flows associated with interest payments on floating-rate financial liabilities, a change in financial terms and conditions in negotiating new debt instruments or as an adverse change in the value of financial assets/liabilities measured at fair value, which are typically fixed-rate debt instruments.
Interest rate risk is managed with the dual goals of reducing the amount of debt exposed to interest rate fluctuations and containing the cost of funds, limiting the volatility of results.
This goal is pursued through the strategic diversification of the portfolio of financial liabilities by contract type, maturity and interest rate, and modifying the risk profile of specific exposures using OTC derivatives, mainly interest rate swaps.

The notional amount of outstanding contracts is reported below:

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013
Interest rate derivatives		
Interest rate swaps	8,943	10,467
Total	**8,943**	**10,467**

The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.
Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

The notional amount of open interest rate swaps at the end of the year was €8,943 million (€10,467 million at December 31, 2013), of which €2,629 million (€3,640 million at December 31, 2013) in respect of hedges of the Company's share of debt, and €3,157 million (€3,413 million at December 31, 2013) in respect of hedges of the debt of Group companies with the market intermediated in the same notional amount with those companies.

For more details on interest rate derivatives, please see note 33 "Derivatives and hedge accounting".

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2014, 22% of gross long-term financial debt was floating rate (29% at December 31, 2013). Taking account of hedges of interest rates considered effective pursuant to IAS 39, 79% of gross long-term financial debt was hedged at December 31, 2014 (79% hedged at December 31, 2013). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, 79% of gross long-term financial debt was hedged (79% hedged at December 31, 2013).

Interest rate risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of financial instruments.
More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.
These scenarios are represented by parallel increases and decreases in the yield curve as at the reporting date.
There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the Company's profit before tax would be affected as follows:

Millions of euro

		at Dec. 31, 2014			
		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	Basis points	Increase	Decrease	Increase	Decrease
Change in financial expense on gross long-term floating-rate debt after hedging	25	9	(9)	-	-
Change in fair value of derivatives classified as non-hedging instruments	25	8	(8)	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	25	-	-	17	(17)
Fair value hedges	25	(9)	9	-	-

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates.

For Enel SpA, the main source of foreign exchange risk is the presence of monetary financial instruments denominated in a currency other than the euro, mainly bonds denominated in foreign currency.
The exposure to foreign exchange risk did not change with respect to the previous year.
For more details, please see note 31 "Financial instruments".

In order to minimize exposure to changes in exchange rates, the Company normally uses a variety of OTC derivatives such as currency forwards and cross currency interest rate swaps. The term of such contracts does not exceed the maturity of the underlying exposure.

Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent floating- or fixed-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal.

The following table reports the notional amount of transactions outstanding at December 31, 2014 and December 31, 2013, broken down by type of hedged item.

Millions of euro	Notional amount	
	at Dec. 31, 2014	at Dec. 31, 2013
Foreign exchange derivatives		
Currency forwards:	11,218	7,762
- hedging foreign exchange risk on commodities	8,378	6,819
- hedging future cash flows	2,840	520
- other currency forwards	-	423
Cross currency interest rate swaps	22,017	21,304
Total	**33,235**	**29,066**

More specifically, these include:

> currency forward contracts with a total notional amount of €8,378 million (€6,819 million at December 31, 2013), of which €4,189 million to hedge the exchange rate risk associated with purchases of energy commodities by Group companies, with matching transactions with the market;

> currency forward contracts with a notional amount of €2,840 million (€520 million at December 31, 2013) to hedge the exchange rate risk associated with other expected cash flows in currencies other than the euro, of which €1,420 million in market transactions;

> cross currency interest rate swaps with a notional amount of €22,017 million (€21,304 million at December 31, 2013) to hedge the exchange rate risk on the debt of Enel SpA or other Group companies denominated in currencies other than the euro.

For more details, please see note 33 "Derivatives and hedge accounting".

An analysis of the Group's debt shows that 18% of gross medium and long-term debt (15% at December 31,2013) is denominated in currencies other than the euro.

Considering exchange rate hedges and the portion of debt in foreign currency that is denominated in the currency of account or the functional currency of the Company, the debt is fully hedged using cross currency interest rate swaps.

Foreign exchange risk sensitivity analysis

The Company analyses the sensitivity of its exposure by estimating the effects of a change in exchange rates on the portfolio of financial instruments.

More specifically, sensitivity analysis measures the potential impact of market scenarios on equity, for the cash flow hedge component, and on profit or loss, for the fair value hedge component, for derivatives that are not eligible for hedge accounting and for the portion of gross long-term debt not hedged using derivative financial instruments.

These scenarios are represented by the appreciation/depreciation of the euro against all of the foreign currencies compared with the value observed as at the reporting date.

There were no changes in the methods and assumptions used in the sensitivity analysis compared with the previous year.

With all other variables held constant, the profit before tax would be affected as follows:

Millions of euro		at Dec. 31, 2014			
		Pre-tax impact on profit or loss		**Pre-tax impact on equity**	
	Exchange rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Change in financial expense on gross debt denominated in foreign currency after hedging	10%	-	-	-	-
Change in fair value of derivatives classified as non-hedging instruments	10%	-	-	-	-
Change in fair value of derivatives designated as hedging instruments					
Cash flow hedges	10%	-	-	(485)	592
Fair value hedges	10%	-	-	-	-

32.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including derivatives, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Unexpected changes in the creditworthiness of a counterparty have an effect on the creditor position, in terms of insolvency (default risk) or changes in its market value (spread risk).

The sources of exposure to credit risk did not change with respect to the previous year.

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

The credit risk in respect of the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international financial institutions, diversifying the exposure among different institutions and constantly monitoring their credit ratings. In addition, Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk.

The exposure to credit risk is regularly monitored by the department responsible for monitoring risks under the policies and procedures outlined in the governance rules for managing the Group's financial risks.

At December 31, 2014, the exposure to credit risk, represented by the carrying amount of financial assets net of related provisions for impairment as well as derivatives with a positive fair value, net of any cash collateral held, amounted to €14,101 million (€10,154 million at December 31, 2013). Of the total, €5,335 million regard receivables in respect of Group companies and €6,972 million regard cash and cash equivalents.

Millions of euro

	at Dec. 31, 2014		at Dec. 31, 2013		Change
		of which Group		*of which Group*	
Non-current financial receivables	117	*117*	117	*117*	-
Other non-current financial assets	4	-	5	-	(1)
Trade receivables	132	*126*	216	*208*	(84)
Current financial receivables	4,018	*4,018*	3,911	*3,911*	107
Other current financial assets	1,022	*205*	1,368	*257*	(346)
Financial derivatives	1,836	*869*	1,414	*1,076*	422
Cash and cash equivalents	6,972	-	3,123	-	3,849
Total	**14,101**	***5,335***	**10,154**	***5,569***	**3,947**

32.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The objectives of liquidity risk management policies are:

> ensuring an appropriate level of liquidity for the Group, minimizing the associated opportunity cost;

> maintaining a balanced debt structure in terms of the maturity profile and funding sources.

In the short term, liquidity risk is mitigated by maintaining an appropriate level of unconditionally available resources, including cash and short-term deposits, available committed credit lines and a portfolio of highly liquid asset.

In the long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile, diversification of funding sources in terms of instruments, markets/currencies and counterparties.

At the Group level, Enel SpA (directly and through its subsidiary Enel Finance International NV) manages the centralized treasury function (with the exception of the Endesa Group, where those functions are performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), ensuring access to the money and capital markets. Enel SpA meets liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity.

At December 31, 2014, Enel SpA had a total of about €6,972 million in cash or cash equivalents (€3,123 million at December 31, 2013) and committed lines of credit amounting to €5,670 (of which none had been drawn) maturing in more than one year (€5,900 million at December 31, 2013).

Maturity analysis

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Millions of euro	Maturing in				
	Less than 3 months	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Bonds:					
- fixed rate	1,000	-	1,990	6,665	5,629
- floating rate	1,300	63	1,059	935	1,010
Total	**2,300**	**63**	**3,049**	**7,600**	**6,639**

32.5 Offsetting financial assets and financial liabilities

The following table reports the net financial assets and liabilities. More specifically, it shows that there are no netting arrangements for derivatives in the financial statements since the Company does not plan to set-off assets and liabilities. As envisaged by current market regulations and to guarantee transactions involving derivatives, Enel SpA has entered into margin agreements with leading financial institutions that call for the exchange of cash collateral, broken down as shown in the table.

Millions of euro						at Dec. 31, 2014
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Related amounts not set off in the balance sheet		
				(d)(i),(d)(ii)	(d)(iii)	
	Gross amounts of recognized financial assets/ (liabilities)	Gross amounts of recognized financial assets/ (liabilities) set off in the balance sheet	Net amounts of financial assets/ (liabilities) presented in the balance sheet	Financial instruments	Net portion of financial assets/ (liabilities) guaranteed with cash collateral	Net amount of financial assets/ (liabilities)
FINANCIAL ASSETS						
Derivative financial assets:						
- on interest rate risk	418	-	418	-	(57)	362
- on foreign exchange risk	1,842	-	1,842	-	(973)	869
Total financial assets	**2,260**	**-**	**2,260**	**-**	**(1,029)**	**1,231**
FINANCIAL LIABILITIES						
Derivative financial liabilities:						
- on interest rate risk	(620)	-	(620)	-	476	(144)
- on foreign exchange risk	(2,223)	-	(2,223)	-	802	(1,421)
Total financial liabilities	**(2,843)**	**-**	**(2,843)**	**-**	**1,278**	**(1,565)**
TOTAL FINANCIAL ASSETS/ (LIABILITIES)	**(583)**	**-**	**(583)**	**-**	**249**	**(334)**

33. Derivatives and hedge accounting

33.1 Hedge accounting

Derivatives are initially recognized at fair value, on the trade date of the contract, and are subsequently re-measured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange rate risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

Hedge accounting is applied to derivatives entered into in order to reduce risks such as interest rate risk, exchange rate risk, commodity risk, credit risk and equity risk when all the criteria provided for under IAS 39 are met.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy. The Company also analyzes, both at hedge inception and on an ongoing systematic basis, the effectiveness of hedges using prospective and retrospective tests in order to determine whether hedging instruments are highly effective in offsetting changes in the fair values or cash flows of hedged items.

Depending on the nature of the risks to which it is exposed, the Company designates derivatives as hedging instruments in one of the following hedge relationships.

> cash flow hedge derivatives in respect of the risk of: i) changes in the cash flows associated with long-term floating-rate debt; ii) changes in the exchange rates associated with long-term debt denominated in a currency other than the currency of account or the functional currency in which the company holding the financial liability operates; iii) changes in the price of fuels denominated in a foreign currency; iv) changes in the price of forecast electricity sales at variable prices; and v) changes in the price of transactions in coal and petroleum commodities;
> fair value hedge derivatives involving the hedging of exposures to changes in the fair value of an asset, a liability or a firm commitment attributable to a specific risk;
> derivatives hedging a net investment in a foreign operation (NIFO), involving the hedging of exposures to exchange rate volatility associated with investments in foreign entities.

For more details on the nature and the extent of risks arising from financial instruments to which the Company is exposed, please see note 32 "Risk management".

Cash flow hedges

Cash flow hedges are used in order to hedge the Company's exposure to changes in future cash flows that are attributable to a particular risk associated with an asset, a liability or a highly probable transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting but the hedged item has not expired or been cancelled, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

The Company currently uses these hedge relationships to minimize the volatility of profit or loss.

Fair value hedges

Fair value hedges are used to protect the Company against exposures to adverse changes in the fair value of assets, liabilities or firm commitments attributable to a particular risk that could affect profit or loss.

Changes in the fair value of derivatives that qualify and are designated as hedging instruments are recognized in the income statement, together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedge is ineffective or no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

The Company currently makes use of such hedge relationships to seize opportunities associated with general developments in the yield curve.

Hedge of a net investment in a foreign operation (NIFO)

Hedges of net investments in foreign operations, with a functional currency other than the euro, are hedges of the impact of changes in exchange rates in respect of investments in foreign entities. The hedge instrument is a liability denominated in the same currency as the investment. The foreign exchange differences of the hedged item and the hedge are accumulated each year in equity until the disposal of the investment, at which time the foreign exchange differences are transferred to profit or loss.

The Company does not currently hold any hedges of net investments in a foreign operation.

The following table shows the notional amount and the fair value of hedging derivatives classified on the basis of the type of hedge relationship.

The notional amount of a derivative contract is the amount on the basis of which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price). Amounts denominated in currencies other than the euro are converted at the end-year exchange rates provided by the European Central Bank.

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Derivatives								
Cash flow hedges:								
- on interest rate risk	400	-	-	-	1,290	2,190	160	164
- on foreign exchange risk	3,649	1,319	656	304	1,470	2,811	1,030	900
Total cash flow hedges	**4,049**	**1,319**	**656**	**304**	**2,760**	**5,001**	**1,190**	**1,064**
Fair value hedges:								
- on interest rate risk	800	800	40	10	-	-	-	-
Total fair value hedges	**800**	**800**	**40**	**10**	**-**	**-**	**-**	**-**
TOTAL	**4,849**	**2,119**	**696**	**314**	**2,760**	**5,001**	**1,190**	**1,064**

For more on the fair value measurement of derivatives, please see note 34 "Fair value measurement".

Hedge relationships by type of risk hedged

33.1.1 Interest rate risk

The following table shows the notional amount and the fair value of the hedging instruments on the interest rate risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedged instrument	**Hedged item**	**at Dec. 31, 2014**		at Dec. 31, 2013	
Interest rate swaps	Floating-rate borrowings	(160)	1,690	(164)	2,190
Interest rate swaps	Fixed-rate borrowings	40	800	10	800
Total		**(120)**	**2,490**	**(154)**	**2,990**

The interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge and fair value hedge for the hedged item. More specifically, fair value hedge derivatives relate to the issue of an unconvertible hybrid bond denominated in euros in 2013, hedged in the amount of €800 million, while the cash flow hedge derivatives refer to the hedging of certain floating-rate bonds issued since 2001.

The following table shows the notional amount and the fair value of hedging derivatives on interest rate risk as at December 31, 2014 and December 31, 2013, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Cash flow hedge derivatives	**400**	**-**	**-**	**-**	**1,290**	**2,190**	**(160)**	**(164)**
Interest rate swaps	400	-	-	-	1,290	2,190	(160)	(164)
Fair value hedge derivatives	**800**	**800**	**40**	**10**	**-**	**-**	**-**	**-**
Interest rate swaps	800	800	40	10	-	-	-	-
TOTAL INTEREST RATE DERIVATIVES	**1,200**	**800**	**40**	**10**	**1,290**	**2,190**	**(160)**	**(164)**

The notional amount of the interest rate swaps at December 31, 2014 came to €2,490 million (€2,990 million at December 31, 2013), with a corresponding negative fair value of €120 million (negative €154 million at December 31, 2013). The decline of €500 million in the notional amount is attributable to the maturing, and consequent closure, of cash flow hedge positions for the same amount in 2014.

The general decline in the yield curve over the course of the year prompted an improvement in the fair value of the fair value hedge derivatives.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives:

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on interest rates	**at Dec. 31, 2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Beyond**
Positive fair value	-	(9)	-	-	-	-	-
Negative fair value	(160)	(33)	(14)	(13)	(13)	(13)	(115)

The following table shows the impact of cash flow hedge derivatives on interest rate risk on equity during the period, gross of tax effects:

Millions of euro		
	2014	2013
Opening balance at January 1	**(86)**	**(186)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	(7)	100
Changes in fair value recognized in profit or loss – ineffective portion	-	-
Closing balance at December 31	**(93)**	**(86)**

Fair value hedge derivatives

The following table shows the cash flows expected in coming years from fair value hedge derivatives:

Millions of euro	Fair value	Distribution of expected cash flows					
Fair value hedge derivatives	**at Dec. 31, 2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Beyond**
Positive fair value	40	10	11	10	9	30	-
Negative fair value	-	-	-	-	-	-	-

33.1.2 Foreign exchange risk

The following table shows the notional amount and the fair value of the hedging instruments on foreign exchange risk of transactions outstanding as at December 31, 2014 and December 31, 2013, broken down by type of hedged item:

Millions of euro		Fair value	Notional amount	Fair value	Notional amount
Hedging instruments	**Hedged item**	**at Dec. 31, 2014**		at Dec. 31, 2013	
Cross currency interest rate swaps (CCIRSs)	Fixed-rate borrowings	(374)	5,119	(596)	4,130
Total		**(374)**	**5,119**	**(596)**	**4,130**

The cross currency interest rate swaps outstanding at the end of the year and designated as hedging instruments function as a cash flow hedge for the hedged item. More specifically, these derivatives hedge fixed-rate bonds denominated in foreign currencies.
In 2014, cross currency interest rate swaps were entered into with respect to a fixed-rate borrowing of £500 million, equal to €642 million at the exchange rate prevailing at the end of the period.

The following table shows the notional amount and the fair value of derivatives on foreign exchange risk as at December 31, 2014 and December 31, 2013, broken down by type of hedge:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Cash flow hedge derivatives	**3,649**	**1,319**	**656**	**304**	**1,470**	**2,811**	**(1,030)**	**(900)**
Cross currency interest rate swaps	3,649	1,319	656	304	1,470	2,811	(1,030)	(900)
TOTAL FOREIGN EXCHANGE DERIVATIVES	**3,649**	**1,319**	**656**	**304**	**1,470**	**2,811**	**(1,030)**	**(900)**

The notional amount of the cross current interest rate swaps at December 31, 2014 came to €5,119 million (€4,130 million at December 31, 2013), with a corresponding negative fair value of €374 million (negative €596 million at December 31, 2013).
The notional amount and the relative fair value essentially changed as a result of both new derivatives and developments in the exchange rate of the euro against the main other currencies.

Cash flow hedge derivatives

The following table shows the cash flows expected in coming years from cash flow hedge derivatives on foreign exchange risk:

Millions of euro	Fair value	Distribution of expected cash flows					
Cash flow hedge derivatives on exchange rates	**at Dec. 31, 2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Beyond**
Positive fair value	656	106	101	94	90	96	639
Negative fair value	(1,030)	(75)	(70)	(64)	(59)	(152)	(560)

The following table shows the impact of cash flow hedge derivatives on foreign exchange risk on equity during the period, gross of tax effects:

Millions of euro	2014	2013
Opening balance at January 1	**(242)**	**(254)**
Changes in fair value recognized in equity (OCI)	-	-
Changes in fair value recognized in profit or loss - recycling	(68)	12
Changes in fair value recognized in profit or loss – ineffective portion	-	-
Closing balance at December 31	**(310)**	**(242)**

33.2 Derivatives at fair value through profit or loss

The following table shows the notional amount and the fair value of derivatives at FVTPL as at December 31, 2014 and December 31, 2013, broken down by type of risk:

Millions of euro	Notional amount		Fair value assets		Notional amount		Fair value liabilities	
	at Dec. 31, 2014	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013	**at Dec. 31, 2014**	at Dec. 31, 2013
Derivatives at FVTPL on interest rates	**3,157**	**3,413**	**378**	**225**	**3,296**	**4,064**	**(460)**	**(284)**
Interest rate swaps	3,157	3,413	378	225	3,296	4,064	(460)	(284)
Derivatives at FVTPL on exchange rates	**14,058**	**12,468**	**1,186**	**993**	**14,058**	**12,468**	**(1,194)**	**(988)**
Forwards	5,609	3,881	364	129	5,609	3,881	(369)	(128)
Cross currency interest rate swaps	8,449	8,587	822	864	8,449	8,587	(825)	(860)
TOTAL DERIVATIVES AT FVTPL	**17,215**	**15,881**	**1,564**	**1,218**	**17,354**	**16,532**	**(1,654)**	**(1,272)**

At December 31, 2014 the notional amount of derivatives at fair value through profit or loss on interest rates and foreign exchange rates came to €34,569 million (€32,413 million at December 31, 2013), corresponding to a negative fair value of €90 million (negative €54 million at December 31, 2013).
Interest rate swaps at the end of the year refer primarily to hedges of the debt of the Group companies with the market and intermediated in the same notional amount with those companies in the amount of €3,157 million.
The overall change in the notional amount and the fair value of interest rate swaps (respectively, a negative €1,024 million and a negative €23 million) compared with the previous year is attributable to the maturity and closure of a number of derivative positions in 2014 and to the general decline in the interest rate yield curve over the course of the year.
Forward contracts, with a notional amount of €5,609 million, relate mainly to OTC derivatives entered into to mitigate the foreign exchange risk associated with the prices of energy commodities within the context of the procurement process undertaken by Group companies and intermediated in a way that tracks the market.
The change in the notional amount and the fair value as compared with the previous year is associated with normal operations.
Cross currency interest rate swaps, for a notional amount of €8,449 million, relate to foreign exchange hedges for the debt of the Group companies denominated in currencies other than the euro and intermediated in a way that tracks the market.
The change in the notional amount and the fair value of the cross currency interest rate swaps is mainly due to the natural maturity of a number of derivatives in 2014 and developments in the exchange rate of the euro with other major currencies.

34. Fair value measurement

The Company measures fair value in accordance with IFRS 13 whenever required by international accounting standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The best estimate is the market price, i.e. its current price, publicly available and effectively traded on an active, liquid market.

The fair value of assets and liabilities is categorized into a fair value hierarchy that provides three levels defined as follows on the basis of the inputs and valuation techniques used to measure fair value:

> Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Company has access at the measurement date;
> Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
> Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

In this note, the relevant information are provided in order to assess the following:

> for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheet after initial recognition, the valuation techniques and inputs used to develop those measurements; and
> for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

For this purpose:

> recurring fair value measurements are those that IFRSs require or permit in the balance sheet at the end of each reporting period;
> non-recurring fair value measurements are those that IFRSs require or permit in the balance sheet in particular circumstances.

The fair value of derivative contracts is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on a regulated market is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, volatility), discounting expected future cash flows on the basis of the market yield curve and translating amounts in currencies other than the euro using exchange rates provided by the European Central Bank. For contracts involving commodities, the measurement is conducted using prices, where available, for the same instruments on both regulated and unregulated markets.

In accordance with the new international accounting standards, in 2013 the Group included a measurement of credit risk, both of the counterparty (Credit Valuation Adjustment or CVA) and its own (Debit Valuation Adjustment or DVA), in order to adjust the fair value of financial instruments for the corresponding amount of counterparty risk.

More specifically, the Group measures CVA/DVA using a Potential Future Exposure valuation technique for the net exposure of the position and subsequently allocating the adjustment to the individual financial instruments that make up the overall portfolio. All of the inputs used in this technique are observable on the market. Changes in the assumptions underlying the estimated inputs could have an effect on the fair value reported for such instruments.

The notional amount of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euros by multiplying the notional amount by the agreed price).

Amounts denominated in currencies other than the euro are converted into euros at the exchange rate provided by the European Central Bank.

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

For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation techniques for each category of financial instrument and market data at the closing date of the year, including the credit spreads of Enel SpA.

34.1 Assets measured at fair value in the balance sheet

The following table shows, for each class of assets measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current assets				Current assets			
	Notes	Fair value at Dec. 31, 2014	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2014	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on foreign exchange risk	31.1.2	656	-	656	-	-	-	-	-
Total		**656**	**-**	**656**	**-**	**-**	**-**	**-**	**-**
Fair value hedge derivatives:									
- on interest rate risk	31.1.2	40	-	40	-	-	-	-	-
Total		**40**	**-**	**40**	**-**	**-**	**-**	**-**	**-**
Fair value through profit or loss:									
- on interest rate risk	31.1.2	376	-	376	-	2	-	2	-
- on foreign exchange risk	31.1.2	907	-	907	-	278	-	278	-
Total		**1,283**	**-**	**1,283**	**-**	**280**	**-**	**280**	**-**
TOTAL		**1,979**	**-**	**1,979**	**-**	**280**	**-**	**280**	**-**

34.2 Liabilities measured at fair value in the balance sheet

The following table reports, for each class of liabilities measured at fair value on a recurring or non-recurring basis in the balance sheet, the fair value measurement at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		Non-current liabilities				Current liabilities			
	Notes	Fair value at Dec. 31, 2014	Level 1	Level 2	Level 3	Fair value at Dec. 31, 2014	Level 1	Level 2	Level 3
Derivatives									
Cash flow hedge derivatives:									
- on interest rate risk	31.2.3	159	-	159	-	1	-	1	-
- on foreign exchange risk	31.2.3	1,030	-	1,030	-	-	-	-	-
Total		**1,189**	**-**	**1,189**	**-**	**1**	**-**	**1**	**-**
Fair value through profit or loss:									
- on interest rate risk	31.2.3	384	-	384	-	75	-	75	-
- on foreign exchange risk	31.2.3	911	-	911	-	283	-	283	-
Total		**1,295**	**-**	**1,295**	**-**	**358**	**-**	**358**	**-**
TOTAL		**2,484**	**-**	**2,484**	**-**	**359**	**-**	**359**	**-**

34.3 Liabilities not measured at fair value in the balance sheet

The following table shows, for each class of liabilities not measured at fair value in the balance sheet but for which the fair value shall be disclosed, the fair value at the end of the reporting period and the level in the fair value hierarchy into which the fair value measurements are categorized.

Millions of euro		LIABILITIES			
	Notes	Fair value at Dec. 31, 2014	Level 1	Level 2	Level 3
Bonds:					
- fixed rate	31.2.1	18,166	18,166	-	-
- floating rate	31.2.1	4,311	3,048	1,263	-
Total		**22,477**	**21,214**	**1,263**	**-**
TOTAL		**22,477**	**21,214**	**1,263**	**-**

35. Related parties

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

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

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

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

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-GB/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In 2014, no transactions were carried out for which it was necessary to make the disclosures required in the rules on transactions with related parties adopted with CONSOB Resolution 17221 of March 12, 2010, as amended with Resolution 17389 of June 23, 2010.

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

Commercial and other relationships

2014

			Costs		Revenue	
Millions of euro	Receivables	Payables	Goods	Services	Goods	Services
	at Dec. 31, 2014	at Dec. 31, 2014		2014		2014
Subsidiaries						
Endesa Distribución Eléctrica SL	16	-	-	-	-	16
Endesa Generación SA	(2)	-	-	-	-	3
Endesa Latinoamérica SA	-	1	-	1	-	(3)
Endesa SA	-	4	-	5	-	1
Enel Distributie Banat SA	-	-	-	-	-	1
Enel Distributie Dobrogea SA	-	-	-	-	-	1
Enel Distributie Muntenia SA	1	-	-	-	-	1
Enel Distribuzione SpA	146	289	-	-	-	73
Enel Energia SpA	109	4	-	-	-	59
Enel Iberoamérica SL	1	-	-	-	-	1
Enel France Sas	2	1	-	-	-	-
Enel Green Power Partecipazioni Speciali Srl	-	2	-	-	-	-
Enel Green Power SpA	41	10	-	-	-	21
Enel Green Power España SL	-	-	-	-	-	(2)
Enel Green Power North America Inc.	1	1	-	-	-	-
Enel Ingegneria e Ricerca SpA	8	3	-	(1)	-	2
Enel Longanesi Developments Srl	-	1	-	-	-	-
Enel Russia OJSC	16	4	-	1	-	4
Enel Produzione SpA	88	169	-	-	-	33
Enel Romania Srl	4	-	-	-	-	-
Enel Italia Srl	22	47	-	49	-	1
Enel Servizio Elettrico SpA	6	74	-	-	-	8
Enel Sole Srl	3	-	-	-	-	4
Enel Trade SpA	18	105	-	-	-	3
Enel.Factor SpA	-	13	-	-	-	-
Enel Insurance NV	1	-	-	-	-	1
Enel.si Srl	7	2	-	-	-	1
Enelpower SpA	-	3	-	-	-	-
Endesa Energía SA	6	-	-	-	-	6
Gas y Electricidad Generación SAU	-	-	-	-	-	1
Nuove Energie Srl	-	1	-	-	-	1
Slovenské elektrárne AS	17	-	-	-	-	6
Sviluppo Nucleare Italia Srl	-	3	-	3	-	-
Unión Eléctrica de Canarias Generación SAU	-	-	-	-	-	2
Total	**511**	**737**	**-**	**58**	**-**	**245**
Other related parties						
GSE	1	1	-	-	-	-
Total	**1**	**1**	**-**	**-**	**-**	**-**
TOTAL	**512**	**738**	**-**	**58**	**-**	**245**

2013

Millions of euro	Receivables	Payables	Costs		Revenue	
			Goods	Services	Goods	Services
	at Dec. 31, 2013	at Dec. 31, 2013		2013		2013
Subsidiaries						
Endesa Distribución Eléctrica SL	15	-	-	-	-	15
Endesa Generación SA	5	-	-	-	-	4
Endesa Latinoamérica SA	10	1	-	1	-	9
Endesa SA	1	13	-	6	-	1
Enel Distributie Banat SA	2	-	-	-	-	1
Enel Distributie Dobrogea SA	1	-	-	-	-	1
Enel Distributie Muntenia SA	3	-	-	-	-	2
Enel Distribuzione SpA	209	442	-	4	-	81
Enel Energia SpA	59	4	-	-	-	52
Enel Iberoamérica SL	-	1	-	-	-	-
Enel France Sas	2	-	-	-	-	1
Enel Green Power International BV	1	-	-	-	-	-
Enel Green Power Partecipazioni Speciali Srl	-	1	-	-	-	-
Enel Green Power SpA	43	3	-	-	-	21
Enel Green Power Latin America BV	4	-	-	-	-	-
Enel Green Power North America Inc.	1	1	-	1	-	-
Enel Ingegneria e Ricerca SpA	12	8	-	1	-	3
Enel Investment Holding BV	3	-	-	-	-	1
Enel Longanesi Developments Srl	-	1	-	-	-	-
Enel M@P Srl	-	1	-	-	-	-
Enel Russia OJSC	14	3	-	1	-	5
Enel Produzione SpA	71	175	-	1	-	25
Enel Romania Srl	10	1	-	1	-	1
Enel Servicii Comune SA	3	-	-	-	-	-
Enel Italia Srl	29	55	-	59	-	11
Enel Servizio Elettrico SpA	18	160	-	-	-	11
Enel Sole Srl	2	5	-	-	-	3
Enel Trade SpA	42	120	-	-	-	6
Enel Unión Fenosa Renovables SA	2	-	-	-	-	-
Enel.Factor SpA	-	4	-	-	-	-
Enel Insurance NV	-	-	-	-	-	1
Enel.si Srl	19	4	-	-	-	1
Enelpower SpA	-	3	-	-	-	-
Endesa Energía SA	-	-	-	-	-	5
Gas y Electricidad Generación SAU	-	-	-	-	-	1
Nuove Energie Srl	3	-	-	-	-	1
Slovenské elektrárne AS	11	-	-	-	-	7
Sviluppo Nucleare Italia Srl	-	1	-	4	-	-
Unión Eléctrica de Canarias Generación SAU	8	-	-	-	-	2
Total	**603**	**1,007**	**-**	**79**	**-**	**272**
Other related parties						
GSE	1	-	-	-	-	-
Fondazione Centro Studi Enel	-	-	-	-	-	1
Total	**1**	**-**	**-**	**-**	**-**	**1**
TOTAL	**604**	**1,007**	**-**	**79**	**-**	**273**

Financial relationships

2014

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
	at Dec. 31, 2014			2014		
Subsidiaries						
Concert Srl	-	2	-	-	-	-
Enel Distribuzione SpA	218	1,258	4,005	1	189	1,373
Enel Energia SpA	11	-	1,009	-	8	16
Enel Iberoamérica SL	2	2	-	-	2	-
Enel Finance International NV	1,714	3,105	25,522	750	173	-
Enel France Sas	-	-	26	-	-	-
Enel Green Power International BV	98	-	-	1	32	-
Enel Green Power México S de RL de Cv	23	-	-	-	1	-
Enel Green Power North America Inc.	14	-	45	2	1	-
Enel Green Power Romania Srl	5	-	-	-	-	-
Enel Green Power SpA	67	9	1,543	3	71	109
Enel Ingegneria e Ricerca SpA	98	-	67	-	5	-
Enel Investment Holding BV	1	88	365	-	3	-
Enel Longanesi Developments Srl	27	-	1	-	-	-
Enel M@P Srl	1	-	5	-	-	-
Enel Produzione SpA	137	112	2,691	129	35	223
Enel Italia Srl	102	200	91	-	6	7
Enel Servizio Elettrico SpA	1,242	-	1,660	-	8	85
Enel Sole Srl	41	-	111	-	3	-
Enel Trade Romania Srl	-	-	6	-	-	-
Enel Trade SpA	1,231	239	1,424	286	115	-
Enel.Factor SpA	160	-	-	-	2	3
Enel.Newhydro Srl	-	16	6	-	-	-
Enel.si Srl	5	-	36	-	-	-
Enelpower SpA	-	34	1	-	-	1
Marcinelle Energie SA	-	-	9	-	-	-
Nuove Energie Srl	5	-	86	-	-	-
PH Chucas SA	7	-	-	-	-	-
Sviluppo Nucleare Italia Srl	-	11	4	-	-	-
Total	**5,209**	**5,076**	**38,713**	**1,172**	**654**	**1,817**
Other related parties						
CESI SpA	-	-	-	-	-	1
Total	**-**	**-**	**-**	**-**	**-**	**1**
TOTAL	**5,209**	**5,076**	**38,713**	**1,172**	**654**	**1,818**

2013

Millions of euro	Receivables	Payables	Guarantees	Costs	Revenue	Dividends
		at Dec. 31, 2013			**2013**	
Subsidiaries						
Concert Srl	-	1	-	-	-	-
Enel Distribuzione SpA	133	1,012	4,748	33	56	1,625
Enel Energia SpA	160	-	1,015	-	18	44
Enel Iberoamérica SL	138	-	-	-	12	-
Enel Finance International NV	1,326	324	26,869	138	747	-
Enel France Sas	-	-	38	-	-	-
Enel Green Power International BV	3	1	-	3	2	-
Enel Green Power México S de RL de Cv	-	-	-	-	1	-
Enel Green Power North America Inc.	-	-	40	2	2	-
Enel Green Power SpA	306	6	1,475	12	18	89
Enel Ingegneria e Ricerca SpA	109	-	81	-	1	-
Enel Investment Holding BV	1	5	300	-	2	-
Enel Longanesi Developments Srl	23	-	-	-	-	-
Enel M@P Srl	2	-	6	-	-	-
Enel Produzione SpA	214	79	2,806	31	106	222
Enel Italia Srl	102	167	86	-	5	40
Enel Servizio Elettrico SpA	1,064	-	1,399	-	8	-
Enel Sole Srl	124	-	119	-	2	-
Enel Trade Romania Srl	-	-	19	-	-	-
Enel Trade SpA	1,367	39	1,522	91	180	-
Enel.Factor SpA	248	-	-	-	3	4
Enel.Newhydro Srl	-	13	6	-	-	-
Enel.si Srl	6	-	32	-	-	-
Enelpower SpA	-	37	1	-	-	3
Marcinelle Energie SA	-	-	11	-	-	-
Nuove Energie Srl	1	4	86	-	1	-
Pragma Energy SA	-	5	-	-	-	-
SE Hydropower Srl	35	-	-	-	1	-
Sviluppo Nucleare Italia Srl	-	10	2	-	-	-
Total	**5,362**	**1,703**	**40,661**	**310**	**1,165**	**2,027**
Other related parties						
CESI SpA	-	-	-	-	-	1
Elcogas SA	-	-	5	-	-	-
Total	**-**	**-**	**5**	**-**	**-**	**1**
TOTAL	**5,362**	**1,703**	**40,666**	**310**	**1,165**	**2,028**

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

Impact on balance sheet

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		at Dec. 31, 2014			at Dec. 31, 2013	
Assets						
Derivatives - non-current	1,979	819	41.4%	1,355	972	71.7%
Other non-current financial assets	146	117	80.1%	165	117	70.9%
Other non-current assets	467	177	37.9%	483	199	41.2%
Trade receivables	132	127	96.2%	216	209	96.8%
Derivatives - current	280	50	17.9%	177	104	58.8%
Other current financial assets	5,040	4,223	83.8%	5,280	4,169	79.0%
Other current assets	244	208	85.2%	319	196	61.4%
Liabilities						
Long-term borrowings	17,288	-	-	17,764	-	-
Derivatives - non-current	2,484	469	18.9%	2,098	70	3.3%
Other non-current liabilities	287	287	100.0%	283	281	99.3%
Short-term borrowings	4,746	4,319	91.0%	1,653	1,531	92.6%
Current portion of long-term borrowings	2,363	-	-	1,061	-	-
Trade payables	139	55	39.6%	212	83	39.2%
Derivatives - current	359	234	65.2%	237	72	30.4%
Other current financial liabilities	694	54	7.8%	587	30	5.1%
Other current liabilities	975	396	40.6%	709	643	90.7%

Impact on income statement

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2014			2013	
Revenue	246	245	99.6%	275	273	99.3%
Electricity purchases and consumables	2	-	-	6	-	-
Services and other operating expenses	324	58	17.9%	334	79	23.7%
Income from equity investments	1,818	1,818	100.0%	2,028	2,028	100.0%
Financial income on derivatives	2,190	460	21.0%	1,492	938	62.9%
Other financial income	222	194	87.4%	320	227	70.9%
Financial expense on derivatives	1,954	1,169	59.8%	1,601	185	11.6%
Other financial expense	1,377	3	0.2%	1,001	125	12.5%

Impact on cash flows

Millions of euro	Total	Related parties	% of total	Total	Related parties	% of total
		2014			2013	
Cash flows from operating activities	926	667	72.0%	1,669	28	1.7%
Cash flows from investing/disinvesting activities	(11)	(10)	90.9%	(113)	(113)	100.0%
Cash flows from financing activities	2,934	2,682	91.4%	(4,894)	(3,751)	76.6%

36. Contractual commitments and guarantees

Millions of euro

	at Dec. 31, 2014	at Dec. 31, 2013	Change
Sureties and guarantees given:			
- third parties	405	439	(34)
- subsidiaries	38,713	40,661	(1,948)
- associates and others	-	5	(5)
Total	**39,118**	**41,105**	**(1,987)**

Sureties granted to third parties regard guarantees issued by the Parent Company as part of the disposal to third parties of assets owned by Enel SpA or in the interest of its subsidiaries and they essentially regard the sale of real estate assets (€404 million). The guarantee is meant to ensure the performance of contractual obligations, specifically payments due and the commitment to renew at least 50% of the long-term lease agreements for 6 years.

Sureties issued on behalf of subsidiaries include:

> €23,135 million issued on behalf of Enel Finance International securing bonds denominated in dollars, pounds, euros and yen as part of the €35 billion Global Medium-Term Notes program;

> €3,374 million issued to the European Investment Bank (EIB) for loans granted to Enel Distribuzione, Enel Produzione and Enel Green Power SpA;

> €2,387 million issued on behalf of Enel Finance International securing a euro commercial paper program;

> €1,957 million issued to the tax authorities in respect of participation in the Group VAT procedure on behalf of Enel.Newhydro, Enel Produzione, Enelpower, Enel Servizio Elettrico, Nuove Energie, Enel Ingegneria e Ricerca, Enel M@p, Enel.si, Enel Green Power, Enel Sole, Enel Longanesi Developments, Enel Stoccaggi and Energy Hydro Piave;

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

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

> €720 million issued to INPS on behalf of various Group companies whose employees elected to participate in the structural staff reduction plan (Article 4 of Law 92/2012);

> €545 million issued as counter-guarantees in favor of the banks that guaranteed the Energy Markets Operator (GME) on behalf of Enel Trade and Enel Produzione;

> €458 million issued in favor of Terna on behalf of Enel Distribuzione, Enel Trade, Enel Produzione and Enel Energia in respect of agreements for the electricity transmission service;

> €365 million issued to financial counterparties on behalf of Enel Finance International securing bonds as part of the €35 billion Global Medium-Term Notes program;

> €337 million issued in favor of Snam Rete Gas on behalf of Enel Trade for gas transport capacity;

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

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

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

> €2,741 million issued to various beneficiaries as part of financial support activities by the Parent Company on behalf of subsidiaries, as well as €5 million issued on behalf of Enel.Newhydro as part of the disposal of the Ismes business unit.

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

37. Contingent liabilities and assets

Please see note 49 to the consolidated financial statements for information on contingent liabilities and assets.

38. Events after the reporting date

Please see note 50 to the consolidated financial statements for information on events after the reporting date.

39. Share-based incentive plans

Please see note 51 to the consolidated financial statements for information on share-based incentive plans.

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

Fees paid in 2014 to the audit firm and entities belonging to its network for services are summarized in the following table, pursuant to the provisions of Article 149-duodecies of the CONSOB "Issuers Regulation".

Type of service	Entity providing the service	Fees (millions of euro)
Enel SpA		
Auditing	of which:	
	- Reconta Ernst & Young SpA	1.6
	- Entities of Ernst & Young SpA network	-
Certification services	of which:	
	- Reconta Ernst & Young SpA	0.5
	- Entities of Ernst & Young SpA network	-
Total		**2.1**
Subsidiaries of Enel SpA		
Auditing	of which:	
	- Reconta Ernst & Young SpA	1.7
	- Entities of Ernst & Young SpA network	6.3
Certification services	of which:	
	- Reconta Ernst & Young SpA	0.5
	- Entities of Ernst & Young SpA network	5.3
Total		**13.8**
TOTAL		**15.9**

Declaration of the Chief Executive Officer and the officer responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel SpA at December 31, 2014, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation 11971 of May 14, 1999

1. The undersigned Francesco Starace and Alberto De Paoli, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
    a. the appropriateness with respect to the characteristics of the Company and
    b. the effective adoption of the administrative and accounting procedures for the preparation of the separate financial statements of Enel SpA in the period between January 1, 2014 and December 31, 2014.

2. In this regard, we report that:
    a. the appropriateness of the administrative and accounting procedures used in the preparation of the separate financial statements of Enel SpA has been verified in an assessment of the internal control system for financial reporting. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
    b. the assessment of the internal control system for financial reporting did not identify any material issues.

3. In addition, we certify that separate financial statements of Enel SpA at December 31, 2014:
    a. have been prepared in the compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
    b. correspond to the information in the books and other accounting records;
    c. provide a true and fair representation of the performance and financial position of the issuer.

4. Finally, we certify that the report on operations, included in the Annual Report 2014 and accompanied by the financial statements of Enel SpA at December 31, 2014, contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

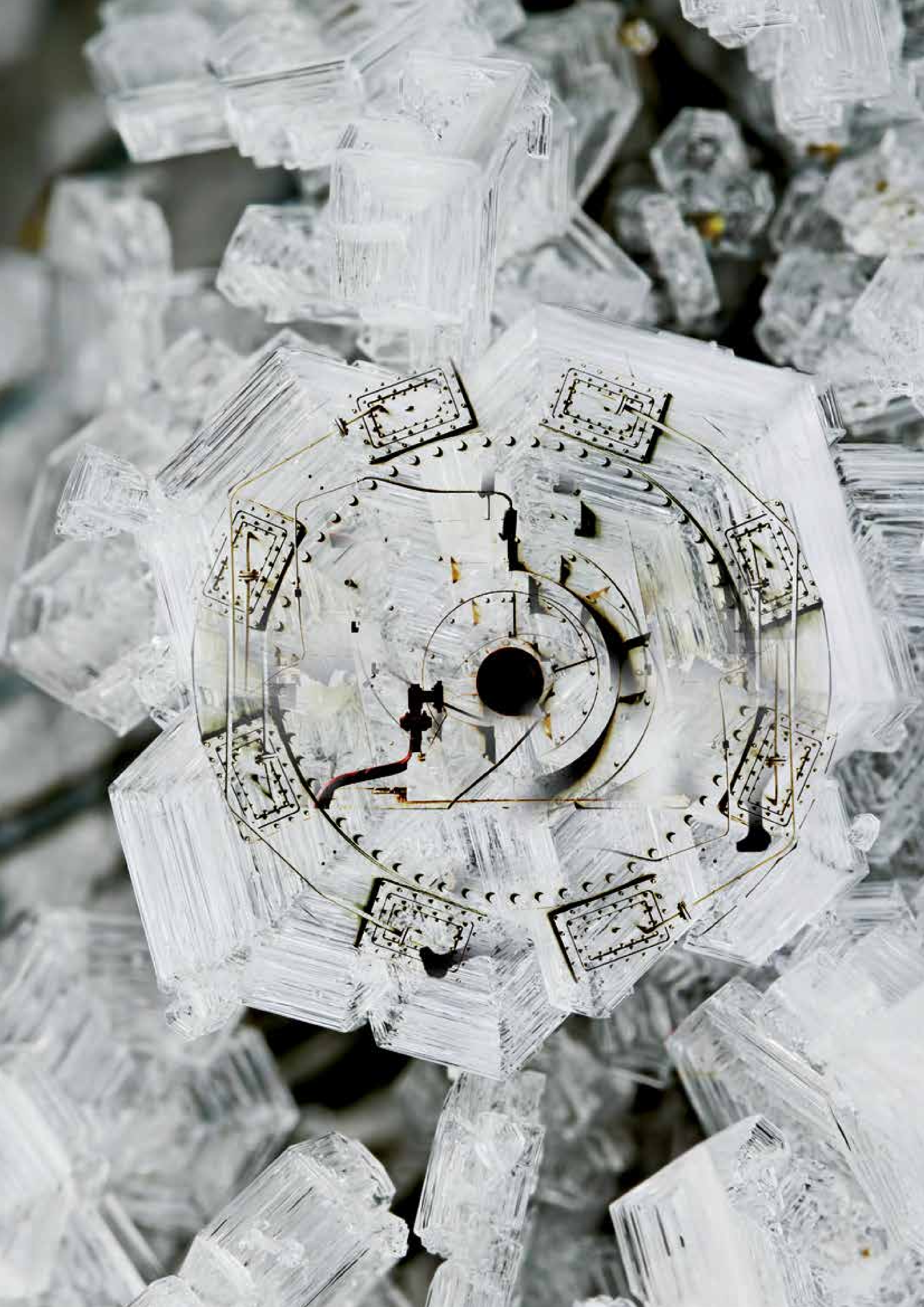
Rome, March 18, 2015

Francesco Starace

Chief Executive Officer of Enel SpA

Alberto De Paoli

Officer responsible for the preparation of the financial reports of Enel SpA



Reports

Report of the Board of Auditors to the Shareholders' Meeting of Enel SpA

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

Shareholders,

During the year ended December 31, 2014 we performed the oversight activities envisaged by law at Enel SpA (hereinafter also "Enel" or the "Company"). In particular, pursuant to the provisions of Article 149, paragraph 1, of Legislative Decree 58 of February 24, 1998 (hereinafter the "Consolidated Law on Finance") and Article 19, paragraph 1 of Legislative Decree 39 of January 27, 2010 (hereinafter "Decree 39/2010") we monitored:

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

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

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

> we monitored compliance with the law and the bylaws and we have no issues to report;
> on a quarterly basis, we received adequate information from the Chief Executive Officer, as well as through our participation in the meetings of the Board of Directors of Enel, on activities performed, general developments in operations and the outlook, and on transactions with the most significant impact on performance or the financial position carried out by the Company and its subsidiaries. We report that the actions approved and implemented were in compliance with the law and the bylaws and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions of the Shareholders' Meeting or otherwise prejudicial to the integrity of the Company's assets. For a discussion of the features of the most significant transactions, please see the report on operations accompanying the separate financial statements of the Company for 2014 and the consolidated financial statements of the Enel Group for 2014 (in the section "Significant events in 2014");
> we did not find any atypical or unusual transactions conducted with third parties, Group companies or other related parties;
> in the section "Related parties" of the notes to the separate 2014 financial statements of the Company, the directors describe the main related-party transactions – identified on the basis of international accounting standards and the instructions of CONSOB – carried out by the Company, to which readers may refer for details on the transactions and their financial impact. They also detail the procedures adopted to ensure that related-party transactions are carried out in accordance with the principles of

transparency and procedural and substantive fairness. The transactions were carried out in compliance with the approval and execution processes set out in the related procedure – adopted in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB – described in the Report on Corporate Governance and Ownership Structure for 2014. All transactions with related parties reported in the notes to the separate 2014 financial statements of the Company were executed as part of ordinary operations in the interest of the Company and settled on market terms and conditions;

> the Company declares that it has prepared its statutory financial statements for 2014 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) 1606/2002 and in force at the close of 2014, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The Company's separate financial statements for 2014 have been prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU, as indicated in the accounting policies for the individual items of the consolidated financial statements. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on the accounting standards and measurement criteria adopted, with the exception of equity investments in subsidiaries and associates, which are carried in the Company's separate financial statements at purchase costs adjusted for any impairment losses. The notes to the Company's separate financial statements also refer readers to the consolidated financial statements for information on recently issued accounting standards. The separate financial statements for 2014 of the Company were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the financial statements, pursuant to Article 14 of Decree 39/2010;

> the Company declares that it has also prepared the consolidated financial statements of the Enel Group for 2014 on the basis of international accounting standards (IAS/IFRS) – and the interpretations issued by the IFRIC and the SIC – endorsed by the European Union pursuant to Regulation (EC) 1606/2002 and in force at the close of 2014, as well as the provisions of Legislative Decree 38 of February 28, 2005 and its related implementing measures, as it did the previous year. The 2014 consolidated financial statements of the Enel Group are also prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under the IFRS-EU (as indicated in the discussion of measurement criteria for the individual items) and non-current assets (or disposal groups) classified as held for sale, which are measured at the lower of carrying amount and fair value less costs to sell. The notes to the consolidated financial statements provide a detailed discussion of the accounting standards and measurement criteria adopted. As regards recently issued accounting standards, the notes to the consolidated financial statements discuss (i) new standards applied in 2014, which according to the notes did not have a material impact in the year under review, with the exception of the amended standard "IFRS 11 - *Joint arrangements*", "IAS 28 - *Investments in associates and joint ventures*" and "IAS 32 - *Financial instruments: presentation - Offsetting financial assets and financial liabilities*", whose effects – including on the comparative figures for the previous year – were discussed in the notes to the financial statements; and (ii) standards that will apply in the future. The consolidated financial statements for 2014 of the Enel Group were audited by the independent auditors Reconta Ernst & Young SpA, which issued an unqualified opinion, including with regard to the consistency of the report on operations with the consolidated financial statements, pursuant to Article 14 of Decree 39/2010.

Under the terms of its engagement, Reconta Ernst & Young SpA also issued unqualified opinions on the financial statements for 2014 of the most significant Italian companies of the Enel Group. Moreover, during periodic meetings with the representatives of the audit firm, Reconta Ernst & Young SpA, the latter did not raise any issues concerning the reporting packages of the main foreign companies of the Enel

Group, selected by them on the basis of the work plan established for the auditing of the consolidated financial statements of the Enel Group, that would have a sufficiently material impact to be reported in the opinion on those financial statements;

> taking due account of the recommendations of the European Securities and Markets Authority, on January 21, 2013, in order to ensure greater transparency concerning the methods used by listed companies in testing goodwill for impairment, in line with the recommendations contained in the joint Bank of Italy - CONSOB - ISVAP document 4 of March 3, 2010, and in the light of indications of CONSOB in its Communication 3907 of January 19, 2015, the compliance of the impairment testing procedure with the provisions of IAS 36 was expressly approved by the Board of Directors of the Company, having obtained a favorable opinion in this regard from the Control and Risk Committee in February 2015, i.e. prior to the date of approval of the financial statements for 2014;
> we examined the Board of Directors' proposal for the allocation of net income for 2014 and the distribution of available reserves and have no comments in this regard;
> we note that the Board of Directors of the Company certified, following appropriate checks by the Control and Risk Committee, that as at the date on which the 2014 financial statements were approved, the Enel Group continued to meet the conditions established by CONSOB (set out in Article 36 of the Market Rules, approved with Resolution 16191 of October 29, 2007 as amended) concerning the accounting transparency and adequacy of the organizational structures and internal control systems that subsidiaries established and regulated under the law of non-EU countries must comply with so that Enel shares can continue to be listed on regulated markets in Italy;
> we monitored, within the scope of our responsibilities, the adequacy of the organizational structure of the Company (and the Enel Group as a whole), obtaining information from department heads and in meetings with the boards of auditors or equivalent bodies of a number of the main Enel Group companies in Italy and abroad, for the purpose of the reciprocal exchange of material information. During the second Half of 2014, a new organizational structure based on a matrix of Divisions and geographical areas was implemented in the Enel Group. It is organized into: (i) Divisions, which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The Divisions comprise: Global Infrastructure and Networks, Global Generation, Global Trading, Renewable Energy, and Upstream Gas; (ii) regions and countries, which are responsible for managing relationships with local institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the Divisions. Regions and countries comprise: Italy, Iberia, Latin America, Eastern Europe; (iii) Global service functions, which are responsible for managing information and communication technology activities and procurement at the Group level; and (iv) Holding company functions, which are responsible for managing governance processes at the Group level. They include: Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Union Affairs, and Innovation and Sustainability. The Board of Auditors feels that the organizational system described above is adequate to support the strategic development of the Company and the Enel Group and is consistent with control requirements;
> during meetings with the boards of auditors or equivalent bodies of a number of the Group's main companies in Italy and abroad, no material issues emerged that would require reporting here;
> we monitored the independence of the audit firm Reconta Ernst & Young SpA, having received from them specific written confirmation that they met that requirement (pursuant to the provisions of Article 17, paragraph 9, letter a) of Decree 39/2010) and having discussed the substance of that declaration with the audit partner. In this regard, we also monitored – as provided for under Article 19, paragraph 1(d), of Decree 39/2010 – the nature and the scale of non-audit services provided to the Company and other Enel Group companies by Reconta Ernst & Young SpA and the entities belonging to its network, the fees for which are reported in the notes to the financial statements of the Company. Following our

examinations, the Board of Auditors feels that there are no critical issues concerning the independence of the audit firm Reconta Ernst & Young SpA. We held periodic meetings with the representatives of the audit firm, pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, and no material issues emerged that would require mention in this report.

As regards the provisions of Article 19, paragraph 3, of Decree 39/2010, Reconta Ernst & Young SpA provided the Board of Auditors with the report for 2014 "on key issues emerging during the statutory audit", which did not find any significant shortcomings in the internal control system concerning financial reporting. The audit firm also reported that, as it performed its engagement, it provided suggestions concerning a number of issues that, after being agreed with the competent units of the Company, enabled improvements to be implemented. The audit firm also reported that a management letter for 2014 is being prepared;

> we monitored the financial reporting process, the appropriateness of the administrative and accounting system and its reliability in representing operational events, as well as compliance with the principles of sound administration in the performance of the Company's business and we have no comments in that regard. We conducted our checks by obtaining information from those who served in 2014 as head of the Administration, Finance and Control department (taking due account of their role as the officer responsible for the preparation of the Company's financial reports), examining Company documentation and analyzing the findings of the examination performed by Reconta Ernst & Young SpA. The Chief Executive Officer and the officer responsible for the preparation of the financial reports of Enel issued a statement (regarding the Company's 2014 financial statements) certifying (i) the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures used in the preparation of the financial statements; (ii) the compliance of the content of the financial reports with international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2002; (iii) the correspondence of the financial statements with the information in the books and other accounting records and their ability to provide a true and fair representation of the performance and financial position of the Company; and (iv) that the report on operations accompanying the financial statements contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed. The statement also affirmed that the appropriateness of the administrative and accounting procedures used in the preparation of the financial statements of the Company had been verified in an assessment of the internal control system for financial reporting (supported by the findings of the independent monitoring performed by the Company's Audit department) and that the assessment of the internal control system did not identify any material issues. An analogous statement was prepared for the consolidated financial statements for 2014 of the Enel Group;

> we monitored the adequacy and effectiveness of the internal control system, primarily through periodic meetings with those who served in 2014 as head of the Audit department of the Company and through a number of joint meetings with the Control and Risk Committee as well as with the participation of the Chairman of the Board of Auditors in the other meetings of the Control and Risk Committee and the subsequent examination of the associated documentation during those meetings. In the light of our examination and in the absence of significant issues, the internal control and risk management system can be considered adequate and effective. In February 2015, the Board of Directors of the Company expressed an analogous assessment of the situation and also noted that the main risks associated with the strategic targets set out in the 2015-2019 business plan were compatible with the management of the Company in a manner consistent with those targets;

> during the year, the Board of Auditors received one report of censurable facts pursuant to Article 2408 of the Italian Civil Code from a shareholder, who complained about restrictions on the procedures for submitting questions before the Shareholders' Meeting of May 22, 2014. We responded appropriately to the shareholder, demonstrating the Company's full compliance with the law and the specious nature

of the complaint. We also received two complaints from customers of Italian companies of the Enel Group containing allegations of service problems or breach of contract in the performance of electricity supply and distribution activities. The Board of Auditors asked the competent Company units to conduct an appropriate investigation, which found no irregularities to report;

> we monitored the effective implementation of the Corporate Governance Code, which the Company has adopted, verifying the compliance of Enel's governance arrangements with the recommendations of the Code. Detailed information on the Company's corporate governance system can be found in the report on corporate governance and ownership structure for 2014. In June 2014 and February 2015, the Board of Auditors verified that the Board of Directors, in evaluating the independence of non-executive directors, correctly applied the assessment criteria specified in the Corporate Governance Code and the principle of the priority of substance over form set out in that Code, adopting a transparent procedure, the details of which are discussed in the report on corporate governance and ownership structure for 2014. As regards the "self-assessment" of the independence of its members, the Board of Auditors verified compliance, most recently in February 2015, with the requirements set out in both the Consolidated Law on Finance and the Corporate Governance Code;

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

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

> with regard to the provisions of Legislative Decree 231 of June 8, 2001, which introduced into Italian law a system of administrative (in fact criminal) liability for companies for certain types of offences committed by its directors, managers or employees on behalf of or to the benefit of the company, since July 2002 Enel has adopted a compliance program consisting of a "general part" and various "special parts" concerning the difference offences specified by Legislative Decree 231/2001 that the program is intended to prevent. For a description of the manner in which the model has been implemented by the various Group companies, please see the report on corporate governance and ownership structure for 2014. The structure that monitors the operation and compliance with the program and is responsible for updating it (hereinafter, "the Supervisory Body") is a collegial body. In 2014 it was composed of two external members with expertise on corporate organization matters, one of whom acted as chairman of the body, and the head of the Audit department, the head of the Legal and Corporate Affairs department and the Secretary of the Board of Directors of the Company, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities. The Board of Auditors received adequate information on the main activities carried out in 2014 by the Supervisory Body. Our examination of those activities found no facts or situations that would require mention in this report;

> in 2014, the Board of Auditors issued the following opinions:
   - a favorable opinion at the meeting of January 29, 2014 concerning the 2014 Audit Plan in accordance with the provisions of Article 7.C.1, letter c) of the Corporate Governance Code, preliminary to the resolutions pertaining to the Board of Directors in that regard;
   - a favorable opinion at the meeting of May 7, 2014 on the findings of Reconta Ernst & Young in its report on the major issues that arose in the statutory audit in 2013, in accordance with the provisions

of Article 7.C.1, letter e) of the Corporate Governance Code, preliminary to the assessments pertaining to the Board of Directors in that regard;
- a favorable opinion at the meeting of June 17, 2014 concerning the replacement of the head of the Company's Audit department, Francesca Di Carlo, by Silvia Fiori, as well as the remuneration to be paid to the latter for that position, in accordance with the proposal of the Chief Executive Officer – acting as director responsible for the internal control and risk management system and in agreement with the Chairman of the Board of Directors – in accordance with the provisions of Article 7.C.1, paragraph 2, of the Corporate Governance Code, preliminary to the resolutions pertaining to the Board of Directors in that regard;
- a favorable opinion at the meeting of July 24, 2014, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the remuneration to be paid to the members of the various committees established within the Board of Directors following the election of that Board by the Shareholders' Meeting of May 22, 2014;
- a favorable opinion at the meeting of July 24, 2014 concerning the attendance fee to be paid for participation in the meetings of the corporate boards to the magistrate of the State Audit Court delegated to control the financial management of the Company;
- a favorable opinion at the meeting of September 18, 2014, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, concerning the remuneration and job conditions of the Chairman of the Board and the Chief Executive Officer/General Manager during the 2014-2016 term;
- a favorable opinion at the meeting of October 29, 2014, pursuant to Article 20.5, paragraph 1, of the Company bylaws, concerning the replacement of the officer responsible for the preparation of the financial reports, Luigi Ferraris, by Alberto De Paoli, in accordance with a proposal of the Chief Executive Officer, preliminary to the resolutions pertaining to the Board of Directors in that regard;

> a report on the fixed and variable compensation accrued by those who served as Chairman of the Board of Directors, the Chief Executive Officer/General Manager and other directors in 2014 for their respective positions and any compensation instruments awarded to them will be contained (as provided for in the draft version, which the Board of Auditors has seen) in the Remuneration Report referred to in Article 123-*ter* of the Consolidated Law on Finance. It will be submitted for approval by the Board of Directors, acting on a proposal of the Nomination and Compensation Committee, and published in compliance with the time limits established by law. The design of these compensation instruments is in line with best practices, complying with the principle of establishing a link with appropriate financial and non-financial performance targets and pursuing the creation of shareholder value over the medium and long term. The proposals to the Board of Directors concerning such forms of compensation and the determination of the associated parameters were prepared by the Nomination and Compensation Committee, which is made up of independent directors, drawing on the findings of benchmarking analyses at the national and international level performed by an independent consulting firm. In addition, in determining the compensation package of the new directors with special duties, the resolution of the Shareholders' Meeting of May 22, 2014 was implemented. That resolution, in application of Article 84-*ter* of Decree Law 69 of June 21, 2013 (ratified with amendments with Law 98 of August 9, 2013), established that for the election of the Board of Directors by that Shareholders' Meeting the remuneration of directors with special duties could not be set by the Board of Directors in an amount exceeding 75% of the total remuneration of any form, including under an employment relationships with the Company, established during the previous term. Finally, the Report on Remuneration referred to in Article 123-*ter* of the Consolidated Law on Finance will contain, in compliance with the applicable CONSOB regulations, specific disclosures on the remuneration earned in 2014 by key management personnel.

The Board of Auditors' oversight activity in 2014 was carried out in 17 meetings and with participation in the 18 meetings of the Board of Directors, and, through the Chairman, in the 13 meetings of the Control and Risk

Committee (of which 9 joint meetings with the Board of Auditors), in the 9 meetings of the Nomination and Compensation Committee, in the 3 meetings of the Related Parties Committee and in the 6 meetings of the Corporate Governance Committee. The delegate of the State Audit Court participated in the meetings of the Board of Auditors and those of the Board of Directors.
During the course of this activity and on the basis of information obtained from Reconta Ernst & Young SpA, no omissions, censurable facts, irregularities or other significant developments were found that would require reporting to the regulatory authorities or mention in this report.
Based on the oversight activity performed and the information exchanged with the independent auditors Reconta Ernst & Young SpA, we recommend that you approve the Company's financial statements for the year ended December 31, 2014 in conformity with the proposals of the Board of Directors

Rome, April 8, 2015

The Board of Auditors

Sergio Duca
Chairman

Lidia D'Alessio
Auditor

Gennaro Mariconda
Auditor

Report of the independent audit firm on the 2014 financial statements of Enel SpA

Enel S.p.A.

Financial Statements as of December 31, 2014

Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree n. 39
dated January 27, 2010
(Translation from the original Italian text)

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Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel: +39 06 324751
Fax: +39 06 32475504
ey.com

Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

1. We have audited the financial statements of Enel S.p.A. as of December 31, 2014 and for the year then ended, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005 is the responsibility of Enel S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 10, 2014.

3. In our opinion, the financial statements of Enel S.p.A. as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Enel S.p.A. for the year then ended.

4. The directors of Enel S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure published in the section Governance of Enel S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
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Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the financial statements of Enel S.p.A. as of December 31, 2014.

Rome, April 8, 2015

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

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

Report of the independent audit firm on the 2014 consolidated financial statements of the Enel Group

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Enel S.p.A.

Consolidated Financial Statements as of December 31, 2014

Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree n. 39
dated January 27, 2010
(Translation from the original Italian text)

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Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel: +39 06 324751
Fax: +39 06 32475504
ey.com

Independent auditors' report
pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Enel S.p.A.

1. We have audited the consolidated financial statements of Enel S.p.A. and its subsidiaries ("Enel Group") as of December 31, 2014 and for the year then ended comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005 is the responsibility of Enel S.p.A.'s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year and the balance sheet as of January 1, 2013 are presented for comparative purposes. As illustrated in the notes to the financial statements, the directors have restated certain comparative figures related to the prior year and the balance sheet as of January 1, 2013, which is derived from the consolidated financial statements as of December 31, 2012, with respect to the figures previously presented, upon which we issued our auditors' reports on April 10, 2014 and on April 4, 2013, respectively. We have examined the method used to restate the comparative figures and the related information presented in the notes to the financial statements, for the purpose of expressing our opinion on the consolidated financial statements as of December 31, 2014 and for the year then ended.

3. In our opinion, the consolidated financial statements of the Enel Group as of December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Enel Group for the year then ended.

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4. The directors of Enel S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure, published in the section *Governance* of Enel S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the report on operations and of the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the report on corporate governance and ownership structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information presented in compliance with article 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the report on corporate governance and ownership structure, are consistent with the consolidated financial statements of the Enel Group as of December 31, 2014.

Rome, April 8, 2015

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

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

Summary of the resolutions of the Ordinary and Extraordinary Shareholders' Meeting

The Ordinary and Extraordinary Shareholders' Meeting of Enel SpA held in Rome in single call on May 28, 2015 at the Enel Conference Center at 125, Viale Regina Margherita, adopted the following resolutions during the ordinary session:

1. approved the financial statements of Enel SpA for the year ended December 31, 2014, having acknowledged the results of the consolidated financial statements of the Enel Group for the year ended December 31, 2014, which closed with net income attributable to shareholders of the Parent Company of € 517 million;
2. resolved:
   (i) to earmark the net income for the year 2014 of Enel SpA, amounting to € 558,202,514.37, as follows:
      a) for distribution to the Shareholders, as dividend, € 0.05 for each of the 9,403,357,795 ordinary shares in circulation on June 22, 2015, the scheduled ex-dividend date, for an overall amount of € 470,167,889.75;
      b) for "retained earnings" the remaining part equal to € 88,034,624.62;

   (ii) to earmark for distribution to the Shareholders also a part of the available reserve named "retained earnings" allocated in the financial statements of Enel SpA (amounting at the date of the Shareholders' Meeting to € 6,061,293,373.19 overall), for an amount of € 0.09 for each of the 9,403,357,795 ordinary shares in circulation on June 22, 2015, the scheduled ex-dividend date, for an overall amount of € 846,302,201.55

   paying, before withholding tax, if any, an overall dividend of € 0.14 per ordinary share – of which € 0.05 as distribution of the 2014 net income and € 0.09 as partial distribution of the available reserve named "retained earnings" – as from June 24, 2015, with the ex-dividend date of coupon no. 23 falling on June 22, 2015 and the "record date" (i.e. the date of the legitimate payment of dividends) coinciding with June 23, 2015;
3. resolved, pursuant to Article 2386 of the Italian Civil Code, the appointment of Alfredo Antoniozzi as a member of the Board of Directors, who will stay in office until the expiry of the Board of Directors in office at the date of the Shareholders' Meeting, i.e. until the approval of 2016 financial statements;
4. resolved to approve the Long Term Incentive Plan for 2015 reserved to the management of Enel SpA and/or of its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose features are described in the relevant information document prepared pursuant to Article 84-*bis*, paragraph 1, of the Issuers Regulation adopted by CONSOB with Resolution 11971/1999, and to grant the Board of Directors, with the faculty to sub-delegate, all powers necessary for the actual implementation of the aforesaid Plan;
5. resolved in favor of the first section of the remuneration report drawn up pursuant to Article 123-*ter* of Legislative Decree 58 dated February 24, 1998, and Article 84-*quater* of the Issuers Regulation adopted by CONSOB with Resolution 11971/1999, containing the description of the policy for the remuneration of Directors, General Manager and Executives with strategic responsibilities adopted by the Company for the financial year 2015, as well as the procedures used for the adoption and implementation of such policy.

In the extraordinary session, the Shareholders' Meeting also resolved an amendment of the bylaws provisions concerning requirements of integrity and related causes of ineligibility and disqualification of members of the Board of Directors as set forth under Article 14-*bis* of the corporate bylaws.

Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2014

In compliance with CONSOB Notice DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2014, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.

The following information is included for each company: name, headquarters, share capital, currency in which share capital is denominated, activity, method of consolidation, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parent company									
Enel SpA	Rome	Italy	9,403,357,795.00	EUR	Holding company	Holding			100.00%
Subsidiaries									
(Cataldo) Hydro Power Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Black River Inc. Hydro Development Group Inc.	50.00%	68.29%
3-101-665717 SA	Costa Rica	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	PH Chucas SA	100.00%	42.67%
3SUN Srl	Catania	Italy	35,205,984.00	EUR	Development, design, construction and operation of solar panel manufacturing plants	Equity	Enel Green Power SpA	33.33%	22.76%
Adam Solar PV Project Three (Pty) Ltd	Mowbray	South Africa	1.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Adam Solar PV Project Two (RF) Pty Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Adria Link Srl	Gorizia	Italy	500,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	33.33%	33.33%
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Agatos Green Power Trino	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	80.00%	54.63%
Agrupación Acefhat AIE	Barcelona	Spain	793,340.00	EUR	Design and services	-	Endesa Distribución Eléctrica SL	16.67%	11.69%
Aguilon 20 SA	Zaragoza	Spain	2,682,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.21%
Albany Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Almeyda Solar SpA	Santiago	Chile	1,736,965,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Almussafes Servicios Energéticos SL	Valencia	Spain	3,010.00	EUR	Management and maintenance of power plants	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Alpe Adria Energia SpA	Udine	Italy	450,000.00	EUR	Design, construction and operation of merchant lines	Equity	Enel Produzione SpA	40.50%	40.50%
Altomonte Fv Srl	Cosenza	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	100.00%	68.29%
Alvorada Energia SA	Rio de Janeiro	Brazil	17,117,415.92	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Ampla Energia e Serviços SA	Rio de Janeiro	Brazil	129,823.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Chilectra Inversud SA Chilectra SA Enersis SA Endesa Brasil SA	21.02% 10.34% 21.38% 46.89	55.79%
Andorra Desarrollo SA	Teruel	Spain	901,520.00	EUR	Regional development	Line-by-line	Endesa Generación SA	100.00%	70.14%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Annandale Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Apamea 2000 SL	Madrid	Spain	3,010.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.14%
Apiacás Energia SA	Rio de Janeiro	Brazil	21,216,846.33	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500.00	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc.	100.00%	68.29%
Aquilae Solar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	60,100.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.14%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	19,232,400.00	EUR	Management and maintenance of power plants	Joint operation	Endesa Generación SA	85.41%	59.91%
Atea Srl	La Spezia	Italy	10,001.00	EUR	Installation of industrial machinery and equipment	Equity	Enel Italia Srl	0.01%	0.01%
Athonet Smartgrid Srl	Bolzano	Italy	10,001.00	EUR	Research, development and design	Equity	Enel Italia Srl	0.01%	0.01%
Atwater Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Aurora Distributed Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Ayesa Advanced Technologies SA	Seville	Spain	663,520.00	EUR	IT services	Equity	Endesa Servicios SL	22.00%	15.43%
Aysén Energía SA	Santiago	Chile	4,900,100.00	CLP	Electricity	Equity	Empresa Nacional de Electricidad SA	0.51%	18.54%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Aysén Transmisiòn SA	Santiago	Chile	22,368,000.00	CLP	Electricity generation and sale	Equity	Empresa Nacional de Electricidad SA	0.51%	18.54%
							Centrales Hidroeléctricas de Aysén SA	99.00%	
Barnet Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc.	90.00%	68.29%
							Enel Green Power North America Inc.	10.00%	
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Beaver Valley Holdings Ltd	67.50%	46.09%
Beaver Valley Holdings Ltd	Philadelphia (Pennsylvania)	USA	2.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Biowatt - Recursos Energéticos Lda	Porto	Portugal	5,000.00	EUR	Marketing of projects for electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	35.21%
Black River Hydro Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	(Cataldo) Hydro Power Associates	75.00%	51.22%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Boiro Energia SA	Boiro	Spain	601,010.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Bolonia Real Estate SL	Madrid	Spain	3,008.00	EUR	Real estate	Line-by-line	Endesa SA	100.00%	70.14%
Boott Field LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Hydropower Inc.	100.00%	68.29%
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Hydro Finance Holding Company Inc.	100.00%	68.29%
Bp Hydro Associates	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Idaho Inc.	68.00%	68.29%
							Enel Green Power North America Inc.	32.00%	
Bp Hydro Finance Partnership	Salt Lake City (Utah)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Fulcrum Inc.	24.08%	68.29%
							Bp Hydro Associates	75.92%	
Braila Power SA	Sat Chiscani, Comuna Chiscani	Romania	1,900,000.00	RON	Electricity generation	Equity	Enel Investment Holding BV	29.93%	29.93%
Brooten Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Buffalo Dunes Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	75.00%	51.22%
Business Venture Investments 1468 (Pty) Ltd	Lombardy East	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Bypass Limited	Boise (Idaho)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc.	69.35%	68.29%
							El Dorado Hydro	1.00%	
							Chi West Inc.	29.65%	
Bypass Power Company	Los Angeles (California)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
Camposgen-Energia Lda	Oeiras	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	TP - Sociedade Térmica Portuguesa SA	80.00%	69.03%
							Pp - Co-Geração SA	20.00%	
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Caney River Wind Project LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
Carboex SA	Madrid	Spain	24,040,484.18	EUR	Fuel supply	Line-by-line	Endesa Generación SA	100.00%	70.14%
Carbopego - Abastecimientos e Combustiveis SA	Abrantes	Portugal	50,000.00	EUR	Fuel supply	Equity	Endesa Generación Portugal SA	0.01%	35.07%
							Endesa Generación SA	49.99%	
Carocraft (Pty) Ltd	Houghton	South Africa	116.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	97.00%	66.24%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Carodex (Pty) Ltd	Houghton	South Africa	116.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	98.49%	67.26%
Castle Rock Ridge Limited Partnership	Calgary (Alberta)	Canada	-	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	99.90%	68.29%
							Enel Alberta Wind Inc.	0.10%	
Cefeidas Desarrollo Solar SL	Puerto del Rosario	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	289,340,000.00	BRL	Electricity generation and sale	Line-by-line	Endesa Brasil SA	99.75%	51.03%
Central Dock Sud SA	Buenos Aires	Argentina	35,595,178,229.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Inversora Dock Sud SA	69.99%	24.24%
Central Eólica Canela SA	Santiago	Chile	12,284,740,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Compañía Eléctrica Tarapacá SA	75.00%	27.96%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	151,940,000.00	BRL	Thermal generation plants	Line-by-line	Endesa Brasil SA	100.00%	51.15%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	364,210.00	EUR	Operation of hydro-electric plants	Equity	Enel Green Power España SL	33.30%	22.99%
Central Térmica de Anllares AIE	Madrid	Spain	595,000.00	EUR	Operation of thermal plants	Equity	Endesa Generación SA	33.33%	23.38%
Central Vuelta de Obligado SA	Buenos Aires	Argentina	500,000.00	ARS	Electrical facilities construction	Equity	Hidroeléctrica El Chocón SA	33.20%	9.80%
							Endesa Costanera SA	1.30%	
							Central Dock Sud SA	6.40%	
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	158,975,665,182.00	CLP	Design	Equity	Empresa Nacional de Electricidad SA	51.00%	18.54%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	-	EUR	Management of nuclear plants	Equity	Nuclenor SA	0.69%	16.77%
							Endesa Generación SA	23.57%	
Centrum Pre Vedu a Vyskum Sro	Kalná nad Hronom Mochovce 6	Slovakia	6,639.00	EUR	Research and development on natural sciences and engineering	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	8,550,000.00	EUR	Research and testing services	Equity	Enel SpA	42.70%	42.70%
Chepei Desarollo Solar L	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Chi Black River Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Idaho Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Operations Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Chi West Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Chilectra Inversud SA	Santiago	Chile	569,020,000.00	USD	Holding company	Line-by-line	Chilectra SA	100.00%	60.07%
Chilectra SA	Santiago	Chile	36,792,868,194.00	CLP	Holding company, electricity distribution	Line-by-line	Inmobiliaria Manso de Velasco Ltda	0.01%	60.07%
							Enersis SA	99.08%	
Chinango SAC	Lima	Peru	294,249,298.00	PEN	Electricity generation, sale and transmission	Line-by-line	Edegel SA	80.00%	28.42%
Chisago Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Chisholm View Wind Project LLC	Oklahoma City	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	75.00%	51.22%
Chladiace Veze Bohunice Spol Sro	Bohunice	Slovakia	16,598.00	EUR	Engineering and construction	Equity	Slovenské elektrárne AS	35.00%	23.10%
Codensa SA ESP	Bogotá DC	Colombia	13,209,330,000.00	COP	Electricity distribution and sale	Line-by-line	Enersis SA	39.13%	29.34%
							Chilectra SA	9.35%	
Cogeneración El Salto SL (in liquidation)	Zaragoza	Spain	36,060.73	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	20.00%	13.81%
Cogeneración Lipsa SL	Barcelona	Spain	720,000.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	20.00%	13.81%
Compagnia Porto Di Civitavecchia SpA	Rome	Italy	21,372,000.00	EUR	Construction of port infrastructure	Equity	Enel Produzione SpA	25.00%	25.00%
Companhia Energética do Ceará SA	Fortaleza	Brazil	442,950,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	58.87%	39.32%
							Enersis SA	15.18%	
Companhia Térmica Lusol ACE	Barreiro	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	95.00%	65.58%
Companhia Térmica Oliveira Ferreira ACE (in liquidation)	Riba de Ave	Portugal	-	EUR	Electricity generation	-	TP - Sociedade Térmica Portuguesa SA	95.00%	65.58%
Companhia Térmica Ribeira Velha ACE	São Paio de Oleiros	Portugal	-	EUR	Electricity generation	Line-by-line	Pp - Co-Geração SA	49.00%	69.03%
							TP - Sociedade Térmica Portuguesa SA	51.00%	
Compañía de Interconexión Energética SA	Rio de Janeiro	Brazil	285,050,000.00	BRL	Electricity generation, transmission and distribution	Line-by-line	Endesa Brasil SA	100.00%	51.15%
Compañía de Transmisión del Mercosur SA	Buenos Aires	Argentina	14,175,999.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	51.15%
Compañía Eléctrica Tarapacá SA	Santiago	Chile	331,815,034,140.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	3.78%	37.28%
							Empresa Nacional de Electricidad SA	96.21%	
Compañía Energética Veracruz SAC	Lima	Peru	2,886,000.00	PEN	Hydroelectric projects	Line-by-line	Generalima SA	100.00%	60.62%
Compañía Eólica Tierras Altas SA	Soria	Spain	13,222,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	35.63%	24.60%
Compañía Transportista de Gas de Canarias SA	Las Palmas de Gran Canaria	Spain	800,003.00	EUR	Natural gas transport	Equity	Unión Eléctrica de Canarias Generación SAU	47.18%	33.09%
Compostilla Re SA	Luxembourg	Luxembourg	12,000,000.00	EUR	Reinsurance	Line-by-line	Enel Insurance NV	100.00%	85.07%
Concert Srl	Rome	Italy	10,000.00	EUR	Product, plant and equipment certification	Line-by-line	Enel Ingegneria e Ricerca SpA	49.00%	100.00%
							Enel Produzione SpA	51.00%	
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000.00	USD	Electricity generation from renewable resources	Line-by-line	Aquenergy Systems Inc.	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	95.00%	68.29%
							Gauley River Power Partners LP	5.00%	
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	550,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	81.82%	55.87%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cadiz	Spain	200,000.00	EUR	Wind plants	Equity	Enel Green Power España SL	50.00%	34.52%
Copenhagen Associates	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	50.00%	68.29%
							Hydro Development Group Inc.	50.00%	
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	1,021,600.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	25.00%	17.26%
Courtenay Wind Farm LLC	Bismarck (North Dakota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
De Rock'l Srl	Bucharest	Romania	5,629,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Depuracion Destilacion Reciclaje SL	Boiro	Spain	600,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Desarollo Photosolar SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Desarrollo de Fuerzas Renovables Srl de Cv	Mexico City	Mexico	5,313,807.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.99%	68.29%
							Energia Nueva Energia Limpia Mexico Srl de Cv	0.01%	
Diego de Almagro Matriz SpA	Santiago	Chile	351,604,338.00	CLP	Electricity generation from renewable resources	Line-by-line	Empresa Electrica Panguipulli SA	100.00%	68.23%
Dioflash (Proprietary) Limited	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Diseño de Sistemas en silicio SA (in liquidation)	Valencia	Spain	578,000.00	EUR	Photovoltaic plants	-	Endesa Servicios SL	14.39%	10.09%
Distribuidora de Energía Eléctrica del Bages SA	Barcelona	Spain	108,240.00	EUR	Electricity distribution and sale	Line-by-line	Endesa Red SA	55.00%	70.14%
							Hidroeléctrica de Catalunya SL	45.00%	
Distribuidora Eléctrica de Cundinamarca SA ESP	Bogotá DC	Colombia	1,000,000.00	COP	Electricity distribution and sale	Equity	Codensa SA ESP	49.00%	14.38%
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	12,621,210.00	EUR	Electricity purchase, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.14%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Distrilec Inversora SA	Buenos Aires	Argentina	497,610,000.00	ARS	Holding company	Line-by-line	Chilectra SA	23.42%	30.87%
							Empresa Nacional de Electricidad SA	0.89%	
							Enersis SA	27.19%	
Dodge Center Distributed Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Dominica Energía Limpia Srl de Cv	Colonia Guadalupe Inn	Mexico	279,282,225.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México Srl de Cv	99.96%	68.29%
							Enel Green Power Guatemala SA	0.04%	
Eastwood Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Edegel SA	Lima	Peru	2,064,301,735.00	PEN	Electricity generation, distribution and sale	Line-by-line	Empresa Nacional de Electricidad SA	29.40%	35.53%
							Generandes Perú SA	54.20%	
EED - Empreendimentos Eólicos do Douro SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	69.03%
EEVM - Empreendimentos Eólicos Vale do Minho SA	Porto	Portugal	200,000.00	EUR	Electricity generation from renewable resources	Equity	Eolverde - SGPS SA	50.00%	25.89%
EGP BioEnergy Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Puglia Srl	100.00%	68.29%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000.00	USD	Holding company	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Jewel Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGP Solar 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Stillwater Solar LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
EGP Timber Hills Project LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
EGPNA Development Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Development LLC	100.00%	68.29%
EGPNA Wind Holdings 1 LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
El Dorado Hydro	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	82.50%	68.29%
							Northwest Hydro Inc.	17.50%	
Elcogas SA	Puertollano	Spain	809,690.40	EUR	Electricity generation	Equity	Endesa Generación SA	40.99%	33.07%
							Enel SpA	4.32%	
Elcomex Solar Energy Srl	Costanza	Romania	4,590,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Elecgas SA	Santarem (Pego)	Portugal	50,000.00	EUR	Combined-cycle electricity generation	Equity	Endesa Generación Portugal SA	50.00%	35.07%
Electra Capital (RF) Pty Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eléctrica Cabo Blanco SA	Lima	Peru	46,508,170.00	PEN	Holding company	Line-by-line	Generalima SA	20.00%	60.62%
							Enersis SA	80.00%	
Eléctrica de Jafre SA	Girona	Spain	165,880.00	EUR	Electricity distribution and sale	Equity	Hidroeléctrica de Catalunya SL	47.46%	33.29%
Eléctrica de Lijar SL	Cadiz	Spain	1,081,820.00	EUR	Electricity transmission and distribution	Equity	Endesa Red SA	50.00%	35.07%
Electricidad de Puerto Real SA	Cadiz	Spain	6,611,130.00	EUR	Distribution and supply of electricity	Equity	Endesa Red SA	50.00%	35.07%
Electrogas SA	Santiago	Chile	61,832,327.00	USD	Holding company	Equity	Empresa Nacional de Electricidad SA	42.50%	15.45%
Emgesa Panama SA	Panama	Panama	10,000.00	USD	Electricity trading	Line-by-line	Emgesa SA ESP	100.00%	22.87%
Emgesa SA ESP	Bogotá DC	Colombia	655,222,310,000.00	COP	Electricity generation and sale	Line-by-line	Empresa Nacional de Electricidad SA	26.87%	22.87%
							Enersis SA	21.61%	
Emittenti Titoli SpA	Milan	Italy	5,200,000.00	EUR	-	-	Enel SpA	10.00%	10.00%
Empreendimento Eólico de Rego Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	35.21%
Empreendimentos Eólicos Serra do Sicó SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	TP - Sociedade Térmica Portuguesa SA	52.38%	36.16%
Empreendimentos Eólicos de Viade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	80.00%	55.22%
Empresa Carbonífera del Sur SA	Madrid	Spain	18,030,000.00	EUR	Mining	Line-by-line	Endesa Generación SA	100.00%	70.14%
Empresa de Distribución Eléctrica de Lima Norte SAA	Lima	Peru	638,560,000.00	PEN	Electricity distribution and sale	Line-by-line	Enersis SA	24.00%	45.79%
							Inversiones Distrilima SA	51.68%	
Empresa de Energía Cundinamarca SA ESP	Bogotá DC	Colombia	39,699,630,000.00	COP	Electricity distribution and sale	Equity	Distribuidora Eléctrica de Cundinamarca SA ESP	82.34%	11.84%
Empresa Distribuidora Sur SA	Buenos Aires	Argentina	898,590,000.00	ARS	Electricity distribution and sale	Line-by-line	Chilectra SA	20.85%	43.41%
							Enersis SA	22.25%	
							Distrilec Inversora SA	56.36%	
Empresa Eléctrica de Colina Ltda	Santiago	Chile	82,222,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Chilectra SA	100.00%	60.07%
Empresa Eléctrica de Piura SA	Lima	Peru	73,982,594.00	PEN	Electricity generation	Line-by-line	Generalima SA	36.50%	58.50%
							Electrica Cabo Blanco SA	60.00%	
Empresa Electrica Panguipulli SA	Santiago	Chile	48,038,937.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.23%
							Enel Green Power Chile Ltda	99.99%	
Empresa Eléctrica Pehuenche SA	Santiago	Chile	200,319,020.73	CLP	Electricity generation, transmission and distribution	Line-by-line	Empresa Nacional de Electricidad SA	92.65%	33.69%
Empresa Nacional de Electricidad SA	Santiago	Chile	1,331,714,090,000.00	CLP	Electricity generation, transmission and distribution	Line-by-line	Enersis SA	59.98%	36.36%
Empresa Nacional de Geotermia SA	Santiago	Chile	12,647,752,517.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	34.80%
Empresa Propietaria de La Red SA	Panama	Panama	58,500,000.00	USD	Electricity transmission and distribution	-	Endesa Latinoamérica SA	11.11%	11.11%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity	Line-by-line	Central Geradora Termelétrica Fortaleza SA Endesa Brasil SA	0.01% 99.99%	51.15%
Endesa Argentina SA	Buenos Aires	Argentina	514,530,000.00	ARS	Holding company	Line-by-line	Compañía Eléctrica Tarapacá SA Empresa Nacional de Electricidad SA	0.34% 99.66%	36.36%
Endesa Brasil SA	Rio de Janeiro	Brazil	1,028,760,000.00	BRL	Holding company	Line-by-line	Chilectra SA Edegel SA Chilectra Inversud SA Empresa Nacional de Electricidad SA Enersis SA	5.33% 4.00% 5.94% 34.64% 50.09%	51.15%
Endesa Capital SA	Madrid	Spain	60,200.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Cemsa SA	Buenos Aires	Argentina	14,010,014.00	ARS	Energy trading	Line-by-line	Endesa Argentina SA Enersis SA	45.00% 55.00%	49.70%
Endesa Comercialização de Energia SA	Porto	Portugal	250,000.00	EUR	Electricity generation and sale	Line-by-line	Endesa Energía SA	100.00%	70.14%
Endesa Costanera SA	Buenos Aires	Argentina	701,988,378.00	ARS	Electricity generation and sale	Line-by-line	Southern Cone Power Argentina SA Empresa Nacional de Electricidad SA Endesa Argentina SA	1.15% 24.85% 49.68%	27.52%
Endesa Distribución Eléctrica SL	Barcelona	Spain	1,204,540,060.00	EUR	Electricity distribution	Line-by-line	Endesa Red SA	100.00%	70.14%
Endesa Energía SA	Madrid	Spain	12,981,860.00	EUR	Marketing of energy products	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Energía XXI SL	Madrid	Spain	2,000,000.00	EUR	Marketing and energy-related services	Line-by-line	Endesa Energía SA	100.00%	70.14%
Endesa Financiación Filiales SA	Madrid	Spain	4,621,003,006.00	EUR	Finance company	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Gas SAU	Zaragoza	Spain	45,261,350.00	EUR	Gas production, transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.14%
Endesa Generación II SA	Seville	Spain	63,107.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Generación Nuclear	Seville	Spain	60,000.00	EUR	Subholding company in the nuclear sector	Line-by-line	Endesa Generación SA	100.00%	70.14%
Endesa Generación Portugal SA	Paço de Arcos	Portugal	50,000.00	EUR	Electricity generation	Line-by-line	Finerge-Gestão de Projectos Energéticos SA Endesa Energía SA Enel Green Power España SL Energías de Aragón II SL Endesa Generación SA	0.20% 0.20% 0.20% 0.20% 99.20%	70.14%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Endesa Generación SA	Seville	Spain	1,945,329,830.00	EUR	Electricity generation and sale	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Ingeniería SLU	Seville	Spain	1,000,000.00	EUR	Consulting and engineering services	Line-by-line	Endesa Red SA	100.00%	70.14%
Endesa Latinoamérica SA	Madrid	Spain	796,683,058.00	EUR	Holding company	Line-by-line	Enel Iberoamérica Srl	100.00%	100.00%
Endesa Operaciones y Servicios Comerciales SL	Barcelona	Spain	10,138,580.00	EUR	Services	Line-by-line	Endesa Energía SA	100.00%	70.14%
Endesa Power Trading Ltd	London	United Kingdom	2.00	GBP	Trading	Line-by-line	Endesa SA	100.00%	70.14%
Endesa Red SA	Barcelona	Spain	714,985,850.00	EUR	Electricity distribution	Line-by-line	Endesa SA	100.00%	70.14%
Endesa SA	Madrid	Spain	1,270,502,540.40	EUR	Holding company	Line-by-line	Enel Iberoamérica Srl	70.14%	70.14%
Endesa Servicios SL	Madrid	Spain	89,999,790.00	EUR	Services	Line-by-line	Endesa SA	100.00%	70.14%
Enel Alberta Wind Inc.	Calgary (Alberta)	Canada	16,251,021.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc.	100.00%	68.29%
Enel Atlantic Canada LP	St. John (Newfoundland)	Canada	-	CAD	Wind	Line-by-line	Newind Group Inc.	0.10%	68.29%
							Enel Green Power Canada Inc.	99.90%	
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	1,631,724,677.53	BRL	Holding company	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.29%
							Enel Green Power International BV	99.99%	
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Development Holdings LLC	100.00%	68.29%
Enel Distributie Banat SA	Timisoara	Romania	382,158,580.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	280,285,560.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA	Bucharest	Romania	271,635,250.00	RON	Electricity distribution	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	2,600,000,000.00	EUR	Electricity distribution	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	302,039.00	EUR	Electricity and gas sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA	Bucarest	Romania	37,004,350.00	RON	Electricity sale	Line-by-line	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	140,000,000.00	RON	Electricity sale	Line-by-line	Enel Investment Holding BV	51.00%	51.00%
Enel Iberoamérica Srl	Madrid	Spain	500,000,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Esn Energo LLC (in liquidation)	Saint Petersburg	Russian Federation	2,700,000.00	RUB	Operation and maintenance of electricity generation plants	-	Enel Esn Management BV	100.00%	75.00%
Enel Esn Management BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Produzione SpA	75.00%	75.00%
Enel Finance International NV	Amsterdam	The Netherlands	1,478,810,370.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Panama SA	50.06%	34.18%
Enel France Sas	Paris	France	34,937,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Gas Rus LLC	Moscow	Russian Federation	350,000.00	RUB	Energy services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power Bulgaria EAD	Sofia	Bulgaria	35,231,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cabeça de Boi SA	Rio de Janeiro	Brazil	19,017,956.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Enel Green Power CAI Agroenergy Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Calabria Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Canada Inc.	Montreal (Quebec)	Canada	85,681,857.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Green Power Chile Ltda	Santiago	Chile	15,649,360,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Hydromac Energy BV	0.01%	68.23%
							Enel Green Power Latin America Ltda	99.99%	
Enel Green Power Colombia	Bogotá DC	Colombia	300,000,000.00	COP	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Costa Rica	San José	Costa Rica	27,500,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Cristal Eólica SA	Rio de Janeiro	Brazil	104,833,130.71	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Damascena Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Serra Azul Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Delfina A Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Delfina B Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Delfina C Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Delfina D Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Delfina E Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Desenvolvimento Ltda	Rio de Janeiro	Brazil	13,900,297.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.99%	68.29%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Dois Riachos Eólica SA	Rio de Janeiro	Brazil	1,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	100.00%	68.29%
Enel Green Power Ecuador SA	Quito	Ecuador	26,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	68.29%
							Enel Green Power Latin America Ltda	1.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power El Salvador SA de Cv	San Salvador	El Salvador	3,071,090.00	SVC	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	67.61%
Enel Green Power Emiliana Eólica SA	Rio de Janeiro	Brazil	120,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Parque Eólico Curva dos Ventos Ltda	1.00%	
Enel Green Power España SL	Madrid	Spain	11,152.74	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación SA	40.00%	69.03%
							Enel Green Power International BV	60.00%	
Enel Green Power Esperança Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Enel Green Power Fazenda SA	Rio de Janeiro	Brazil	12,834,623.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Enel Green Power Finale Emilia Srl	Rome	Italy	10,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	70.00%	47.80%
Enel Green Power Granadilla SL	Tenerife	Spain	3,012.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	44.87%
Enel Green Power Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Holding company	Line-by-line	Enel Green Power International BV	98.00%	68.29%
							Enel Green Power Latin America Ltda	2.00%	
Enel Green Power Hellas SA	Maroussi	Greece	7,687,850.00	EUR	Holding company, energy services	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power International BV	Amsterdam	The Netherlands	244,532,298.00	EUR	Holding company	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Ituverava Norte Solar SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Ituverava Solar SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Ituverava Sul Solar SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	67.61%
Enel Green Power Joana Eólica SA	Rio de Janeiro	Brazil	120,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Parque Eólico Curva dos Ventos Ltda	1.00%	
Enel Green Power Latin America Ltda	Santiago	Chile	30,728,470.00	CLP	Holding company	Line-by-line	Hydromac Energy BV	99.90%	68.23%
							Enel Green Power International BV	0.01%	
Enel Green Power Maniçoba Eólica SA	Rio de Janeiro	Brazil	1,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Parque Eólico Serra Azul Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power México S de RL de Cv	Mexico City	Mexico	973,703,665.00	MXN	Holding company	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.29%
							Enel Green Power International BV	99.99%	
Enel Green Power Modelo I Eolica SA	Rio de Janeiro	Brazil	125,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.12%
							Endesa Brasil SA	1.00%	
Enel Green Power Modelo II Eolica SA	Rio de Janeiro	Brazil	1,250,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.12%
							Endesa Brasil SA	1.00%	
Enel Green Power North America Development LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power North America Inc.	Wilmington (Delaware)	USA	50.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Panama SA	Panama	Panama	3,000.00	USD	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Partecipazioni Speciali Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Pau Ferro Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.28%
							Parque Eólico Fontes dos Ventos Ltda	1.00%	
Enel Green Power Pedra do Gerônimo Eólica SA	Rio de Janeiro	Brazil	135,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.28%
							Parque Eólico Fontes dos Ventos Ltda	1.00%	
Enel Green Power Perù SA	Lima	Peru	1,000.00	PEN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.90%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Enel Green Power Primavera Eolica SA	Rio de Janeiro	Brazil	140,000,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Puglia Srl	Rome	Italy	1,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power Romania Srl	Sat Rusu de Sus Nuseni	Romania	2,430,631,000.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power RSA (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power South Africa	100.00%	68.29%
Enel Green Power Salto Apiacás SA	Niterói (Rio de Janeiro)	Brazil	14,412,120.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Parque Eólico Serra Azul Ltda	1.00%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Green Power San Gillio Srl	Rome	Italy	10,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	80.00%	54.63%
Enel Green Power São Judas Eólica SA	Rio de Janeiro	Brazil	100,000,000.00	BRL	Electricity generation and sale from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Enel Green Power Solar Energy Srl	Rome	Italy	10,000.00	EUR	Design, development, construction and operation of photovoltaic plants (holding company)	Line-by-line	Enel Green Power SpA	100.00%	68.29%
Enel Green Power South Africa	Amsterdam	The Netherlands	18,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power SpA	Rome	Italy	1,000,000,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel SpA	68.29%	68.29%
Enel Green Power Strambino Solar Srl	Turin	Italy	250,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Enel Green Power Tacaicó Eólica SA	Rio de Janeiro	Brazil	80,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.28%
							Parque Eólico Fontes dos Ventos Ltda	1.00%	
Enel Green Power Turkey Enerji Yatirimlari Anonim Şirketi	Istanbul	Turkey	10,154,658.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Uruguay SA	Oficina 1508	Uruguay	400,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Enel Green Power Villoresi Srl	Rome	Italy	200,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power SpA	51.00%	34.83%
Enel Ingegneria e Ricerca SpA	Rome	Italy	30,000,000.00	EUR	Analysis, design, construction and maintenance of engineering works	Line-by-line	Enel SpA	100.00%	100.00%
Enel Insurance NV	Amsterdam	The Netherlands	60,000.00	EUR	Holding company	Line-by-line	Enel Investment Holding BV	50.00%	85.07%
							Endesa SA	50.00%	
Enel Investment Holding BV	Amsterdam	The Netherlands	1,593,050,000.00	EUR	Holding company	Line-by-line	Enel SpA	100.00%	100.00%
Enel Italia Srl	Rome	Italy	50,000,000.00	EUR	Personnel administration activities, information technology and business services	Line-by-line	Enel SpA	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Lease Eurl	Lyon	France	500,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%
Enel Longanesi Developments Srl	Rome	Italy	10,000,000.00	EUR	Prospecting and development of hydrocarbon fields	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel M@P Srl	Rome	Italy	100,000.00	EUR	Metering, remote control and connectivity services via power line communication	Line-by-line	Enel Distribuzione SpA	100.00%	100.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Enel Oil & Gas SpA	Rome	Italy	200,000,000.00	EUR	Upstream gas	Line-by-line	Enel SpA	100.00%	100.00%
Enel Oil & Gas España SL	Madrid	Spain	33,000.00	EUR	Hydrocarbon prospecting, development and production	Line-by-line	Enel Oil & Gas SpA	100.00%	100.00%
Enel Productie Srl	Bucharest	Romania	20,210,200.00	RON	Electricity generation	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	1,800,000,000.00	EUR	Electricity generation	Line-by-line	Enel SpA	100.00%	100.00%
Enel Romania Srl	Judetul Ilfov	Romania	200,000.00	RON	Business services	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Enel Russia OJSC	Ekaterinburg	Russian Federation	35,371,898,370.00	RUB	Electricity generation	Line-by-line	Enel Investment Holding BV	56.43%	56.43%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Servicii Comune SA	Bucharest	Romania	33,000,000.00	RON	Energy services	Line-by-line	Enel Distributie Dobrogea SA	50.00%	51.00%
							Enel Distributie Banat SA	50.00%	
Enel Servizio Elettrico SpA	Rome	Italy	10,000,000.00	EUR	Electricity sale	Line-by-line	Enel SpA	100.00%	100.00%
Enel Sole Srl	Rome	Italy	4,600,000.00	EUR	Public lighting systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel Soluções Energéticas Ltda	Niterói (Rio de Janeiro)	Brazil	5,000,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.99%	68.29%
							Parque Eólico Fontes dos Ventos Ltda	0.01%	
Enel Stillwater LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Stoccaggi Srl (in liquidation)	Rome	Italy	3,030,000.00	EUR	Construction and operation of storage fields. Storage of natural gas	-	Enel Trade SpA	100.00%	100.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Geothermal LLC	100.00%	68.29%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	100.00%	68.29%
Enel Trade d.o.o.	Zagabria	Croatia	2,240,000.00	HRK	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	21,250,000.00	RON	Electricity sourcing and trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade Serbia d.o.o.	Belgrade	Serbia	300,000.00	EUR	Electricity trading	Line-by-line	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	90,885,000.00	EUR	Fuel trading and logistics - Electricity sales	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	12,500,000.00	EUR	Factoring	Line-by-line	Enel SpA	100.00%	100.00%
Enel.Newhydro Srl	Rome	Italy	1,000,000.00	EUR	Engineering and water systems	Line-by-line	Enel SpA	100.00%	100.00%
Enel.si Srl	Rome	Italy	5,000,000.00	EUR	Plant engineering and energy services	Line-by-line	Enel Energia SpA	100.00%	100.00%
Enelco SA	Athens	Greece	60,108.80	EUR	Plant construction, operation and maintenance	Line-by-line	Enel Investment Holding BV	75.00%	75.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyad	Saudi Arabia	5,000,000.00	SAR	Plant construction, operation and maintenance	Line-by-line	Enelpower SpA	51.00%	51.00%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000.00	BRL	Electrical engineering	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.29%
							Enel Brasil Participações Ltda	99.99%	
Enelpower SpA	Milan	Italy	2,000,000.00	EUR	Engineering and construction	Line-by-line	Enel SpA	100.00%	100.00%
ENEOP-Eólicas de Portugal SA	Paço de Arcos	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Equity	TP - Sociedade Térmica Portuguesa SA	17.98%	24.82%
							Finerge-Gestão de Projectos Energéticos SA	17.98%	
Enercor - Produção de Energia ACE	Montijo	Portugal	-	EUR	Electricity generation	Line-by-line	TP - Sociedade Térmica Portuguesa SA	70.00%	69.03%
							Pp - Co-Geração SA	30.00%	
Energética de Rosselló AIE	Barcelona	Spain	3,606,060.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	27.00%	18.64%
Energía de La Loma SA	Jean	Spain	4,450,000.00	EUR	Bio-mass	Line-by-line	Enel Green Power España SL	50.86%	35.11%
Energia Eolica Srl	Rome	Italy	4,840,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Energia Global de México (Enermex) SA de Cv	Mexico City	Mexico	50,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	67.61%
Energia Global Operaciones SA	San José	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	100.00%	68.29%
Energia Marina SpA	Santiago	Chile	2,404,240,000,00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	25.00%	17.06%
Energia Nueva de Iggu S de RL de Cv	Mexico City	Mexico	3,139,737,500.00	MXN	Electricity generation from renewable resources	Line-by-line	Energía Nueva Energía Limpia Mexico S de RL de Cv	0.01%	68.23%
							Enel Green PowerMéxico S de RL de Cv	99.90%	
Energía Nueva Energía Limpia Mexico S de RL de Cv	Mexico City	Mexico	5,339,650.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.96%	68.29%
							Enel Green Power Guatemala SA	0.04%	
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.52%
Energías de Aragón I SL	Zaragoza	Spain	3,200,000.00	EUR	Electricity transmission, distribution and sale	Line-by-line	Endesa Generación SA	100.00%	70.14%
Energías de Aragón II SL	Zaragoza	Spain	18,500,000.00	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Energías de Graus SL	Barcelona	Spain	1,298,160.00	EUR	Hydroelectric plants	Line-by-line	Enel Green Power España SL	66.67%	46.02%
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	279,500.00	EUR	Bio-mass	Line-by-line	Enel Green Power España SL	68.42%	47.23%
Energías Especiales de Careon SA	La Coruña	Spain	270,450.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	77.00%	53.15%
Energías Especiales de Pena Armada SA	Madrid	Spain	963,300.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.22%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Energías Especiales del Alto Ulla SA	Madrid	Spain	1,722,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Energías Especiales del Bierzo SA	Torre del Bierzo	Spain	1,635,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.52%
Energías Renovables La Mata SAPI de Cv	Mexico City	Mexico	656,615,400.00	MXN	Electricity generation from renewable resources	Line-by-line	Energia Nueva de Iggu S de RL de Cv	0.01%	68.29%
							Enel Green Power México S de RL de Cv	99.99%	
Energie Eléctrique de Tahaddart SA	Tangeri	Morocco	750,400,000.00	MAD	Combined-cycle generation plants	Equity	Endesa Generación SA	32.00%	22.45%
Energosluzby AS (in liquidation)	Trnava	Slovakia	33,194.00	EUR	Business services	-	Slovenské elektrárne AS	100.00%	66.00%
Energotel AS	Bratislava	Slovakia	2,191,200.00	EUR	Operation of optical fiber network	Equity	Slovenské elektrárne AS	20.00%	13.20%
Energy Hydro Piave Srl	Soverzene	Italy	800,000.00	EUR	Electricity purchases and sales	Line-by-line	Enel Produzione SpA	51.00%	51.00%
Enerlasa SA (in liquidation)	Madrid	Spain	1,021,700.58	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	45.00%	31.06%
Enerlive Srl	Rome	Italy	6,520,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Maicor Wind Srl	100.00%	40.97%
Enersis SA	Santiago	Chile	5,669,280.72	CLP	Electricity generation and distribution	Line-by-line	Enel Iberoamérica Srl	20.30%	60.62%
							Endesa Latinoamérica SA	40.32%	
Enexon Hellas SA	Maroussi	Greece	18,771,600.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Eolcinf - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	35.21%
Eolflor - Produção de Energia Eólica Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	35.21%
Eólica del Noroeste SL	La Coruña	Spain	36,100.00	EUR	Wind plant development	Line-by-line	Enel Green Power España SL	51.00%	35.21%
Eólica del Principado SAU	Oviedo	Spain	90,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Eólica Fazenda Nova - Generação e Comercialização de Energia SA	Rio Grande do Norte	Brazil	1,839,000.00	BRL	Wind plants	Line-by-line	Endesa Brasil SA	99.95%	51.13%
Eólica Valle del Ebro SA	Zaragoza	Spain	5,559,340.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.50%	34.86%
Eólica Zopiloapan SAPI de Cv	Mexico City	Mexico	1,877,201,540.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Partecipazioni Speciali Srl	39.50%	65.88%
							Enel Green Power México S de RL de Cv	56.98%	
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	240,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.22%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	216,360.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	55.00%	37.97%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Eólicas de Fuerteventura AIE	Fuerteventura (Las Palmas)	Spain	-	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	40.00%	27.61%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	480,930.00	ARS	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.52%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	1,758,000.00	EUR	Electricity generation and distribution	Equity	Enel Green Power España SL	40.00%	27.61%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	420,708.40	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.52%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	-	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	41.42%
Eolverde - SGPS SA	Porto	Portugal	50,000.00	EUR	Water treatment and distribution	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	51.77%
Erecosalz SL (in liquidation)	Zaragoza	Spain	18,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	33.00%	22.78%
Essex Company	Boston (Massachusetts)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Estrellada SA	Montevideo	Uruguay	448,000.00	UYU	Electricity generation from renewable resources	Line-by-line	Enel Green Power Uruguay SA	100.00%	68.29%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	3,505,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	70.00%	48.32%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	3,230,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	73.60%	50.81%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	5,488,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.00%	44.87%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	8,046,800.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.13%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	4,200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.13%
Fiesta City Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Finerge-Gestão de Projectos Energéticos SA	Porto	Portugal	750,000.00	EUR	Cogeneration of electricity and heat and generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Fotovoltaica Insular SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Fuentes Renovables de Guatemala SA	Guatemala	Guatemala	5,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	60.00%	66.61%
							Renovables de Guatemala SA	40.00%	
Fulcrum Inc.	Boise (Idaho)	USA	1,002.50	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gas Atacama Chile SA	Santiago	Chile	185,025,186.00	USD	Electricity generation	Equity	Compañía Eléctrica Tarapacá SA	0.05%	36.80%
							Gas Atacama SA	99.90%	
Gas Atacama SA	Santiago	Chile	291,484,088.00	USD	Holding company	Line-by-line	Inversiones Gas Atacama Holding Ltda	100.00%	36.82%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Gas y Electricidad Generación SAU	Palma de Mallorca	Spain	213,775,700.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.14%
Gasificadora Regional Canaria SA	Las Palmas de Gran Canaria	Spain	240,000.00	EUR	Gas distribution	Line-by-line	Endesa Gas SAU	72.00%	70.14%
							Endesa Generación Portugal SA	28.00%	
Gasoducto Atacama Argentina SA	Santiago	Chile	208,173,124.00	USD	Natural gas transport	Equity	Compañía Eléctrica Tarapacá SA	0.03%	36.80%
							Gas Atacama Chile SA	42.71%	
							Gas Atacama SA	57.23%	
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	-	ARS	Natural gas transport	Equity	Gasoducto Atacama Argentina SA	100.00%	36.80%
Gasoducto Taltal SA	Santiago	Chile	18,638.52	CLP	Natural gas transport	Equity	Gas Atacama Chile SA	99.88%	36.80%
							Gasoducto Atacama Argentina SA	0.12%	
Gauley Hydro LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	100.00%	68.29%
Gauley River Management Corporation	Willison (Vermont)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Gauley River Power Partners LP	Willison (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Gauley River Management Corporation	100.00%	68.29%
Generadora de Occidente Ltda	Guatemala	Guatemala	16,261,697.33	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.00%	68.29%
							Enel Green Power Guatemala SA	1.00%	
Generadora Montecristo SA	Guatemala	Guatemala	3,820,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	99.99%	68.29%
							Enel Green Power Guatemala SA	0.01%	
Generalima SA	Lima	Peru	146,534,335.00	PEN	Holding company	Line-by-line	Enersis SA	100.00%	60.62%
Generandes Perú SA	Lima	Peru	853,429,020.00	PEN	Holding company	Line-by-line	Southern Cone Power Perú SAA	39.00%	45.82%
							Empresa Nacional de Electricidad SA.	61.00%	
Geotérmica del Norte SA	Santiago	Chile	64,779,811,451.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	51.00%	34.80%
Geronimo Huron Wind Farm LLC	Michigan	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Equity	EGP Geronimo Holding Company Inc.	49.20%	33.60%
Gibson Bay Wind Farm (RF) Proprietary Limited	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Gnl Chile SA	Santiago	Chile	3,026,160.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	33.33%	12.12%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Gnl Norte SA	Santiago	Chile	1,000,000.00	CLP	Electricity generation	Equity	Gasoducto Taltal SA	50.00%	36.80%
							Gas Atacama Chile SA	50.00%	
Gnl Quintero SA	Santiago	Chile	114,057,353.00	USD	Design and LNG supply	Equity	Empresa Nacional de Electricidad SA	20.00%	7.27%
Goodwell Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	23,936,710.00	EUR	Development and maintenance of El Hierro generation plant	Equity	Unión Eléctrica de Canarias Generación SAU	30.00%	21.04%
Green Fuel Corporación SA (in liquidation)	Madrid	Spain	1,717,049.55	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	24.24%	16.73%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Endesa Generación II SA	100.00%	70.14%
GV Energie Rigenerabili ITAL-RO Srl	Bucharest	Romania	675,400.00	RON	Electricity generation from renewable resources	Line-by-line	Enel Green Power Romania Srl	100.00%	68.29%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hastings Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	126,210.00	EUR	Electricity transmission and distribution	Line-by-line	Endesa Red SA	100.00%	70.14%
Hidroeléctrica de Ourol SL	Lugo	Spain	1,608,200.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.71%
Hidroeléctrica DonRafael SA	Costa Rica	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
Hidroeléctrica El Chocón SA	Buenos Aires	Argentina	298,584,050.00	ARS	Electricity generation and sale	Line-by-line	Empresa Nacional de Electricidad SA	2.48%	23.77%
							Endesa Argentina SA	6.19%	
							Hidroinvest SA	59.00%	
Hidroelectricidad del Pacifico S de RL de Cv	Mexico City	Mexico	30,890,736.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Hidroflamicell SL	Barcelona	Spain	78,120.00	EUR	Electricity distribution and sale	Line-by-line	Hidroeléctrica de Catalunya SL	75.00%	52.61%
Hidroinvest SA	Buenos Aires	Argentina	55,312,093.00	ARS	Holding company	Line-by-line	Empresa Nacional de Electricidad SA	41.94%	34.94%
							Endesa Argentina SA	54.15%	
Hidromondego - Hidroelectrica do Mondego Lda	Lisbon	Portugal	3,000.00	EUR	Hydroelectric power	Line-by-line	Endesa Generación SA	90.00%	70.14%
							Endesa Generación Portugal SA	10.00%	
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hipotecaria de Santa Ana Ltda de Cv	Colonia Escalon	El Salvador	404,930.00	SVC	Electricity generation from renewable resources	Equity	Enel Green Power El Salvador SA de Cv	20.00%	13.52%
Hispano Gneración de Energía Solar SL	Jerez de los Caballeros (Badajoz)	Spain	3,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	51.00%	35.21%

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Hope Creek LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Hydro Development Group Inc.	Albany (New York)	USA	12.25	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydro Dolomiti Enel Srl	Trento	Italy	3,000,000.00	EUR	Electricity generation, purchases and sales	Equity	Enel Produzione SpA	49.00%	49.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Hydrogen Park-Marghera per l'idrogeno Scrl	Venice	Italy	245,000.00	EUR	Development of studies and projects for the use of hydrogen	Line-by-line	Enel Produzione SpA	60.00%	60.00%
Hydromac Energy BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Ict Servicios Informáticos Ltda	Santiago	Chile	500,000,000.00	CLP	ICT services	Line-by-line	Chilectra SA	1.00%	60.61%
							Enersis SA	99.00%	
I-EM Srl	Turin	Italy	10,001.00	EUR	Design and development	Equity	Enel Italia Srl	0.01%	0.01%
Ingendesa do Brasil Ltda	Rio de Janeiro	Brazil	500,000.00	BRL	Design, engineering and consulting	Line-by-line	Compañía Eléctrica Tarapacá SA	99.00%	37.27%
							Empresa Nacional de Electricidad SA	1.00%	
Inkia Holdings (Acter) Ltd	Lima	Peru	6,055,300.00	USD	Holding	Line-by-line	Enersis SA	100.00%	60.62%
Inkolan Información y Coordinación de obras AIE	Bilbao	Spain	84,140.00	EUR	Information on infrastructure of Inkolan associates	Equity	Endesa Distribución Eléctrica SL	14.29%	10.02%
Inmobiliaria Manso de Velasco Ltda	Santiago	Chile	25,916,800,510.00	CLP	Engineering and construction	Line-by-line	Enersis SA	100.00%	60.62%
International Endesa BV	Amsterdam	The Netherlands	15,428,520.00	EUR	Holding company	Line-by-line	Endesa SA	100.00%	70.14%
International Eolian of Grammatiko SA	Maroussi	Greece	436,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Korinthia SA	Maroussi	Greece	6,471,798.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	514,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	423,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	465,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolianof Peloponnisos 5 SA	Maroussi	Greece	509,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	447,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	418,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
International Eolian of Skopelos SA	Maroussi	Greece	224,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
International Multimedia University Srl	Rome	Italy	24,000.00	EUR	Long-distance learning	-	Enel Italia Srl	13.04%	13.04%
Inversiones Distrilima SA	Lima	Peru	287,837,245.00	PEN	Holding company	Line-by-line	Chilectra SA	30.15%	60.45%
							Enersis SA	69.85%	
Inversiones Gas Atacama Holding Ltda	Santiago	Chile	333,520,000.00	USD	Natural gas transport	Line-by-line	Compañía Eléctrica Tarapacá SA	50.00%	36.82%
							Empresa Nacional de Electricidad SA	50.00%	
Inversora Codensa Sas	Bogotá DC	Colombia	5,000,000.00	COP	Electricity transmission and distribution	Line-by-line	Codensa SA ESP	100.00%	29.34%
Inversora Dock Sud SA	Buenos Aires	Argentina	241,490,000.00	ARS	Holding company	Line-by-line	Enersis SA	57.14%	34.64%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	61,474,475.77	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Italgest Energy (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Jack River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Kalenta SA	Maroussi	Greece	4,359,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	100.00%	68.29%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Kongul Energì Sanayi Ve Ticaret Anonim Irketi	Istanbul	Turkey	50,000.00	TRY	Electricity generation from renewable resources	Line-by-line	Enel Green Power Turkey Enerji Yatirimlari Anonim ?irketi	100.00%	68.29%
Kromschroeder SA	Barcelona	Spain	627,126.00	EUR	Services	Equity	Endesa Gas SAU	29.26%	20.52%
La Pereda Co2 AIE	Oviedo	Spain	224,286.00	EUR	Services	Equity	Endesa Generación SA	33.33%	23.38%
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Lake Emily Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lake Pulaski Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Latin America Holding I Ltd	Lima	Peru	13,701,000.00	USD	Holding	Line-by-line	Southern Cone Power Ltd	100.00%	60.62%
Latin America Holding II Ltd	Lima	Peru	74.00	USD	Holding	Line-by-line	Latin America Holding I Ltd	100.00%	60.62%
Lawrence Creek Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Essex Company	92.50%	68.29%
							Enel Green Power North America Inc.	7.50%	
Lester Prairie Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Lipetskenergosbyt LLC (in liquidation)	Lipetskaya Oblast	Russian Federation	7,500.00	RUB	Electricity sale	-	RusEnergoSbyt LLC	75.00%	18.93%
Little Elk Wind Project LLC	Oklahoma City	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Hydro Development Group Inc.	100.00%	68.29%
Lower Saranac Corporation	New York (New York)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Lower Saranac Hydro Partners LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	99.00%	68.29%
							Lower Saranac Corporation	1.00%	
Luz Andes Ltda	Santiago	Chile	1,224,348.00	CLP	Electricity and fuel transport, distribution and sale	Line-by-line	Enersis SA	0.10%	60.07%
							Chilectra SA	99.90%	
Maicor Wind Srl	Rome	Italy	20,850,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	60.00%	40.97%
Manlenox (Pty) Ltd	Houghton	South Africa	97.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	98.87%	67.52%
Marcinelle Energie SA	Charleroi	Belgium	110,061,500.00	EUR	Electricity generation, transport, sale and trading	Line-by-line	Enel Investment Holding BV	100.00%	100.00%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Mason Mountain Wind Project LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Matrigenix (Proprietary) Limited	Houghton	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Mayhew Lake Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	60,100.00	EUR	Environmental studies	Equity	Nuclenor SA	50.00%	17.54%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Mexicana de Hidroelectricidad Mexhidro S de RL de Cv	Mexico City	Mexico	181,728,701.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green PowerMéxico S de RL de Cv	99.99%	68.28%
Midway Farms Wind Project LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Trade Wind Energy LLC	100.00%	68.29%
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Minas de Estercuel SA	Madrid	Spain	93,160.00	EUR	Mineral deposits	Line-by-line	Minas Gargallo SL	99.65%	69.84%
Minas Gargallo SL	Madrid	Spain	150,000.00	EUR	Mineral deposits	Line-by-line	Endesa Generación SA	99.91%	70.08%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	1,202,000.00	EUR	Hydroelectric plants	-	Enel Green Power España SL	15.00%	10.35%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	1,820,000.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	36.50%	25.20%
Missisquoi Associates GP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Springs Hydro Associates LP	99.00%	68.29%
							Sheldon Vermont Hydro Company Inc.	1.00%	
Molinos de Viento del Arenal SA	San José	Costa Rica	9,709,200.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	49.00%	33.46%
Montrose Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Mustang Run Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Nevkan Inc.	100.00%	68.29%
Newbury Hydro Company	Burlington (Vermont)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sweetwater Hydroelectric Inc.	1.00%	68.29%
							Enel Green Power North America Inc.	99.00%	
Newind Group Inc.	St. John (Newfoundland)	Canada	578,192.00	CAD	Electricity generation from renewable resources	Line-by-line	Enel Green Power Canada Inc..	100.00%	68.29%
Nojoli Wind Farm (RF) Pty Ltd	Johannesburg	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Nuclenor SA	Burgos	Spain	102,000,000.00	EUR	Nuclear plant	Equity	Endesa Generación SA	50.00%	35.07%
Nueva Compañía de Distribución Eléctrica 4 SL	Madrid	Spain	3,010.00	EUR	Electricity generation	Line-by-line	Endesa SA	100.00%	70.14%
Nueva Marina Real Estate SL	Madrid	Spain	3,200.00	EUR	Real estate	Line-by-line	Endesa SA	60.00%	42.09%
Nuove Energie Srl	Porto Empedocle	Italy	54,410,000.00	EUR	Construction and management of LNG regasification infrastructure	Line-by-line	Enel Trade SpA	100.00%	100.00%
Ochrana A Bezpecnost Se AS	Mochovce	Slovakia	33,193.92	EUR	Security services	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
Odell Wind Farm LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Oficina de Cambios de Suministrador SA	Madrid	Spain	70,000.00	EUR	Services associated with the marketing of energy products	-	Endesa Distribución Eléctrica SL	5.19%	14.03%
							Endesa Gas SAU	0.35%	
							Endesa Energía XXI SL	2.96%	
							Endesa Energía SA	11.50%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
OGK-5 Finance LLC	Moscow	Russian Federation	10,000,000.00	RUB	Finance company	Line-by-line	Enel Russia OJSC	100.00%	56.43%
Operacion y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	85.00%	58.05%
Origin Goodwell Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	EGPNA Wind Holdings 1 LLC	100.00%	68.29%
Origin Wind Energy LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Osage Wind LLC	Delaware	USA	-	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	50.00%	34.14%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Oxagesa AIE	Teruel	Spain	6,010.00	EUR	Cogeneration of electricity and heat	Equity	Enel Green Power España SL	33.33%	23.01%
Oyster Bay Wind Farm (Pty) Ltd	Cape Town	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
P.E. Cote SA	Costa Rica	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
P.V. Huacas SA	Costa Rica	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
Padoma Wind Power LLC	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Paravento SL	Lugo	Spain	3,006.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	90.00%	62.13%
Parc Eolic Els Aligars SL	Barcelona	Spain	1,313,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.71%
Parc Eolic La Tossa-La Mola D'en Pascual SL	Barcelona	Spain	1,183,100.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	30.00%	20.71%
Parque Eólico A Capelada AIE	Santiago de Compostela	Spain	5,857,586.40	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	1,603,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.22%
Parque Eólico Curva dos Ventos Ltda	Bahia	Brazil	420,000.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Parque Eólico de Aragón AIE	Zaragoza	Spain	601,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	80.00%	55.22%
Parque Eólico de Barbanza SA	La Coruña	Spain	3,606,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	75.00%	51.77%
Parque Eólico de Belmonte SA	Madrid	Spain	120,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	50.16%	34.63%
Parque Eólico de Gevancas SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	69.03%
Parque Eólico de San Andrés SA	La Coruña	Spain	552,920.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	82.00%	56.61%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	901,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	65.67%	45.33%
Parque Eólico do Alto sa Vaca Lda	Porto	Portugal	125,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	75.00%	51.77%
Parque Eólico do Vale do Abade Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	51.00%	35.21%
Parque Eólico Engenho Geradora de Energia Ltda	Fortaleza	Brazil	685,423.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	3,810,340.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	90.00%	62.13%
Parque Eólico Fontes dos Ventos Ltda	Recife	Brazil	5,091,945.30	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	0.04%	67.63%
							Enel Brasil Participações Ltda	99.00%	
Parque Eólico Montes de Las Navas SA	Madrid	Spain	6,540,000.00	EUR	Construction and operation of wind plants	Line-by-line	Enel Green Power España SL	75.50%	52.12%
Parque Eólico Ouroventos Ltda	Bahia	Brazil	566,347.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Parque Eólico Punta de Teno SA	Tenerife	Spain	528,880.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	52.00%	35.90%
Parque Eólico Renaico SpA	Santiago	Chile	1,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	100.00%	68.23%
Parque Eólico Serra Azul Ltda	Bahia	Brazil	940,567.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Brasil Participações Ltda	99.00%	68.29%
							Enel Green Power Desenvolvimento Ltda	1.00%	
Parque Eólico Serra da Capucha SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	TP - Sociedade Térmica Portuguesa SA	50.00%	69.03%
							Finerge-Gestão de Projectos Energéticos SA	50.00%	
Parque Eólico Sierra del Madero SA	Soria	Spain	7,193,970.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	58.00%	40.04%
Parque Eólico Taltal SA	Santiago	Chile	20,878,010,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Latin America Ltda	0.01%	68.23%
							Enel Green Power Chile Ltda	99.99%	

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Parque Eólico Valle de los Vientos SA	Santiago	Chile	566,096,564.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.99%	68.23%
							Enel Green Power Latin America Ltda	0.01%	
Parque Eólico Ventania Geradora de Energia Ltda	Fortaleza	Brazil	440,267.00	BRL	Electricity generation from renewable resources	Line-by-line	Enel Green Power Desenvolvimento Ltda	1.00%	68.29%
							Enel Brasil Participações Ltda	99.00%	
Parque Solar Carrera Pinto SA	Santiago	Chile	10,000,000.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	99.00%	67.54%
Parque Talinay Oriente SA	Santiago	Chile	66,092,165,171.00	CLP	Electricity generation from renewable resources	Line-by-line	Enel Green Power Chile Ltda	60.92%	65.17%
							Enel Green Power SpA	34.57%	
Paynesville Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Pegop - Energía Eléctrica SA	Abrantes	Portugal	50,000.00	EUR	Electricity generation	Equity	Endesa Generación SA	49.98%	35.07%
							Endesa Generación Portugal SA	0.02%	
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Consolidated Hydro Southeast Inc.	100.00%	68.29%
Pereda Power SL	La Pereda (Mieres)	Spain	5,000.00	EUR	Development of generation activities	Line-by-line	Endesa Generación II SA	70.00%	49.10%
PH Chucas SA	San José	Costa Rica	100,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	40.31%	42.67%
							Enel Green Power SpA	22.17%	
PH Don Pedro SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	33.44%	22.84%
PH Guacimo SA	San José	Costa Rica	50,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
PH Rio Volcan SA	San José	Costa Rica	100,001.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	34.32%	23.44%
Pine Island Distributed Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Pipestone Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Planta Eólica Europea SA	Seville	Spain	1,198,530.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	56.12%	38.74%
PowerCrop Macchiareddu Srl	Bologna	Italy	100,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	34.14%
PowerCrop Russi Srl	Bologna	Italy	10,000.00	EUR	Electricity generation from renewable resources	Equity	PowerCrop Srl	100.00%	34.14%
PowerCrop Srl	Bologna	Italy	4,000,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power SpA	50.00%	34.14%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Pp - Co-Geração SA	São Paio de Oleiros	Portugal	50,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	TP - Sociedade Térmica Portuguesa SA	100.00%	69.03%
Prairie Rose Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Prairie Rose Wind LLC	100.00%	51.22%
Prairie Rose Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	75.00%	51.22%
Primavera Energia SA	Rio de Janeiro	Brazil	36,965,444.64	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	88,398.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL	82.89%	57.22%
Productor Regional de Energia Renovable SA	Valladolid	Spain	710,500.00	EUR	Development and construction of wind plants	Line-by-line	Enel Green Power España SL	85.00%	58.68%
Productora de Energías SA	Barcelona	Spain	30,050.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	30.00%	20.71%
Prof-Energo LLC	Sredneuralsk	Russian Federation	10,000.00	RUB	Energy services	Line-by-line	Sanatorium-Preventorium Energetik LLC	100.00%	56.43%
Progas SA	Santiago	Chile	1,526,000.00	CLP	Gas distribution	Equity	Gas Atacama Chile SA	99.90%	36.80%
							Gas Atacama SA	0.10%	
Promociones Energéticas del Bierzo SL	Ponferrada	Spain	12,020.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Proveedora de Electricidad de Occidente Srl de Cv	Mexico City	Mexico	89,708,735.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power México S de RL de Cv	99.99%	68.28%
Proyecto Almería Mediterraneo SA	Madrid	Spain	601,000.00	EUR	Desalinization and water supply	Equity	Endesa SA	45.00%	31.56%
Proyecto Eólico El Pedregal SA	Costa Rica	Costa Rica	10,000.00	CRC	Electricity generation from renewable resources	Line-by-line	Enel Green Power Costa Rica	65.00%	44.39%
Proyectos Universitarios de Energías Renovables SL	Alicante	Spain	180,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	33.33%	23.01%
PT Bayan Resources Tbk	Jakarta	Indonesia	333,333,350,000.00	IDR	Energy	-	Enel Investment Holding BV	10.00%	10.00%
Pulida Energy (RF) Proprietary Limited	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	52.70%	35.99%
Pyrites Associates GP	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	50.00%	68.29%
							Hydro Development Group Inc.	50.00%	
Quatiara Energia SA	Rio de Janeiro	Brazil	16,566,510.61	BRL	Electricity generation	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Rattlesnake Creek Wind Project LLC	Lincoln (Nebraska)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Reaktortest Sro	Trnava	Slovakia	66,389.00	EUR	Nuclear power research	Equity	Slovenské elektrárne AS	49.00%	32.34%
Red Centroamericana de Telecomunicaciones SA	Panama	Panama	2,700,000.00	USD	Telecommunications	-	Endesa Latinoamérica SA	11.11%	11.11%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Renovables de Guatemala SA	Guatemala	Guatemala	1,924,465,600.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	42.83%	64.08%
							Enel Green Power Guatemala SA	0.01%	
							Enel Green Power SpA	51.00%	
Res Holdings BV	Amsterdam	The Netherlands	18,000.00	EUR	Holding company	Equity	Enel Investment Holding BV	49.50%	49.50%
Rock Creek Limited Partnership	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Northwest Hydro Inc.	17.50%	68.29%
							Chi West Inc.	82.50%	
Rocky Caney Wind LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Rocky Ridge Wind Project LLC	Oklahoma City (Oklahoma)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Rocky Caney Wind LLC	100.00%	68.29%
RusEnergoSbyt LLC	Moscow	Russian Federation	2,760,000.00	RUB	Electricity trading	Equity	Res Holdings BV	100.00%	49.50%
RusEnergoSbyt Siberia LLC	Krasnoyarskiy Kray	Russian Federation	4,600,000.00	RUB	Electricity sale	Equity	RusEnergoSbyt LLC	50.00%	24.75%
RusEnergoSbyt Yaroslavl	Yaroslavl	Russian Federation	100,000.00	RUB	Electricity sale	Equity	RusEnergoSbyt LLC	50.00%	24.75%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sacme SA	Buenos Aires	Argentina	12,000.00	ARS	Monitoring of electricity system	-	Empresa Distribuidora Sur SA	50.00%	21.71%
Salto de San Rafael SL	Seville	Spain	461,410.00	EUR	Hydroelectric plants	Equity	Enel Green Power España SL	50.00%	34.52%
San Juan Mesa Wind Project II LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Padoma Wind Power LLC	100.00%	68.29%
Sanatorium-Preventorium Energetik LLC	Nevinnomyssk	Russian Federation	10,571,300.00	RUB	Energy services	Line-by-line	OGK-5 Finance LLC	0.01%	56.43%
							Enel Russia OJSC	99.99%	
Santo Rostro Cogeneración SA (in liquidation)	Seville	Spain	207,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.06%
Scandia Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Se Hazelton A LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	99.00%	68.29%
							Bypass Power Company	1.00%	
Se Hydropower Srl	Bolzano	Italy	30,000,000.00	EUR	Generation, purchase and sale of hydroelectric power	Held for sale	Enel Produzione SpA	40.00%	40.00%
Se Predaj Sro	Bratislava	Slovakia	4,505,000.00	EUR	Electricity supply	Held for sale	Slovenské elektrárne AS	100.00%	66.00%
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	69.03%
Serra do Moncoso Cambas SL	La Coruña	Spain	3,125.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	100.00%	69.03%
Servicio de Operación y Mantenimiento para Energías Renovables S de RL de Cv	Mexico City	Mexico	3,000.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green Power Guatemala SA	0.01%	0.01%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
SF Energy Srl	Rovereto	Italy	7,500,000.00	EUR	Electricity generation	Held for sale	Enel Produzione SpA	33.33%	33.33%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Sheldon Vermont Hydro Company Inc.	100.00%	68.29%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Boott Sheldon Holdings LLC	100.00%	68.29%
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	697,820.00	EUR	Analysis, design and research in thermal technology	Equity	Enel.Newhydro Srl	41.55%	41.55%
Sisconer - Exploração de Sistemas de Conversao de Energia Lda	Porto	Portugal	5,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	55.00%	37.97%
Sistema de Gestión Energètica en la Nube SL	Madrid	Spain	4,943.00	EUR	Research, design and development	Equity	Enel Italia Srl	30.00%	30.00%
Sistema Eléctrico de Conexión Montes Orientales SL	Granada	Spain	44,900.00	EUR	Electricity generation	Equity	Enel Green Power España SL	16.70%	11.53%
Sistema Eléctrico de Conexión Valcaire SL	Madrid	Spain	175,200.00	EUR	Electricity generation	Equity	Enel Green Power España SL	28.13%	19.42%
Sistemas Energéticos Mañón Ortigueira SA	La Coruña	Spain	2,007,750.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	96.00%	66.27%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Slate Creek Hydro Company Inc.	100.00%	68.29%
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Slovenské elektrárne AS	Bratislava	Slovakia	1,269,295,724.66	EUR	Electricity generation	Held for sale	Enel Produzione SpA	66.00%	66.00%
Smart P@Per SpA	Potenza	Italy	2,184,000.00	EUR	Services	-	Enel Servizio Elettrico SpA	10.00%	10.00%
SMART-I Srl	Rome	Italy	14,571.43	EUR	Research, development and design	Equity	Enel Italia Srl	30.00%	30.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Nevkan Renewables LLC	100.00%	68.29%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Texkan Wind LLC	100.00%	68.29%
Socibe Energia SA	Rio de Janeiro	Brazil	19,969,032.25	BRL	Electricity generation and sale	Line-by-line	Enel Brasil Participações Ltda	100.00%	68.29%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	5,738,046,495.00	CLP	Financial investment	Line-by-line	Inmobiliaria Manso de Velasco Ltda	57.50%	34.86%
Sociedad Concesionaria Túnel El Melón SA	Santiago	Chile	19,028,480,104.00	CLP	Engineering	Held for sale	Compañía Eléctrica Tarapacá SA	0.01%	36.36%
							Empresa Nacional de Electricidad SA	99.99%	
Socieda Eólica de Andalucía SA	Seville	Spain	4,507,590.78	EUR	Electricity generation	Line-by-line	Enel Green Power España SL	64.74%	44.69%
Socieda Eólica El Puntal SL	Seville	Spain	1,643,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	50.00%	34.52%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Socieda Eólica Los Lances SA	Cadiz	Spain	2,404,048.42	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power España SL	60.00%	41.42%
Sociedad Portuaria Central Cartagena SA	Bogotá DC	Colombia	5,800,000.00	COP	Construction and management of port infrastructure	Line-by-line	Inversora Codensa Sas	4.90%	23.15%
							Emgesa SA ESP	94.95%	
Società Agricola Trino Srl	Milan	Italy	50,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Agatos Green Power Trino	100.00%	54.63%
Società di sviluppo, realizzazione e gestione del gasdotto Algeria-Italia via Sardegna SpA ("Galsi SpA")	Milan	Italy	37,419,179.00	EUR	Engineering in energy and infrastructure sector	-	Enel Produzione SpA	15.62%	15.62%
Société Du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	21,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel France Sas	100.00%	100.00%
Sol de Media Noche Fotovoltaica SL	Las Palmas de Gran Canaria	Spain	3,008.00	EUR	Photovoltaic plants	Equity	Endesa Ingeniería SLU	50.00%	35.07%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Sotavento Galicia SA	Santiago de Compostela	Spain	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	36.00%	24.85%
South Fork Wind LLC	Minneapolis (Minnesota)	USA	100.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Kansas LLC	100.00%	68.29%
Southern Cone Power Argentina SA	Buenos Aires	Argentina	19,874,798.00	ARS	Holding company	Line-by-line	Compañía Eléctrica Tarapacá SA	1.97%	36.38%
							Empresa Nacional de Electricidad SA	98.03%	
Southern Cone Power Ltd	Lima	Peru	7,517,500.00	USD	Holding company	Line-by-line	Inkia Holdings (Acter) Ltd	100.00%	60.62%
Southern Cone Power Perù SAA	Lima	Peru	159,183,286.00	PEN	Holding company	Line-by-line	Latin America Holding II Ltd	0.01%	60.62%
							Latin America Holding I Ltd	99.99%	
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Stipa Nayaá SA de Cv	Colonia Cuauhtémoc	Mexico	1,811,016,348.00	MXN	Electricity generation from renewable resources	Line-by-line	Enel Green PowerMéxico S de RL de Cv	55.21%	65.13%
							Enel Green Power Partecipazioni Speciali Srl	40.16%	
Sublunary Trading (RF) Proprietary Limited	Johannesburg	South Africa	8,757,214.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Solar Energy Srl	57.00%	38.92%
Suministradora Eléctrica de Cádiz SA	Cadiz	Spain	12,020,240.00	EUR	Electricity distribution and supply	Equity	Endesa Red SA	33.50%	23.50%
Suministro de Luz y Fuerza SL	Torroella de Montgri (Girona)	Spain	2,800,000.00	EUR	Electricity distribution	Line-by-line	Hidroeléctrica de Catalunya SL	60.00%	42.09%

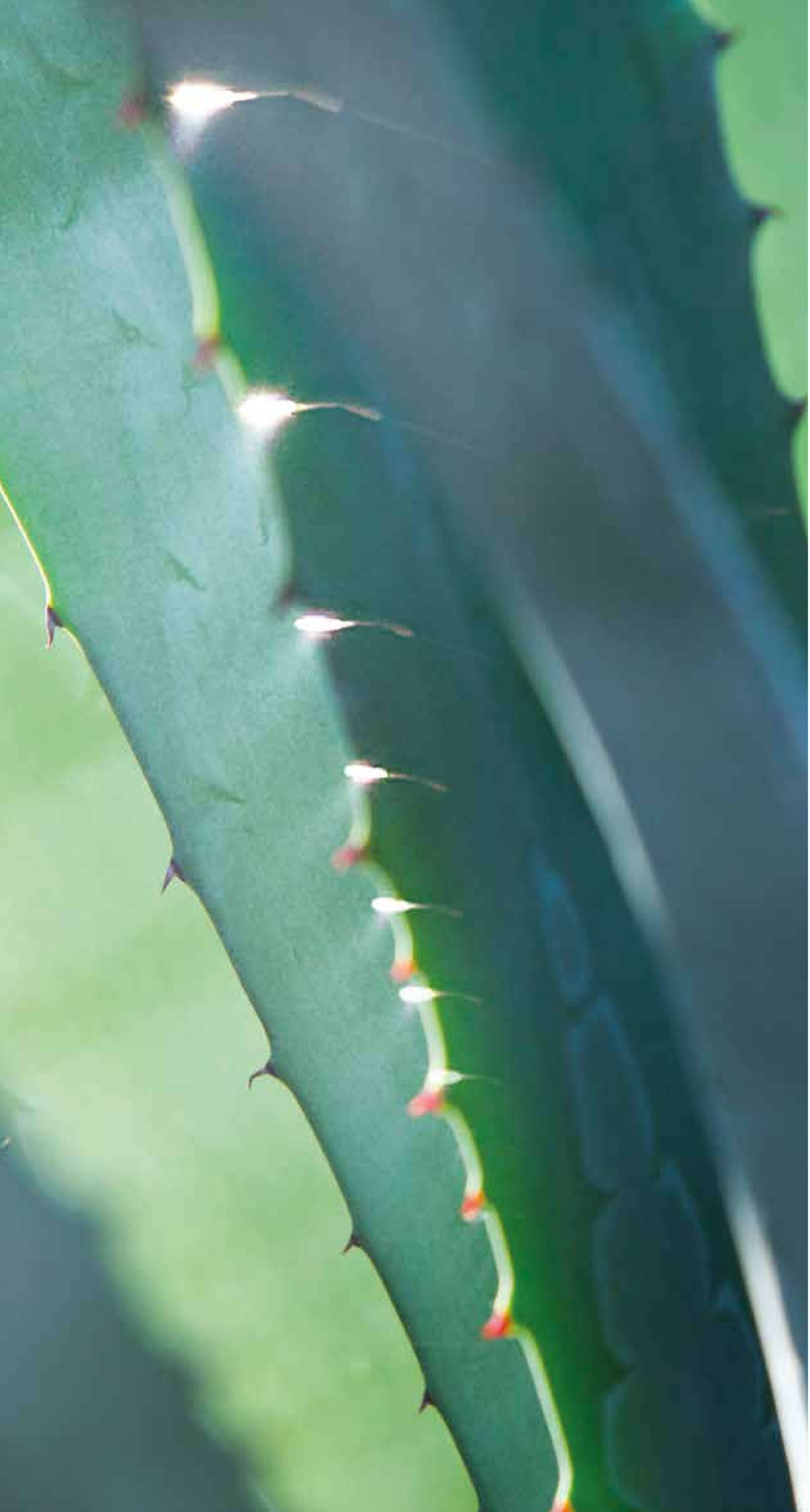
Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	2,050,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	75.00%	51.22%
Sun River LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Sviluppo Nucleare Italia Srl	Rome	Italy	200,000.00	EUR	Development, construction and operation of EPRs	Line-by-line	Enel Ingegneria e Ricerca SpA	100.00%	100.00%
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	250.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Taranto Solar Srl	Rome	Italy	100,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power SpA	51.00%	34.83%
Tecnatom SA	Madrid	Spain	4,025,700.00	EUR	Electricity generation and services	Equity	Endesa Generación SA	45.00%	31.56%
Tecnoguat SA	Guatemala	Guatemala	30,948,000.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	75.00%	51.22%
Tejo Energía Produçao E Distribuçao de Energia Electrica SA	Paço de Arcos	Portugal	5,025,000.00	EUR	Electricity generation, transmission and distribution	Equity	Endesa Generación SA	38.89%	27.28%
Teploprogress OJSC	Sredneuralsk	Russian Federation	128,000,000.00	RUB	Electricity sale	Line-by-line	OGK-5 Finance LLC	60.00%	33.86%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Endesa Costanera SA	5.51%	7.29%
							Central Dock Sud SA	5.32%	
							Hidroeléctrica El Chocón SA	18.85%	
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	500,000.00	ARS	Construction and management of a combined-cycle plant	Equity	Central Dock Sud SA	5.32%	7.29%
							Endesa Costanera SA	5.51%	
							Hidroeléctrica El Chocón SA	18.85%	
Termotec Energía AIE (in liquidation)	Valencia	Spain	481,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	45.00%	31.06%
TERRAE Iniziative per lo sviluppo agroindustriale SpA	Rome	Italy	19,060,811.37	EUR	Agro-industrial activities	Equity	Enel Green Power SpA	20.00%	13.66%
Texkan Wind LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Texkan Inc.	100.00%	68.29%
Tko Power Inc.	Los Angeles (California)	USA	1.00	USD	Electricity generation from renewable resources	Line-by-line	Chi West Inc.	100.00%	68.29%
TOBIVOX (RF) Pty Ltd	Houghton	South Africa	10,000,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	60.00%	40.97%
Toledo Pv AEIE	Madrid	Spain	26,890.00	EUR	Photovoltaic plants	Equity	Enel Green Power España SL	33.33%	23.01%
TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	3,750,000.00	EUR	Cogeneration of electricity and heat	Line-by-line	Finerge-Gestão de Projectos Energéticos SA	100.00%	69.03%
Trade Wind Energy LLC	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Power Inc.	1.00%	68.29%
							Enel Kansas LLC	99.00%	
Tradewind Energy Inc.	Wilmington (Delaware)	USA	200,000.00	USD	Electricity generation from renewable resources	Equity	Enel Kansas LLC	19.90%	13.59%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Transmisora de Energia Renovable SA	Guatemala	Guatemala	237,341,200.00	GTQ	Electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	440,644,600.00	CLP	Electricity transmission and distribution	Equity	Compañía Eléctrica Tarapacá SA	50.00%	18.64%
Transportadora de Energía SA	Buenos Aires	Argentina	100,000.00	ARS	Electricity generation, transmission and distribution	Line-by-line	Compañía de Interconexión Energética SA	100.00%	51.15%
Transportes y Distribuciones Eléctricas SA	Olot (Girona)	Spain	72,120.00	EUR	Electricity transmission	Line-by-line	Endesa Distribución Eléctrica SL	73.33%	51.44%
Triton Power Company	New York (New York)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	2.00%	68.29%
							Highfalls Hydro Company Inc.	98.00%	
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Twin Falls Hydro Company Inc.	51.00%	34.83%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10.00	USD	Electricity generation from renewable resources	Line-by-line	Twin Saranac Holdings LLC	100.00%	68.29%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Ufefys SL (in liquidation)	Aranjuez	Spain	304,150.00	EUR	Electricity generation from renewable resources	-	Enel Green Power España SL	40.00%	27.61%
Ukuqala Solar Proprietary Limited	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	190,171,520.00	EUR	Electricity generation	Line-by-line	Endesa Generación SA	100.00%	70.14%
Upington Solar (Pty) Ltd	Johannesburg	South Africa	1,000.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	100.00%	68.29%
Ustav Jaderného Výzkumu Rez AS	Rez	Czech Republic	524,139,000.00	CZK	Nuclear power research and development	Equity	Slovenské elektrárne AS	27.77%	18.33%
Vektör Enerji Üretim Anonim Şirketi	Istanbul	Turkey	740,000.00	TRY	Plant construction and electricity generation from renewable resources	Line-by-line	Enel Green Power International BV	100.00%	68.29%
Vidigenix (Pty) Ltd	Houghton	South Africa	97.00	ZAR	Electricity generation from renewable resources	Line-by-line	Enel Green Power RSA (Pty) Ltd	97.75%	66.75%
Viruleiros SL	Santiago de Compostela	Spain	160,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power España SL	67.00%	46.25%
Waseca Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
West Faribault Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
West Waconia Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Western New York Wind Corporation	Albany (New York)	USA	300.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Willimantic Power Corporation	Hartford (Connecticut)	USA	1,000.00	USD	Electricity generation from renewable resources	Line-by-line	Enel Green Power North America Inc.	100.00%	68.29%
Wind Park of Koryfao SA	Maroussi	Greece	60,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	100.00%	68.29%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	1,110,400.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Bolibas SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Distomos SA	Maroussi	Greece	556,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Drimonakia SA	Maroussi	Greece	736,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Folia SA	Maroussi	Greece	424,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gagari SA	Maroussi	Greece	389,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Goraki SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Gourles SA	Maroussi	Greece	555,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kafoutsi SA	Maroussi	Greece	551,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Kathara SA	Maroussi	Greece	296,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Kerasia SA	Maroussi	Greece	252,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Korinthia SA	Maroussi	Greece	3,504,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Makrilakoma SA	Maroussi	Greece	614,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Milia SA	Maroussi	Greece	399,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Mirovigli SA	Maroussi	Greece	225,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Mitika SA	Maroussi	Greece	255,500.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Paliopirgos SA	Maroussi	Greece	200,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Pelagia SA	Maroussi	Greece	653,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Petalo SA	Maroussi	Greece	575,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
Wind Parks of Platanos SA	Maroussi	Greece	179,000.00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Sagias SA	Maroussi	Greece	601,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Skoubi SA	Maroussi	Greece	472,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Spilia SA	Maroussi	Greece	496.100,00	EUR	Electricity generation from renewable resources	Line-by-line	Enel Green Power Hellas SA	80.00%	54.63%
Wind Parks of Strouboulas SA	Maroussi	Greece	576,500.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Trikorfo SA	Maroussi	Greece	260,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	29.25%	19.97%
Wind Parks of Vitalio SA	Maroussi	Greece	361,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Wind Parks of Vourlas SA	Maroussi	Greece	554,000.00	EUR	Electricity generation from renewable resources	Equity	Enel Green Power Hellas SA	30.00%	20.49%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Chi Minnesota Wind LLC	51.00%	34.83%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 10 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 11 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 12 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 13 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 14 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 15 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 19 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%

Company name	Headquarters	Country	Share capital	Currency	Activity	Consolidation method	Held by	% holding	Group % holding
WP Bulgaria 8 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
WP Bulgaria 9 EOOD	Sofia	Bulgaria	5,000.00	BGN	Plant construction, operation and maintenance	Line-by-line	Enel Green Power Bulgaria EAD	100.00%	68.29%
Wyoming Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%
Yacylec SA	Buenos Aires	Argentina	20,000.000.00	ARS	Electricity transport	Equity	Enersis SA	22.22%	13.47%
Yedesa-Cogeneración SA (in liquidation)	Almería	Spagin	234,000.00	EUR	Cogeneration of electricity and heat	-	Enel Green Power España SL	40.00%	27.61%
Zumbrota Solar LLC	Minnesota	USA	-	USD	Electricity generation from renewable resources	Line-by-line	Aurora Distributed Solar LLC	100.00%	68.29%



Corporate
governance

Report on Corporate Governance and Ownership Structure

The corporate governance structure of Enel SpA complies with the principles set forth in the edition of the Corporate Governance Code (1) for listed companies, which has been adopted by the Company. Furthermore, the aforementioned corporate governance structure is inspired by CONSOB's recommendations on this matter and, more generally, international best practice.

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

In compliance with the provisions of Italian law governing companies with listed shares, the Company's organization is characterized by:

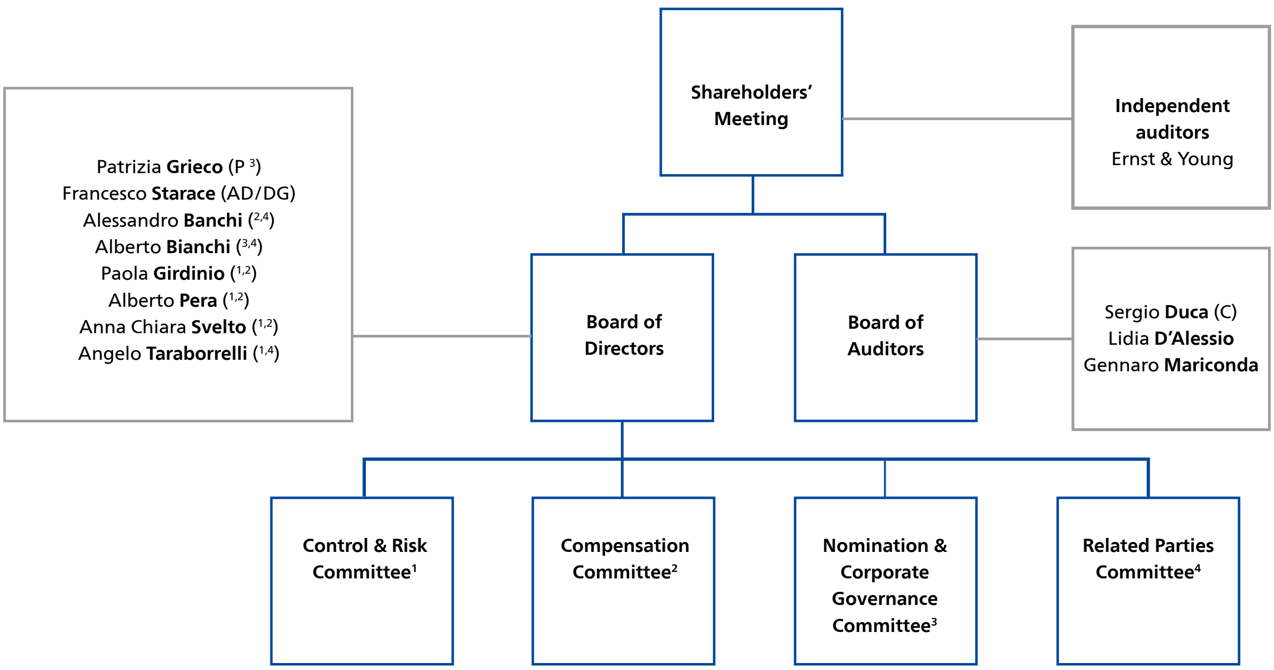
> a Board of Directors charged with managing the Company;

> a Board of Auditors charged with monitoring: (i) compliance with the law and the bylaws, and with the principles of sound administration in the performance of company business; (ii) the financial reporting process, as well as the adequacy of the organizational structure, the internal control system and the administrative-accounting system of the Company; (iii) the statutory auditing of the annual accounts and the consolidated accounts, as well as the independence of the statutory audit firm; and (iv) the manner in which the corporate governance rules set out in the Corporate Governance Code are actually implemented;

> a Shareholders' Meeting, which is competent to take decisions concerning, among other issues – in ordinary or extraordinary session: (i) the appointment and termination of members of the Board of Directors and the Board of Auditors and their compensation and responsibilities; (ii) the approval of the financial statements and allocation of net income; (iii) the purchase and sale of treasury shares; (iv) stock-based compensation plans; (v) amendments of the bylaws; and (vi) the issue of convertible bonds.

The statutory auditing of the accounts is performed by a specialized firm entered in the appropriate official register. It was engaged by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Auditors.

(1) The various editions of the Code are available on the website of Borsa Italiana (http://www.borsaitaliana.it).



For more detailed information on the corporate governance system, please see the Report on Corporate Governance and Ownership Structure of Enel, which has been published on the Company's website (www.enel.com, in the "Governance" section).

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