Interim Financial Report at March 31, 2014

ENERGY TO LIFE

Contents

Our mission

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

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

Foreword

The Interim Financial Report at March 31, 2014 has been prepared in compliance with Article 154-ter, paragraph 5, of Legislative Decree 58 of February 24, 1998, and in conformity with the recognition and measurement criteria set out in the international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period. For a more thorough discussion of the accounting policies and measurement criteria, please refer to note 1 of the notes to the condensed quarterly consolidated financial statements.

Definition of performance indicators

in order to facilitate the assessment of the Group's performance and financial position, this Interim Financial Report at March 31, 2014 uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards. In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

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

Net 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 sum of "Non-current assets", "Current assets" and "Assets held for sale" less "Non-current liabilities", "Current liabilities" and "Liabilities held for sale", excluding items considered in the definition of "Net financial debt".

Net financial debt: a financial structure indicator, determined by "Long-term loans", "Short-term loans and current portion of long-term loans" less "Cash and cash equivalents", current and non-current financial assets (financial receivables and securities other than equity investments) reported under "Other current assets" and "Other non-current assets". More generally, the net financial debt of the Enel Group is calculated in conformity with paragraph 127 of Recommendation CESR/05-054b implementing Regulation (EC) no. 809/2004 and in line with the CONSOB instructions of July 26, 2007, for the determination of the net financial position, net of financial receivables and long-term securities.

The Enel organizational model

As from February 2012, the Group has adopted a new operating model based on the following organizational arrangements:

> Parent Company functions, which are responsible for directing and controlling strategic activities for the entire Group;
> global service functions, which are responsible for providing services to the Group, maximizing synergies and economies of scale;
> business lines, represented by six divisions, as well as the **Upstream Gas** function (which pursues selective vertical integration to increase the competitiveness, security and flexibility of strategic sourcing to meet Enel's gas requirements) and the **Carbon Strategy** function (which operates in the world's CO_2 certificate markets).

The activities of the individual divisions are set out below.

The **Generation, Energy Management and Sales Italy Division** is responsible for:

> the generation and sale of electricity:
  - generation from thermal and schedulable hydroelectric power plants in Italy (through Enel Produzione, SE Hydropower, SF Energy and ENergy Hydro Piave) and in Belgium with the Marcinelle thermoelectric plant operated by Enel Trade under a tolling agreement;
  - trading on international and Italian markets, primarily through Enel Trade, Enel Trade Romania, Enel Trade d.o.o. (Croatia) and Enel Trade Serbia;
> provisioning for all of the Group's needs and the sale of energy products, including the sale of natural gas to distributors, through Enel Trade;
> the development of natural gas regasification (Nuove Energie) and storage (Enel Stoccaggi) plants;
> commercial activities in Italy, with the objective of developing an integrated package of electricity and gas products and services for end users. More specifically, it is responsible for the sale of electricity on the regulated market (Enel Servizio Elettrico) and the sale of electricity on the free market and the sale of natural gas to end users (Enel Energia). As from July 1, 2013, these activities have been expanded to include retail plant and franchising operations in Italy following the acquisition of Enel.si from the Renewable Energy Division.

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

The **Iberia and Latin America Division** focuses on developing Enel Group's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America. The geographical areas in which it operates are as follows:

> Europe, with the generation, distribution and sale of electricity and the sale of natural gas in Spain and Portugal;
> Latin America, with the generation, distribution and sale of electricity in Chile, Brazil, Peru, Argentina and Colombia.

The **International Division** supports the Group's strategies for international growth, as well as managing and integrating the foreign businesses outside the Iberian and Latin American markets, monitoring and developing business opportunities that should present themselves on the electricity and fuel markets.
The chief geographical areas of operation for this Division are:
> central Europe, where the Division is active in electricity sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne) and in Belgium (Marcinelle Energie);
> south-eastern Europe, with the development of generation capacity in Romania (Enel Productie), electricity distribution, sales and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania and Enel Servicii Comune);
> Russia, with power generation and sales activities (Enel OGK-5) and support services (Enel Rus) in the Russian Federation.

The **Renewable Energy Division** has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with the Enel Group's strategies. The geographical areas of operation for this Division are:
> Italy and the rest of Europe, with power generation from non-schedulable hydroelectric plants, as well as geothermal, wind and solar plants in Italy (Enel Green Power and other minor companies), Greece (Enel Green Power Hellas), France (Enel Green Power France), Romania (Enel Green Power Romania) and Bulgaria (Enel Green Power Bulgaria);
> Iberia and Latin America, with power generation from renewable sources in Spain and Portugal (Enel Green Power España) and in Latin America (various companies);
> North America, with power generation from renewable sources (Enel Green Power North America).

The mission of the **Engineering and Research Division** (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.

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

"Services and Other Activities" area and the "Engineering and Research" Division, as well as the Upstream Gas function.

Restatement of the balance sheet and income statement

The comparative figures in the balance sheet at December 31, 2013 and the income statement for the 1st Quarter of 2013 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 adoption at the end of 2013 of a new accounting policy for the recognition and presentation of different types of environmental certificates (CO_2 allowances, green certificates, white certificates, etc.) in the financial statements, resulting in certain restatements in the consolidated income statement for the 1st Quarter of 2013;

> 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.

The following tables report the effects of the above changes on the main performance and financial indicators used by the Group for the 1st Quarter of 2013 and at December 31, 2013, respectively.
For more information on the impact of this restatement on the comparative figures in the consolidated interim financial statements at March 31, 2014, please see note 2 of those consolidated interim financial statements.

Millions of euro	2013	Effect of IFRS 11	New environmental certificates policy	2013 restated
Revenues	20,885	(466)	26	20,445
Gross operating margin	4,077	(63)	-	4,014
Operating income	2,554	(35)	-	2,519
Net capital employed	92,701	(163)	-	92,538
Net financial debt	39,862	(156)	-	39,706
Cash flows from operating activities	(925)	39	-	(886)
Capital expenditure on tangible and intangible assets	1,045	(6)	-	1,039

The following table reports only the impact of the above restatement on the results of the divisions and business areas with respect to *revenues,* the *gross operating margin, operating income* and *capital expenditure* for the 1st Quarter of 2013, which are reported for comparative purposes only.

Revenues

Millions of euro	1st Quarter			
	2013	Effect of IFRS 11	New environmental certificates policy	2013 restated
Sales	4,933	-	-	4,933
Generation and Energy Management	6,500	(20)	-	6,480
Infrastructure and Networks	1,853	-	-	1,853
Iberia and Latin America	8,025	(57)	-	7,968
International	2,038	(378)	-	1,660
Renewable Energy	718	(14)	-	704
Other, eliminations and adjustments	(3,182)	3	26	(3,153)
Total	**20,885**	**(466)**	**26**	**20,445**

Gross operating margin

Millions of euro	1st Quarter		
	2013	Effect of IFRS 11	2013 restated
Sales	240	-	240
Generation and Energy Management	304	(13)	291
Infrastructure and Networks	958	-	958
Iberia and Latin America	1,684	(24)	1,660
International	389	(25)	364
Renewable Energy	478	(1)	477
Other, eliminations and adjustments	24	-	24
Total	**4,077**	**(63)**	**4,014**

Operating income

Millions of euro	1st Quarter		
	2013	Effect of IFRS 11	2013 restated
Sales	81	-	81
Generation and Energy Management	201	(6)	195
Infrastructure and Networks	718	-	718
Iberia and Latin America	956	(14)	942
International	255	(24)	231
Renewable Energy	348	9	357
Other, eliminations and adjustments	(5)	-	(5)
Total	**2,554**	**(35)**	**2,519**

Capital expenditure

Millions of euro	1st Quarter		
	2013	Effect of IFRS 11	2013 restated
Sales	3	-	3
Generation and Energy Management	47	(1)	46
Infrastructure and Networks	223	-	223
Iberia and Latin America	323	(3)	320
International	179	-	179
Renewable Energy	261	(2)	259
Other, eliminations and adjustments	9	-	9
Total	**1,045**	**(6)**	**1,039**

Summary of results

Performance and financial position

Millions of euro	1st Quarter		
	2014	2013 restated	
Revenues	18,182	20,445	
Gross operating margin	4,036	4,014	
Operating income	2,608	2,519	
Net income	1,142	1,173	
Group net income	895	852	
Group net income per share in circulation at period-end (euro)	0.10	0.09	
Net capital employed	94,285	92,538	(1)
Net financial debt	41,539	39,706	(1)
Shareholders' equity (including non-controlling interests)	52,746	52,832	(1)
Group shareholders' equity per share in circulation at period-end (euro)	3.89	3.82	(1)
Cash flows from operating activities	(193)	(886)	
Capital expenditure on tangible and intangible assets	1,083	1,039	

(1) At December 31, 2013 restated.

Revenues in the first three months of 2014 amounted to €18,182 million, a decrease of €2,263 million or 11.1% compared with the same period of 2013. The decrease is essentially attributable to the lower revenues from the sale and transport of electricity, largely the result of the decline in amounts generated and sold. Another contributing factor was adverse developments in the exchange rates against the euro for the currencies of a number of countries in which the Group operates (notably countries in Latin America and Russia). Revenues for the 1st Quarter of 2014 also include the adjustment to the sales price (€82 million) on the disposal of Artic Russia, which was carried out at the end of 2013, and the remeasurement at the fair value (€50 million) of the liabilities and assets of SE Hydropower following the loss of control of the company by the Group as a result of changes in governance arrangements as provided for in the original agreements.

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Sales	4,392	4,933	(541)	-11.0%
Generation and Energy Management	4,972	6,480	(1,508)	-23.3%
Infrastructure and Networks	1,850	1,853	(3)	-0.2%
Iberia and Latin America	7,241	7,968	(727)	-9.1%
International	1,367	1,660	(293)	-17.7%
Renewable Energy	702	704	(2)	-0.3%
Other, eliminations and adjustments	(2,342)	(3,153)	811	25.7%
Total	**18,182**	**20,445**	**(2,263)**	**-11.1%**

The *gross operating margin* in the 1st Quarter of 2014 totaled €4,036 million, up €22 million or 0.5% on the year-earlier period. More specifically, the gains on disposal and from remeasurement at fair value noted in the comments on revenues and the improvement in the electricity generation and sales margin in Italy were only partially offset by the impact (€109 million) on the gross operating margin of the appreciation of the euro against a number of currencies of the countries in which the Group operates.

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Sales	322	240	82	34.2%
Generation and Energy Management	397	291	106	36.4%
Infrastructure and Networks	947	958	(11)	-1.1%
Iberia and Latin America	1,503	1,660	(157)	-9.5%
International	281	364	(83)	-22.8%
Renewable Energy	481	477	4	0.8%
Other, eliminations and adjustments	105	24	81	-
Total	**4,036**	**4,014**	**22**	**0.5%**

Operating income amounted to €2,608 million in the 1st Quarter of 2014, up €89 million or 3.5% compared with the same period of 2013, taking account of a decrease of €67 million in depreciation, amortization and impairment losses.

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Sales	168	81	87	-
Generation and Energy Management	282	195	87	44.6%
Infrastructure and Networks	702	718	(16)	-2.2%
Iberia and Latin America	835	942	(107)	-11.4%
International	193	231	(38)	-16.5%
Renewable Energy	346	357	(11)	-3.1%
Other, eliminations and adjustments	82	(5)	87	-
Total	**2,608**	**2,519**	**89**	**3.5%**

Group net income in the 1st Quarter of 2014 amounted to €895 million, an increase of €43 million or 5.0% on the same period of 2013, largely reflecting the growth in operating income.

Net financial debt at March 31, 2014 amounted to €41,539 million, up €1,833 million compared with December 31, 2013. More specifically, the rise reflected financing needs generated by ordinary operations and investments in the period. At March 31, 2014, the debt/equity ratio came to 0.79 (0.75 at December 31, 2013).

Capital expenditure in the 1st Quarter of 2014 came to €1,083 million, an increase of 4.2%.

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Sales	1	3	(2)	-66.7%
Generation and Energy Management	23	46	(23)	-50.0%
Infrastructure and Networks	204	223	(19)	-8.5%
Iberia and Latin America	332	320	12	3.8%
International	203	179	24	13.4%
Renewable Energy	314	259	55	21.2%
Other, eliminations and adjustments	6	9	(3)	-33.3%
Total	**1,083**	**1,039**	**44**	**4.2%**

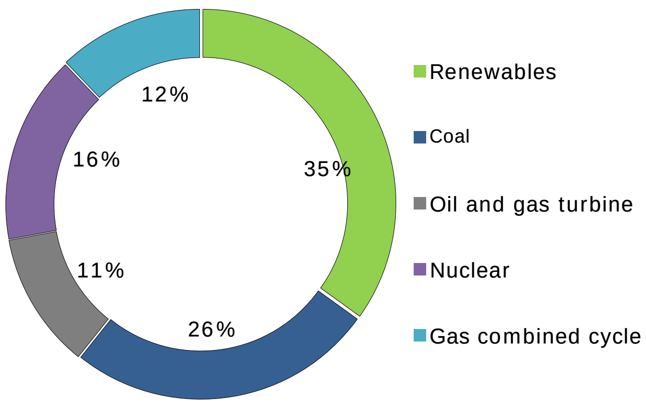
Operations

	1st Quarter					
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
	2014			2013 restated		
Net electricity generated by Enel (TWh)	17.9	50.1	**68.0**	17.2	52.9	**70.1**
Electricity transported on the Enel distribution network (TWh)	56.6	43.3	**99.9**	58.2	43.5	**101.7**
Electricity sold by Enel (TWh) (1)	23.4	44.4	**67.8**	24.7	45.2	**69.9**
Gas sales to end users (billions of m^3)	1.6	1.4	**3.0**	2.0	1.4	**3.4**
Employees at period-end (no.) (2)	34,891	35,824	**70,715**	34,246	36,099	**70,345**

(1) Excluding sales to resellers.
(2) Of which 37 in units classified as "Held for sale" at March 31, 2014 and at December 31, 2013. The figure at December 31, 2013 was restated under IFRS 11, resulting in the deconsolidation of 1,049 employees.

Net electricity generated by Enel in the 1st Quarter of 2014 totaled 68.0 TWh, down 3.0% compared with the same period of 2013. More specifically, the decline in demand, the greater weight of renewable resources in the generation mix for those markets and favorable weather conditions for hydroelectric generation contributed to the sharp contraction in conventional thermal generation (down 3.8 TWh or 10.3%). These factors were partially offset by the rise in hydroelectric generation (up 0.7 TWh) and wind generation (up 0.9 TWh).

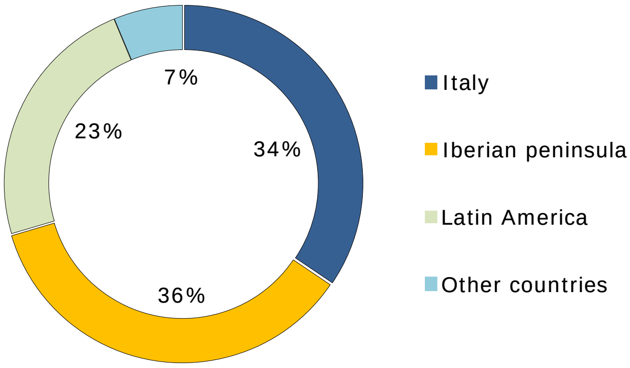
Net electricity generation by source (1st Quarter 2014)



Electricity transported on the Enel distribution network came to 99.9 TWh in the 1st Quarter of 2014, a decline of 1.8 TWh or 1.8%, essentially reflecting the decline in demand on the domestic grid and in Spain.

Electricity sold by Enel in the 1st Quarter of 2014 totaled 67.8 TWh, a decrease of 2.1 TWh or 3.0%, mainly attributable to lower sales in Italy (-1.3 TWh) and Spain (-0.2 TWh), as a result of lower demand in those two countries. There was also a decline in electricity sales in France (down 1.3 TWh), essentially due to the decrease in available capacity, partially offset by an increase in sales in Latin America (+0.7 TWh) associated with the rise in electricity demand.

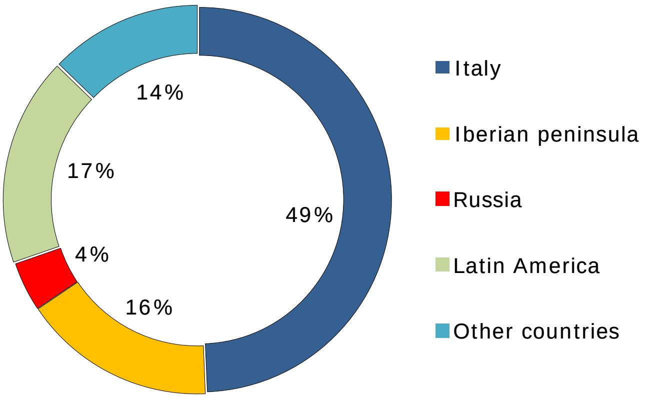
Electricity sold by geographical area (1st Quarter 2014)



Gas sold by Enel in the 1st Quarter of 2014 totaled 3.0 billion cubic meters, slightly down from same period of the previous year.

At March 31, 2014, Enel Group *employees* numbered 70,715, of whom 50.7% employed abroad. The workforce at March 31, 2014 increased by 307 employees compared with the start of the year, reflecting the balance between new hirings and terminations (for an increase of 421), and the decrease attributable to the change in the scope of consolidation with the loss of control of SE Hydropower (51 employees).

Employees by geographical area (at March 31, 2014)



Number of employees

	at March 31, 2014	at December 31, 2013 restated
Sales	3,664	3,687
Generation and Energy Management	5,526	5,621
Infrastructure and Networks	18,484	17,689
Iberia and Latin America	22,449	22,541
International	11,245	11,439
Renewable Energy	3,520	3,472
Other, eliminations and adjustments	5,827	5,896
Total	**70,715**	**70,345**

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 "Restatement of the balance sheet and income statement", 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 for the 1st Quarter of 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 the same period of 2013.

Results by business area for the 1st Quarter of 2014 and 2013

1st Quarter of 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	4,361	3,759	821	7,218	1,284	638	101	**18,182**
Revenues from other segments	31	1,213	1,029	23	83	64	(2,443)	**-**
Total revenues	**4,392**	**4,972**	**1,850**	**7,241**	**1,367**	**702**	**(2,342)**	**18,182**
Net income/(charges) from commodity risk management	(16)	27	-	16	-	18	-	**45**
Gross operating margin	**322**	**397**	**947**	**1,503**	**281**	**481**	**105**	**4,036**
Depreciation, amortization and impairment losses	154	115	245	668	88	135	23	**1,428**
Operating income	**168**	**282**	**702**	**835**	**193**	**346**	**82**	**2,608**
Capital expenditure	**1**	**23**	**204**	**332**	**203**	**314**	**6**	**1,083**

(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.

1st Quarter of 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	4,891	4,766	725	7,952	1,492	602	17	**20,445**
Revenues from other segments	42	1,714	1,128	16	168	102	(3,170)	**-**
Total revenues	**4,933**	**6,480**	**1,853**	**7,968**	**1,660**	**704**	**(3,153)**	**20,445**
Net income/(charges) from commodity risk management	(26)	(20)	**-**	(106)	(10)	6	-	**(156)**
Gross operating margin	**240**	**291**	**958**	**1,660**	**364**	**477**	**24**	**4,014**
Depreciation, amortization and impairment losses	159	96	240	718	133	120	29	**1,495**
Operating income	**81**	**195**	**718**	**942**	**231**	**357**	**(5)**	**2,519**
Capital expenditure	**3**	**46**	**223**	**320**	**179**	**259**	**9**	**1,039**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) The figures have been restated as a result of the change, with retrospective effect, in the accounting treatment under the new IFRS 11, and in the accounting policy used for environmental certificates. For further information please see note 2 of the notes to the financial statements.

Sales

Operations

Electricity sales

Millions of kWh	1st Quarter			
	2014	2013	Change	
Free market:				
- mass-market customers	6,567	6,704	(137)	-2.0%
- business customers [(1)]	2,670	2,265	405	17.9%
- safeguard market customers	430	477	(47)	-9.9%
Total free market	**9,667**	**9,446**	**221**	**2.3%**
Regulated market:				
- enhanced protection market customers	**13,583**	**15,121**	**(1,538)**	**-10.2%**
TOTAL	**23,250**	**24,567**	**(1,317)**	**-5.4%**

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

Electricity sold in the 1st Quarter of 2014 amounted to 23,250 million kWh, down 1,317 million kWh compared with the same period of 2013. This decrease is essentially attributable to the decline in volumes sold to customers in the regulated market, partially offset by an increase in the free market. The latter change reflects an increase in sales to business customers, only partially offset by the reduction in amounts sold to mass market customers, essentially attributable to the ongoing economic crisis in the country.

Gas sales

Millions of m^3	1st Quarter			
	2014	2013	Change	
Mass-market customers [(1)]	1,403	1,750	(347)	-19.8%
Business customers	200	246	(46)	-18.7%
Total	**1,603**	**1,996**	**(393)**	**-19.7%**

(1) Includes residential customers and microbusinesses.

Gas sales in the 1st Quarter of 2014 totaled 1,603 million cubic meters, down 393 million cubic meters compared with the same period of the previous year, largely attributable to sales to residential customers and microbusinesses.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	4,392	4,933	(541)	-11.0%
Gross operating margin	322	240	82	34.2%
Operating income	168	81	87	-
Capital expenditure	1	3	(2)	-66.7%

Revenues for 1st Quarter of 2014 amounted to €4,392 million, down €541 million or 11.0% compared with the same period of 2013, as a result of the following main factors:

> a decrease of €348 million in revenues on the regulated electricity market, mainly associated with the decline in rate revenues covering generation costs and the decrease in quantities sold (a decline of 1.5 TWh), the effects of which were only partially offset by the increase in revenues recognized in respect of the sales service;

> a decrease of €245 million in revenues from sales to end users on the natural gas market, mainly due to lower volumes sold;

> a decrease of €16 million in revenues on the free electricity market, essentially due to lower average sales prices for the various customer portfolios, only partially offset by higher volumes sold (+0.2 TWh).

The ***gross operating margin*** for the 1st Quarter of 2014 came to €322 million, up €82 million or 34.2% on the 1st Quarter of 2013. The increase in attributable to:

> a €93 million increase in the margin on the free market for electricity and gas, due to an increase in unit margins in certain customer segments, which more than offset the higher costs associated with the acquisition of new customers;

> an €11 million decrease in the margin on the regulated electricity market, mainly due to the decline in services provided to the Infrastructure & Network Division.

Operating income in the 1st Quarter of 2014 amounted to €168 million, up €87 million compared with the 1st Quarter of 2013, including a decrease of €9 million in impairment losses on trade receivables.

Capital expenditure

Capital expenditure amounted to €1 million, down €2 million compared with the same period of 2013.

Generation and Energy Management

Operations

Net energy generation

Millions of kWh	1st Quarter			
	2014	2013	Change	
Thermal	10,375	10,944	(569)	-5.2%
Hydroelectric	4,155	3,557	598	16.8%
Other resources	2	1	1	-
Total net generation	**14,532**	**14,502**	**30**	**0.2%**
- of which: Italy	*14,311*	*13,995*	*316*	*2.3%*
- of which: Belgium	*221*	*507*	*(286)*	-

In the 1st Quarter of 2014, net electricity generation by the Generation and Energy Management business area amounted to 14,532 million kWh, an increase of 0.2% on the same period of 2013 (up 30 million kWh). More specifically, the increase in hydroelectric output (up 598 million kWh) due to better water availability was only partially offset by the reduction in thermal generation, of which 283 million kWh (-2.7%) in Italy and 286 million kWh in Belgium. More specifically, the reduction in thermal generation in Italy reflected the decline in demand for electricity and the ever increasing weight of renewables in the country's energy mix. The lower output in Belgium at the Marcinelle plant, managed under a tolling agreement, reflected the unfavorable trend in the Northern European electricity market.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2014		2013		Change	
High-sulfur fuel oil (S>0.25%)	156	1.4%	96	0.8%	60	62.5%
Low-sulfur fuel oil (S<0.25%)	10	0.1%	45	0.4%	(35)	-77.8%
Total fuel oil	166	1.5%	141	1.2%	25	17.7%
Natural gas	1,718	15.3%	2,488	21.1%	(770)	-30.9%
Coal	9,200	82.1%	9,005	76.5%	195	2.2%
Other fuels	121	1.1%	143	1.2%	(22)	-15.4%
Total	**11,205**	**100.0%**	**11,777**	**100.0%**	**(572)**	**-4.9%**

Gross thermal generation in the 1st Quarter of 2014 totaled 11,205 million kWh, a decline of 572 million kWh or 4.9% compared with the 1st Quarter of 2013. More specifically, the decrease in the natural gas component is attributable to the reduction in the use of combined-cycle plants. The decrease was partly offset by the increase in generation from coal associated with better raw material procurement conditions, as well as plant availability.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	4,972	6,480	(1,508)	-23.3%
Gross operating margin	397	291	106	36.4%
Operating income	282	195	87	44.6%
Capital expenditure	23	46	(23)	-50.0%

Revenues for the 1st Quarter of 2014 amounted to €4,972 million, down €1,508 million or 23.3% compared with the same period of 2013, mainly as a result of the following factors:

> a €1,176 million decrease in revenues from electricity sales, mainly due to lower revenues from sales on the Power Exchange (down €1,146 million, essentially connected with smaller volumes handled and lower average sales prices), as well as the decline in revenues from electricity sales to other Group divisions (€242 million), especially to Italian companies operating in end markets, which were considerably impacted by the broad decline in demand. This was only partially offset by the increase in revenues from electricity sales to other domestic resellers (€238 million);

> a €284 million decrease in revenues from fuel trading, essentially attributable to sales of natural gas (€261 million);

> a decline of €227 million in revenues from trading on international electricity markets, associated with lower average sales prices;

> an increase of €50 million in revenues associated with the remeasurement at fair value of the assets and liabilities of SE Hydropower in the amount corresponding to the Group's stake in the company, following the loss of control due to the change in the governance structure as from January 1, 2014, as established in the shareholders' agreements signed at the time of the acquisition of the company. The positive impact of this factor was only partially offset by the decline in the margin, amounting to €37 million, due to the change in the scope of consolidation as a result of the proportional consolidation of that company, as it is now classified as a joint operation;

> a €32 million increase in revenues from the sale of green certificates.

The ***gross operating margin*** for the 1st Quarter of 2014 amounted to €397 million, up €106 million or 36.4% compared with the €291 million registered in the 1st Quarter of 2013. The increase is essentially attributable to:

> the gain of €50 million from the fair value remeasurement of the assets of SE Hydropower following loss of control;

> the increase of €23 million in the generation margin, associated with a more advantageous generation mix as a result of better water conditions, lower costs for environmental certificates and the increase in the margin on the Ancillary Services Market (ASM). These factors were only partially offset by the decline in electricity sales prices;

> a €32 million increase in the margin on natural gas sales and trading;

Operating income amounted to €282 million (with an increase of €19 million in depreciation, amortization and impairment losses), a rise of €87 million or 44.6% compared with the €195 million reported for the same period of 2013. The increase in depreciation is essentially attributable to the revision of the useful life of a number of generation plants.

Capital expenditure

Capital expenditure in the 1st Quarter of 2014 amounted to €23 million, including €18 million for generation plants. The primary capital expenditures in the 1st Quarter of 2014 related to work on thermal plants, including sundry works at the Brindisi plant, the completion of the coal conversion of the Torrevaldaliga Nord plant and other work on the Soverzene and Gerosa plants.

Infrastructure and Networks

Operations

Transport of electricity

	1st Quarter			
	2014	2013	Change	
Electricity transported on Enel's distribution network (millions of kWh) [1]	56,563	58,227	(1,664)	-2.9%

(1) The figure for 2013 takes account of a more accurate calculation of quantities transported.

Electricity transported on the Enel network in Italy in the 1st Quarter of 2014 decreased by 1,664 million kWh or 2.9%, going from 58,227 million kWh in the 1st Quarter of 2013 to 56,563 million kWh in the 1st Quarter of 2014. The change is essentially in line with the decline in electricity demand in Italy.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	1,850	1,853	(3)	-0.2%
Gross operating margin	947	958	(11)	-1.1%
Operating income	702	718	(16)	-2.2%
Capital expenditure	204	223	(19)	-8.5%

Revenues in the 1st Quarter of 2014 amounted to €1,850 million, broadly in line (-0.2%) with the same period of the previous year. The decline of €3 million is essentially attributable to:

> a decrease of €18 million in rate revenues, attributable to the lower amounts transported compared with the same period of 2013;
> a reduction of €20 million in revenues from adjustments and estimate revisions;
> a decrease of €32 million in connection fees;
> an increase in grants from the Electricity Equalization Fund and in the sale of white certificates totaling €55 million.

The ***gross operating margin*** amounted to €947 million, down €11 million or 1.1%, and is essentially attributable to:

> a decrease of €27 million in the margin on the transport of electricity, due mainly to the decline in volumes transported, which was only partly offset by the increase in rates;
> a decrease of €33 million in the margin on connection fees;
> the negative effect on the margin of adjustments and prior-year items in the amount of €24 million;
> the positive adjustment (€63 million) of the provision for risks and disputes following the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche requiring the payment of €89 million by Enel Distribuzione to A2A Reti Elettriche with the waiver by

A2A of any further claim, including those against Enel SpA, raised in the dispute pending before the Court of Appeal of Milan.

Operating income, after depreciation, amortization and impairment losses of €245 million (€240 million in the 1st Quarter of 2013), amounted to €702 million, down €16 million or 2.2% compared with the same period of 2013.

Capital expenditure

Capital expenditure in the 1st Quarter of 2014 amounted to €204 million, a decrease of €19 million compared with the same period of the previous year. The decline is mainly due to a reduction in expenditure on connections for customers and generation plants.

Iberia and Latin America

Operations

Net energy generation

Millions of kWh	1st Quarter			
	2014	2013 restated	Change	
Thermal	12,026	14,935	(2,909)	-19.5%
Nuclear	6,883	6,764	119	1.8%
Hydroelectric	10,242	9,884	358	3.6%
Wind	39	45	(6)	-13.3%
Total net generation	**29,190**	**31,628**	**(2,438)**	**-7.7%**
- of which Iberian peninsula	*15,232*	*16,374*	*(1,142)*	*-7.0%*
- of which Argentina	*3,380*	*3,949*	*(569)*	*-14.4%*
- of which Brazil	*1,383*	*1,246*	*137*	*11.0%*
- of which Chile	*4,062*	*4,821*	*(759)*	*-15.7%*
- of which Colombia	*2,974*	*3,018*	*(44)*	*-1.5%*
- of which Peru	*2,159*	*2,220*	*(61)*	*-2.7%*

Net electricity generation in the 1st Quarter of 2014 totaled 29,190 million kWh, a decrease of 2,438 million kWh compared with the same period of 2013.

In the 1st Quarter of 2014, net electricity generation in the Iberian peninsula fell by 1,142 million kWh, mainly as a result of lower coal power generation (down 28.8%) in response to lower demand and improved water conditions during the period.

In Latin America, net electricity generation posted a decline of 1,296 million kWh. More specifically, the decline in thermal generation in Argentina and Chile, associated with the stoppage of the Bocamina II and Costanera plants and the improvement in water conditions in the period, was only partially offset by the increase in hydroelectric generation in Brazil.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2014		2013 restated		Change	
High-sulfur fuel oil (S>0.25%)	1,680	8.5%	1,633	7.3%	47	2.9%
Natural gas	6,109	31.0%	7,040	31.5%	(931)	-13.2%
Coal	3,705	18.8%	5,623	25.2%	(1,918)	-34.1%
Nuclear fuel	7,152	36.3%	7,041	31.5%	111	1.6%
Other fuels	1,061	5.4%	1,014	4.5%	47	4.6%
Total	**19,707**	**100.0%**	**22,351**	**100.0%**	**(2,644)**	**-11.8%**

Gross thermal generation in the 1st Quarter of 2014 amounted to 19,707 million kWh, a decrease of 2,644 million kWh compared with the same period of the previous year due to decline in coal and gas generation in Spain and to the reduction in gross thermal generation in Latin America, notably in Chile and Argentina.

Transport of electricity

Millions of kWh	1st Quarter			
	2014	2013 restated	Change	
Electricity transported on Enel's distribution network (millions of kWh)	**39,772**	**39,896**	**(124)**	**-0.3%**
- of which Iberian peninsula	*23,977*	*24,803*	*(826)*	*-3.3%*
- of which Argentina	*3,692*	*3,603*	*89*	*2.5%*
- of which Brazil	*5,150*	*4,775*	*375*	*7.9%*
- of which Chile	*3,272*	*3,160*	*112*	*3.5%*
- of which Colombia	*1,986*	*1,930*	*56*	*2.9%*
- of which Peru	*1,695*	*1,625*	*70*	*4.3%*

Electricity transported in 2014 amounted to 39,772 million kWh, a decrease of 124 million kWh. The reduction was connected with a decline in energy distributed in the Iberian peninsula (-826 million kWh) as a result of lower demand, partially offset by an increase in volumes transported in Latin America (+702 million kWh), especially in Brazil and Chile.

Electricity sales

Millions of kWh	1st Quarter			
	2014	2013 restated	Change	
Free market	25,988	26,071	(83)	-0.3%
Regulated market	14,158	13,574	584	4.3%
Total	**40,146**	**39,645**	**501**	**1.3%**
- of which Iberian peninsula	*24,351*	*24,552*	*(201)*	*-0.8%*
- of which Argentina	*3,692*	*3,603*	*89*	*2.5%*
- of which Brazil	*5,150*	*4,775*	*375*	*7.9%*
- of which Chile	*3,272*	*3,160*	*112*	*3.5%*
- of which Colombia	*1,986*	*1,930*	*56*	*2.9%*
- of which Peru	*1,695*	*1,625*	*70*	*4.3%*

Electricity sales to end users in the 1st Quarter of 2014 totaled 40,146 million kWh, up 501 million kWh compared with the same period of 2013.
The increase in volumes sold in Latin America (702 million kWh), attributable to the growth in electricity demand, especially in Peru and Brazil, was only partially offset by the decrease in volumes sold in the Iberian peninsula (-201 million kWh) as a result of the continuing economic crisis.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	7,241	7,968	(727)	-9.1%
Gross operating margin	1,503	1,660	(157)	-9.5%
Operating income	835	942	(107)	-11.4%
Capital expenditure	332	320	12	3.8%

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2014	2013 restated	Change	**2014**	2013 restated	Change	**2014**	2013 restated	Change
Iberian peninsula	5,156	5,587	(431)	951	956	(5)	501	492	9
Latin America	2,085	2,381	(296)	552	704	(152)	334	450	(116)
Total	**7,241**	**7,968**	**(727)**	**1,503**	**1,660**	**(157)**	**835**	**942**	**(107)**

Revenues in the 1st Quarter of 2014 fell by €727 million due to:

> a decrease of €431 million in revenues in the Iberian peninsula, essentially attributable to the decline in demand for electricity and the reduction in average sales prices;

> a decrease of €296 million in revenues in Latin America. More specifically, the negative effects of unfavorable developments in exchange rates between the local currencies and the euro (€453 million) and the changes in the regulatory framework for generation plants introduced in Argentina in July 2013 with *Resolución* no. 95/2013 (€66 million) were only partially offset by the increase in revenues from electricity sales in Chile.

The ***gross operating margin*** amounted to €1,503 million, down €157 million or 9.5%, compared with the same period of 2013, due to:

> a decrease of €152 million in the gross operating margin in Latin America, essentially attributable to the unfavorable developments in exchange rates mentioned above (€79 million), to higher operating costs incurred in Argentina to handle service interruptions caused by the heat emergency in early 2014 and to the contraction in distribution and sales margins, particularly in Argentina and Brazil. These factors were only partially offset by an increase in the generation margin, which benefited from higher sales volumes and the increase in average sales prices;

> a decrease of €5 million in the gross operating margin in the Iberian peninsula, the result of:

- an increase of €54 million in the margin on unregulated businesses, due essentially to lower electricity purchase costs as a result of the reduction in average prices on the provisioning market. This factor was partially offset by the negative impact of the recalculation of water use fees in Spain, introduced with Law no. 15/2012 in the 1st Quarter of 2014 (€33 million) and the impact of the recognition in the 1st Quarter of 2013 of a release of the provision for litigation relating to the dispute with E.ON concerning the contract to purchase the Los Barrios plant (€29 million);
- a decrease of €107 million in the margin on regulated businesses, reflecting in particular the reduction in the margin on extra-peninsular generation;
- a reduction of €48 million in operating costs.

Operating income in the 1st Quarter of 2014, after depreciation, amortization and impairment losses amounting to €668 million (€718 million in the 1st Quarter of 2013) totaled €835 million, a decline of €107 million compared with the same period of 2013.

Capital expenditure

Capital expenditure amounted to €332 million, an increase of €12 million compared with the same period of the previous year. In particular, capital expenditure in the 1st Quarter of 2014 primarily concerned work on the distribution network (€111 million), mainly in Spain (€47 million) and Argentina (€23 million). Investment in generation plants (€129 million) primarily regarded the construction of the El Quimbo hydroelectric plant in Colombia.

International

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2014	2013	Change	
Thermal	11,117	11,478	(361)	-3.1%
Nuclear	3,832	3,878	(46)	-1.2%
Hydroelectric	871	1,287	(416)	-32.3%
Other resources	21	20	1	5.0%
Total net generation	**15,841**	**16,663**	**(822)**	**-4.9%**
- of which Russia	*10,639*	*10,934*	*(295)*	*-2.7%*
- of which Slovakia	*5,202*	*5,729*	*(527)*	*-9.2%*

Net electricity generation by the Division in the 1st Quarter of 2014 came to 15,841 million kWh, a decrease of 822 million kWh compared with the same period of 2013. The change is mainly attributable to the decline in output in Slovakia (-527 million kWh), due to poorer water conditions during the period, and in Russia (-295 million kWh), as a result of a stoppage at the Sredneuralskaya combined-cycle plant, offset by an increase in the use of gas-fired plants and lower coal generation.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2014		2013		Change	
High-sulfur fuel oil (S>0.25%)	34	0.2%	11	0.1%	23	-
Natural gas	6,148	38.8%	6,105	37.4%	43	0.7%
Coal	5,563	35.1%	6,026	37.0%	(463)	-7.7%
Nuclear fuel	4,113	25.9%	4,163	25.5%	(50)	-1.2%
Total	**15,858**	**100.0%**	**16,305**	**100.0%**	**(447)**	**-2.7%**

Gross thermal generation in the 1st Quarter of 2014 fell by 447 million kWh to 15,858 million kWh. The decline, which mainly involved coal generation, is essentially attributable to Slovakia, for the reasons noted above.

Transport of electricity

Millions of kWh	1st Quarter			
	2014	2013	Change	
Electricity transported on Enel's distribution network	3,564	3,609	(45)	-1.2%

Electricity transported by the Division, entirely in Romania, decreased by a modest 1.2%, going from 3,609 million kWh to 3,564 million kWh in the 1st Quarter of 2014.

Electricity sales

Millions of kWh	1st Quarter			
	2014	2013 restated	Change	
Free market	2,549	3,454	(905)	-26.2%
Regulated market	1,716	2,055	(339)	-16.5%
Total	**4,265**	**5,509**	**(1,244)**	**-22.6%**
- of which Romania	*2,230*	*2,351*	*(121)*	*-5.1%*
- of which France	*893*	*2,183*	*(1,290)*	*-59.1%*
- of which Slovakia	*1,142*	*975*	*167*	*17.1%*

Electricity sold by the International Division in the 1st Quarter of 2014 decreased by 1,244 million kWh, going from 5,509 million kWh to 4,265 million kWh in the 1st Quarter of 2014. The decrease is attributable to:

> a 1,290 million kWh decline in France, largely a result of the reduction in available capacity;

> a 121 million kWh decline in sales in Romania as a result of the gradual liberalization of the business market, which was completed at the end of 2013, which led to a loss of customers due to migration to the free market and other retailers;

> an increase of 167 million kWh in sales in Slovakia.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	1,367	1,660	(293)	-17.7%
Gross operating margin	281	364	(83)	-22.8%
Operating income	193	231	(38)	-16.5%
Capital expenditure	203	179	24	13.4%

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2014	2013 restated	Change	**2014**	2013 restated	Change	**2014**	2013 restated	Change
Central Europe	686	906	(220)	113	167	(54)	76	111	(35)
South-eastern Europe	272	310	(38)	66	77	(11)	51	49	2
Russia	409	444	(35)	102	120	(18)	66	71	(5)
Total	**1,367**	**1,660**	**(293)**	**281**	**364**	**(83)**	**193**	**231**	**(38)**

Revenues in the 1st Quarter of 2014 came to €1,367 million, a decrease of €293 million or 17.7% compared with the same period of 2013. This net decrease was the product of:

> a decrease of €220 million in revenues in central Europe, mainly associated with the reduction in volumes generated and sold and the decrease in average sales prices in Slovakia and France;

> a decrease of €38 million in revenues in south-eastern Europe, mainly as a result of lower average sales prices in Romania following the liberalization of the business market;
> a decrease of €35 million in revenues in Russia attributable to the weakening of the ruble with respect to the euro, the effect of which was only partially offset by the increase in sales prices.

The ***gross operating margin*** amounted to €281 million, a decrease of €83 million compared with the 1st Quarter of 2013. The change is attributable to:

> a decrease of €54 million in the gross operating margin in central Europe, due to the general reduction in electricity sales prices, the decline in volumes generated in Slovakia and the contraction of sales in France;
> a decrease of €18 million in the gross operating margin in Russia, essentially attributable to the depreciation of the ruble as against the euro;
> a decrease of €11 million in the gross operating margin in south-eastern Europe as a result of the decline in average sales prices in Romania.

Operating income in the 1st Quarter of 2014 totaled €193 million, a fall of €38 million or 16.5% compared with the same period of 2013, taking account of a decrease of €45 million in depreciation, amortization and impairment losses. The result reflects the reduction in depreciation of the nuclear plants in Slovakia and the impact of the devaluation of the ruble on the depreciation of Russian generation plants.

Capital expenditure

Capital expenditure amounted to €203 million, up €24 million compared with the same period of the previous year. The change is essentially attributable to higher costs incurred in Russia to restore operations at the combined-cycle plant following the stoppage at the end of 2013.

Renewable Energy

Operations

Net energy generation

Millions of kWh	1st Quarter			
	2014	2013 restated	Change	
Hydroelectric	2,834	2,663	171	6.4%
Geothermal	1,459	1,351	108	8.0%
Wind	4,042	3,153	889	28.2%
Other resources	86	170	(84)	-49.4%
Total	**8,421**	**7,337**	**1,084**	**14.8%**
- of which Italy	*3,561*	*3,173*	*388*	*12.2%*
- of which Iberian peninsula	*1,529*	*1,375*	*154*	*11.2%*
- of which France	*130*	*88*	*42*	*47.7%*
- of which Greece	*135*	*170*	*(35)*	*-20.6%*
- of which Romania and Bulgaria	*373*	*310*	*63*	*20.3%*
- of which United States and Canada	*1,684*	*1,156*	*528*	*45.7%*
- of which Panama, Mexico, Guatemala and Costa Rica	*696*	*828*	*(132)*	*-15.9%*
- of which Brazil and Chile	*313*	*237*	*76*	*32.1%*

Net electricity generation by the Division amounted to 8,421 million kWh, an increase of 1,084 million kWh over the same period of 2013. Of the total rise, 696 million kWh is attributable to greater generation abroad, mainly from wind generation (+933 million kWh) in the United States, the Iberian peninsula, Chile and Romania, only partially offset by lower hydroelectric generation in Latin America (-153 million kWh) largely as a result of poorer water conditions in Panama. Net electricity generation in Italy in the 1st Quarter of 2014 rose by 388 million kWh compared with the same period of 2013, reflecting an increase in hydroelectric generation (+359 million kWh) as a result of more favorable water conditions.

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues	702	704	(2)	-0.3%
Gross operating margin	481	477	4	0.8%
Operating income	346	357	(11)	-3.1%
Capital expenditure	314	259	55	21.2%

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2014	2013 restated	Change	**2014**	2013 restated	Change	**2014**	2013 restated	Change
Italy and rest of Europe	386	392	(6)	284	279	5	223	226	(3)
Iberia and Latin America	224	246	(22)	132	158	(26)	82	111	(29)
North America	92	66	26	65	40	25	41	20	21
Total	**702**	**704**	**(2)**	**481**	**477**	**4**	**346**	**357**	**(11)**

Revenues in the 1st Quarter of 2014 fell by €2 million or 0.3%, going from €704 million to €702 million. This performance reflects:

> an increase of €26 million in North America, mainly due to higher volumes generated;

> a decrease of €6 million in revenues in Italy and the rest of Europe, attributable to:
  - a €9 million decline in revenues from the sale of photovoltaic panels as a result of the exit from the scope of consolidation of Enel.si, which was sold to the Sales Italy business area in the 2nd Half of 2013;
  - an increase of €3 million in revenues in Italy and the rest of Europe, mainly the result of the rise in electricity generation.

> a decrease of €22 million in revenues in the Iberian peninsula and Latin America, essentially attributable to lower revenues from electricity sales as a result of the effects of the regulatory changes introduced in Spain with Royal Decree no. 9/2013.

The ***gross operating margin*** amounted to €481 million, up €4 million or 0.8% over the same period of 2013, due to:

> an increase of €5 million in the margin posted in Italy and the rest of Europe, mainly as a result of the increase in volumes generated in Italy, only partially offset by a reduction in the margin in Romania and Greece as a result of an increase in the costs associated with the higher installed capacity;

> a decrease of €26 million in the margin registered in the Iberian peninsula and Latin America, essentially reflecting the decline in revenues;

> an increase of €25 million in the margin achieved in North America, mainly as a result of greater volumes produced.

Operating income amounted to €346 million, a decrease of €11 million, taking account of a rise of €15 million in depreciation, amortization and impairment losses reflecting the increase in installed capacity in North America and Europe.

Capital expenditure

Capital expenditure in the 1st Quarter of 2014 amounted to €314 million, an increase of €55 million compared with the same period of the previous year.

Investments mainly regarded wind plants in the Iberian peninsula and Latin America (€143 million), Italy and the rest of Europe (€10 million), and North America (€77 million), and geothermal plants in Italy (€29 million), photovoltaic plants in Chile (€22 million) and hydroelectric plants in Italy and Latin America (€23 million).

Other, eliminations and adjustments

Performance

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues (net of eliminations)	517	431	86	20.0%
Gross operating margin	105	24	81	-
Operating income	82	(5)	87	-
Capital expenditure	6	9	(3)	-33.3%

Revenues net of eliminations in the 1st Quarter of 2014 amounted to €517 million, an increase of €86 million compared with the same period of the previous year (+20%). Excluding the additional gain from the adjustment of the price (equal to €82 million) on the sale of Artic Russia, recognized by the Upstream Gas function in the 4th Quarter of 2013 with respect to the earn-out clause contained in contracts with the buyer of that company, revenues rose by €4 million compared with the 1st Quarter of 2013. This increase is essentially attributable to:

> an increase in revenues from engineering activities connected with works performed at the Brindisi plant, as well as activities related to the regasification plant for liquefied natural gas at Porto Empedocle;

> a decrease of €11 million in revenues in the “Services and Other Activities” area, mainly associated with ICT services and other support and staff services provided by the Parent Company to other Group companies.

The ***gross operating margin*** for the 1st Quarter of 2014 amounted to €105 million, an increase of €81 million, essentially due to the gain discussed above. Excluding that gain, the gross operating margin is in line with that in the 1st Quarter of 2013. More specifically, the contraction in the margin on certain services provided to other Group divisions was largely offset by operational efficiencies achieved.

Operating income came to €82 million for the 1st Quarter of 2014, an increase of €87 million compared with the same period of 2013, taking account of a decrease of €6 million in depreciation, amortization and impairment losses and the gain on the price adjustment for the sale of Artic Russia.

Capital expenditure

Capital expenditure in the 1st Quarter of 2014 amounted to €6 million, a decline of €3 million compared with the same period of the previous year.

Analysis of the Group's financial position

Net capital employed and related funding

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

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	97,457	98,499	(1,042)	-1.1%
- goodwill	14,889	14,967	(78)	-0.5%
- equity investments accounted for using the equity method	1,425	1,372	53	3.9%
- other net non-current assets/(liabilities)	(1,251)	(1,208)	(43)	3.6%
Total	**112,520**	**113,630**	**(1,110)**	**-1.0%**
Net current assets:				
- trade receivables	12,885	11,415	1,470	12.9%
- inventories	3,200	3,555	(355)	-10.0%
- net receivables due from Electricity Equalization Fund and similar bodies	(2,582)	(2,567)	(15)	0.6%
- other net current assets/(liabilities)	(5,391)	(4,536)	(855)	18.8%
- trade payables	(10,776)	(12,923)	2,147	-16.6%
Total	**(2,664)**	**(5,056)**	**2,392**	**47.3%**
Gross capital employed	**109,856**	**108,574**	**1,282**	**1.2%**
Sundry provisions:				
- post-employment and other employee benefits	(3,672)	(3,677)	5	-0.1%
- provisions for risks and charges and net deferred taxes	(12,100)	(12,580)	480	-3.8%
Total	**(15,772)**	**(16,257)**	**485**	**3.0%**
Net assets held for sale	**201**	**221**	**(20)**	**-9.0%**
Net capital employed	**94,285**	**92,538**	**1,747**	**1.9%**
Total shareholders' equity	**52,746**	**52,832**	**(86)**	**-0.2%**
Net financial debt	**41,539**	**39,706**	**1,833**	**4.6%**

Net capital employed at March 31, 2014 amounted to €94,285 and is funded by equity pertaining to the shareholders of the Parent Company and non-controlling interests in the amount of €52,746 million and net financial debt of €41,539 million. The debt-to-equity ratio at March 31, 2014 came to 0.79 (0.75 at December 31, 2013).

Analysis of the Group's financial structure

Net financial debt

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

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Long-term debt:				
- bank loans	7,854	7,873	(19)	-0.2%
- bonds	40,443	41,483	(1,040)	-2.5%
- other loans	1,519	1,549	(30)	-1.9%
Long-term debt	*49,816*	*50,905*	*(1,089)*	*-2.1%*
Long-term financial receivables and securities	(4,954)	(4,965)	11	-0.2%
Net long-term debt	**44,862**	**45,940**	**(1,078)**	**-2.3%**
Short-term debt:				
Bank loans:				
- short-term portion of long-term debt	1,789	1,750	39	2.2%
- other short-term bank debt	33	118	(85)	-72.0%
Short-term bank debt	*1,822*	*1,868*	*(46)*	*-2.5%*
Bonds (short-term portion)	4,644	2,648	1,996	75.4%
Other loans (short-term portion)	264	260	4	1.5%
Commercial paper	2,252	2,202	50	2.3%
Cash collateral and other financing on derivatives	158	119	39	32.8%
Other short-term financial payables	52	45	7	15.6%
Other short-term debt	*7,370*	*5,274*	*2,096*	*39.7%*
Long-term financial receivables (short-term portion)	(1,441)	(2,976)	1,535	-51.6%
Factoring receivables	(160)	(263)	103	-39.2%
Financial receivables – cash collateral	(1,829)	(1,720)	(109)	6.3%
Other short-term financial receivables	(534)	(527)	(7)	1.3%
Cash with banks and short-term securities	(8,551)	(7,890)	(661)	8.4%
Cash and cash equivalents and short-term financial receivables	(12,515)	*(13,376)*	*861*	*-6.4%*
Net short-term financial debt	**(3,323)**	**(6,234)**	**2,911**	**46.7%**
NET FINANCIAL DEBT	**41,539**	**39,706**	**1,833**	**4.6%**
Financial debt of "Assets held for sale"	**(1)**	**(10)**	**9**	**-90.0%**

Net financial debt was equal to €41,539 million at March 31, 2014, up €1,833 million on December 31, 2013.

Net long-term financial debt decreased by €1,078 million as the net result of the decrease in gross long-term debt in the amount of €1,089 million and the decrease in long-term financial receivables of €11 million.

More specifically:

> bank loans, in the amount of €7,854 million, decreased by €19 million, due mainly to the reclassification of the short-term portions of long-term bank loans. The €9.4 billion five-year revolving credit line obtained in February 2013 by Enel SpA and Enel Finance International was entirely undrawn at March 31, 2014. This credit line replaced the €10 billion syndicated revolving credit line established in April 2010 and cancelled on March

18, 2014. At March 31, 2014, the committed credit lines obtained by Enel SpA and Enel Finance International were also undrawn;

> bonds amounted to €40,443 million, a decrease of €1,040 million on December 31, 2013 mainly attributable to the reclassification of the current portion of bonds and exchange rate differences (with the overall change totaling about €2,620 million). This was only partially offset by the issue of hybrid financial instruments by Enel SpA totaling €1,580 million;
> other loans amounted to €1,519 million at March 31, 2014, down €30 million compared with December 31, 2013, mainly due to the reclassification of the current portion and exchange rate differences, which more than offset funding transactions during the quarter, including:
  - on March 21, 2014, Enel Green Power International signed a 12-year loan agreement for €153 million with Banco Santander. The agreement is secured by the Spanish Export Credit Agency ("CESCE");
  - on January 29, 2014, Slovenské elektrárne signed a 5-year loan agreement for €150 million with Bank of America Merrill Lynch International Limited.

  In addition, in the 1st Quarter of 2014, Slovenské elektrárne signed a 7-year loan agreement for €100 million with Mizuho Bank Nederland, which remained undrawn at March 31, 2014.

Net short-term financial debt increased by €2,911 million compared with the end of 2013, leaving a net creditor position of €3,323 million at March 31, 2014. The rise was the net result of a reduction in short-term bank debt of €46 million, an increase in other short-term debt of €2,096 million, and a decrease of €861 million in cash and cash equivalents and short-term financial receivables.
In the 1st Quarter 2014, the following bonds were redeemed:

> €244 million in respect of a floating-rate bond issued by International Endesa BV, which matured in February 2014;
> €286 million in respect of a fixed-rate bond issued by Enersis, which matured in January 2014;
> €99 million in respect of a floating-rate bond issued by Codensa and denominated in Colombian peso, which matured in March 2014.

In addition, other short-term debt amounted to €7,370 million and included commercial paper issued by Enel Finance International, Endesa Latinoamerica and Endesa Capital totaling €2,252 million, as well as bonds maturing within 12 months amounting to €4,644 million.
Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,829 million, while cash collateral received from such counterparties amounted to €158 million.
Cash and cash equivalents and short-term financial receivables came to €12,515 million, down €861 million compared with the end of 2013, mainly due to the decrease in the current portion of long-term financial receivables in the amount of €1,535 million, partially offset by the increase in cash with banks and short-term securities in the amount of €661 million.

Cash flows

Cash flows from operating activities in the first three months of 2014 amounted to a negative €193 million, an improvement of €693 million over the year-earlier period. The change was mainly attributable to a reduction in the use of cash in connection with the change in net current assets in the two periods.

Cash flows from investing/disinvesting activities in the first three months of 2014 absorbed funds in the amount of €1,037 million, while in the corresponding period of 2013 they had absorbed liquidity totaling €1,100 million.
In particular, investments in property, plant and equipment and in intangible assets, totaling €1,083 million, increased by €44 million compared with the corresponding period of the previous year.
The cash flow generated by disposals of entities or business units, net of cash and cash equivalents transferred, amounted to €23 million and regarded the disposal of a number of minor companies in the Renewable Energy Division.
Cash flows generated by other investing/disinvesting activities in the 1st Quarter of 2014 was a positive €23 million and are essentially attributable to ordinary disinvestments during the period.

Cash flows from financing activities generated liquidity in the amount of €1,958 million, compared with €1,675 million generated in the first three months of 2013. The flow in the 1st Quarter of 2014 was essentially attributable to new issues of hybrid financial instruments amounting to €1.6 billion, carried out in implementing the resolution taken by the Enel Board of Directors on May 7, 2013. This liquidity was partially offset by repayments and other net changes in financial payables (€834 million), the outlay of €180 million to purchase an additional 15.16% of the Brazilian company Coelce and by dividend payments to non-controlling shareholders of the Group (€296 million).

Thus, in the first three months of 2014, cash flows generated by financing activities in the amount of €1,958 million were partially used to meet the cash requirements of operating activities (€193 million) and of investing activities (€1,037 million). The positive difference is reflected in the increase in cash and cash equivalents, which at March 31, 2014 stood €8,551 million, compared with €7,900 million at the start of 2014. This increase reflects €77 million in adverse developments in exchange rates between local currencies and the euro.

Significant events in the 1st Quarter of 2014

Issue of hybrid financial instruments

On January 8, 2014, Enel launched a multi-tranche issue of non-convertible bonds for institutional investors on the international market in the form of subordinated hybrid instruments with an average maturity of about 61 years, denominated in euros and pounds sterling, in the total amount of approximately €1.6 billion. The issue was carried out in execution of the resolution of the Board of Directors of Enel of May 7, 2013.
The issue forms part of the measures to strengthen the financial structure of the Enel Group set out in the business plan presented to the financial community on March 13, 2013.
The transaction is structured in the following two tranches:

> €1,000 million maturing on January 15, 2075, issued at a price of 99.368 with an annual fixed coupon of 5% until the first early redemption date set for January 15, 2020. As from that date and until maturity, the rate will be equal to the 5-year euro swap rate plus a spread of 364.8 basis points and interest step-ups of 25 basis points from January 15, 2025 and a further 75 basis points from January 15, 2040;

> £500 million maturing on September 15, 2076, issued at a price of 99.317 with an annual fixed coupon of 6.625% (swapped into euros at a rate of about 5.60%) until the first early redemption date set for September 15, 2021. As from that date and until maturity, the rate will be equal to the 5-year GBP swap rate plus a spread of 408.9 basis points and interest rate step-ups of 25 basis points from September 15, 2026 and an additional 75 basis points from September 15, 2041.

The offering was led by a syndicate of banks comprising, for the euro tranche: Banca Imi, Banco Bilbao Vizcaya Argentaria S.A. 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.

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 is a key to strengthening the security of the supply by increasing the contribution of renewables to the country's energy mix.

Acquisition of an additional 15.16% of Coelce

As part of the reorganization of equity investments in Latin America following the Enersis capital increase in 2013, on January 14, 2014, Enersis, the Chilean subsidiary, 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, 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 March 31, 2014 equaled 15.157% of the Brazilian company's share capital.

Price adjustment in disposal of Artic Russia

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

Enel Green Power receives €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.

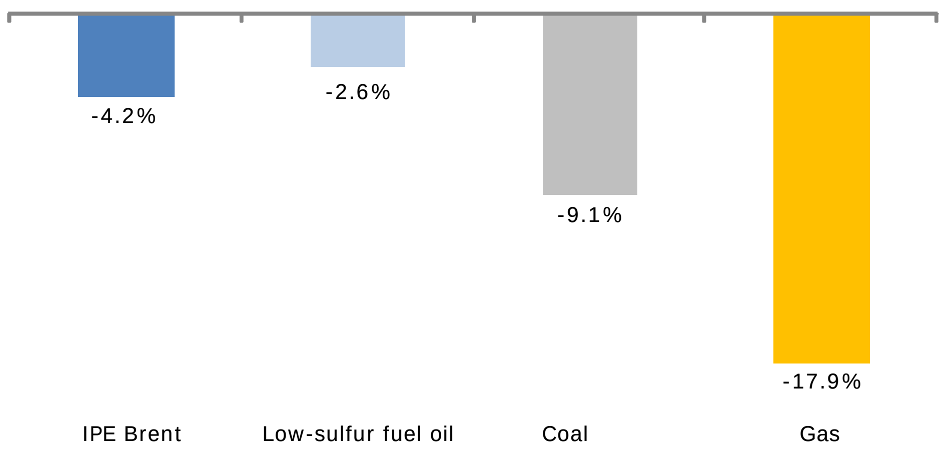
Reference scenario

Developments in the main market indicators

	1st Quarter	
	2014	2013
Market indicators		
Average IPE Brent price ($/bbl)	107.9	112.6
Average price of low-sulfur fuel oil ($/t) (1)	639.8	657.1
Average price of coal ($/t CIF ARA) (2)	78.5	86.4
Average price of gas (Gbpence/therm) (3)	58.9	71.7
Average dollar/euro exchange rate	1.370	1.321
Six-month Euribor (average for the period)	0.40%	0.35%

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

Change in average fuel prices in the 1st Quarter of 2014 compared with the 1st Quarter of 2013



Electricity and natural gas markets

Developments in electricity demand

GWh	1st Quarter		
	2014	2013	Change
Italy	**78,141**	**81,166**	**-3.7%**
Spain	63,161	64,314	-1.8%
Russia	210,002	212,753	-1.3%
Slovakia	7,516	7,690	-2.3%
Argentina	32,587	31,598	3.1%
Brazil	121,905	114,984	6.0%
Chile	12,340	12,179	1.3%
Colombia	15,386	14,668	4.9%

Source: National TSOs.

In Europe, the Mediterranean countries saw electricity demand contract, above all due to the slowdown in industrial consumption and the uncertainty about macroeconomic developments. More specifically, Italy experienced a contraction of 3.7%, while Spain posted a fall of 1.8%. Demand also fell in the Eastern European countries, notably in Russia (-1.3%) and in Slovakia (-2.3%). Grow remained strong in Latin America, with large increases in Brazil (6.0%), Colombia (4.9%) and Argentina (3.1%).

Electricity prices

	Average baseload price 1st Quarter of 2014 (€/MWh)	Change in average baseload price 1st Quarter of 2014 – 1st Quarter of 2013	Average peakload price 1st Quarter of 2014 (€/MWh)	Change in average peakload price 1st Quarter of 2014 – 1st Quarter of 2013
Italy	52.3	-18.1%	62.9	-14.9%
Spain	25.7	-36.5%	30.2	-32.5%
Russia	22.0	-7.2%	24.8	8.7%
Slovakia	33.6	-16.8%	43.3	-
Brazil	198.2	68.1%	259.5	30.3%
Chile	120.2	15.4%	173.1	-12.9%
Colombia	59.7	-12.0%	76.1	-21.8%

Natural gas demand

Millions of m³	1st Quarter			
	2014	2013	Change	
Italy				
Residential and civil	11,852	15,197	(3,345)	-22.0%
Industrial and services	4,410	4,458	(48)	-1.1%
Thermal generation	4,730	5,998	(1,268)	-21.1%
Other	495	570	(75)	-13.2%
Total Italy	**21,487**	**26,223**	**(4,736)**	**-18.1%**
Spain	**9,240**	**8,526**	**714**	**8.4%**

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

Domestic demand for natural gas in the 1st Quarter of 2014 amounted to 21,487 million cubic meters, a slide of 18.1% compared with the same period of 2013.
The contraction in consumption for thermal generation, essentially the result of lower generation volumes, was compounded by a decrease in consumption for residential and civil uses, attributable to the impact of warmer weather in the 1st Quarter of 2014.

Italy

Domestic electricity generation and demand

Millions of kWh	1st Quarter			
	2014	2013	Change	
Net electricity generation:				
- thermal	42,413	50,047	(7,634)	-15.3%
- hydroelectric	12,989	9,714	3,275	33.7%
- wind	4,680	5,065	(385)	-7.6%
- geothermal	1,339	1,273	66	5.2%
- photovoltaic	4,064	3,493	571	16.3%
Total net electricity generation	**65,485**	**69,592**	**(4,107)**	**-5.9%**
Net electricity imports	13,392	12,085	1,307	10.8%
Electricity delivered to the network	**78,877**	**81,677**	**(2,800)**	**-3.4%**
Consumption for pumping	(736)	(511)	(225)	-44.0%
Electricity demand	**78,141**	**81,166**	**(3,025)**	**-3.7%**

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

Domestic *electricity demand* in the 1st Quarter of 2014 decreased by 3.7% compared with the year-earlier, to 78.1 TWh. Of total electricity demand, 82.9% was met by net domestic electricity generation for consumption (85.1% in the 1st Quarter of 2013) with the remaining 17.1% being met by net electricity imports (14.9% in the 1st Quarter of 2013).
Net electricity imports in the 1st Quarter of 2014 increased by 1.3 TWh, essentially as a result of the electricity price differential between Italy and foreign countries.

Net electricity generation in the 1st Quarter of 2014 declined by 5.9% (-4.1 TWh) to 65.5 TWh. More specifically, the increase in hydroelectric generation (+3.3 TWh) attributable to improved water availability and the rise in photovoltaic generation (+0.6 TWh), together with the decline in electricity demand, led to a contraction of 7.6 TWh in thermal generation.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh	1st Quarter			
	2014	2013	Change	
Net electricity generation	66,218	68,348	(2,130)	-3.1%
Consumption for pumping	(2,082)	(2,313)	231	10.0%
Net electricity exports	(975)	(1,721)	746	43.3%
Electricity demand	**63,161**	**64,314**	**(1,153)**	**-1.8%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Balance eléctrico diario peninsular* – March 2014 report). Volumes for the 1st Quarter of 2013 are updated to January 31, 2014.

Electricity demand in the peninsular market in the 1st Quarter of 2014 declined by 1.8% compared with the same period of 2013 to 63.2 TWh. Demand was entirely met by net domestic generation for consumption.

Net electricity exports in the 1st Quarter of 2014 decreased by 43.3% compared with the 1st Quarter of 2013.

Net electricity generation in the 1st Quarter of 2014 declined by 3.1% (-2.1 TWh), essentially due to the decrease in demand.

Electricity generation and demand in the extra-peninsular market

Millions of kWh	1st Quarter			
	2014	2013	Change	
Net electricity generation	3,153	3,217	(64)	-2.0%
Net electricity imports	274	284	(10)	-3.5%
Electricity demand	**3,427**	**3,501**	**(74)**	**-2.1%**

Source: Red Eléctrica de España (*Balance eléctrico diario Extrapeninsulares* – March 2014 report).

Electricity demand in the extra-peninsular market in the 1st Quarter of 2014 decreased by 2.1% compared with the 1st Quarter of 2013 to 3.4 TWh. Demand was almost entirely met by net generation for consumption.
Net electricity imports in the 1st Quarter of 2014 amounted to 0.3 TWh and referred to trade with the Iberian peninsula.
Net electricity generation in the 1st Quarter of 2014 fell by 2.0% compared with the same period of the previous year.

Regulatory and rate issues

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

The European regulatory framework

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 streamline rules for 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, entering into force on July 1, 2014. These promote a gradual transition to market-based mechanisms 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 in the internal energy market.

Sales Division

Electricity

Retail market

On March 3, 2014, the Council of State overruled the decision of the Regional Administrative Court of Lombardy that struck down the rules for the Indemnity System introduced by the Authority for Electricity, Gas and the Water System (AEEGSI or the Authority) aimed at containing operators' credit risk.

Gas

Retail market

The Authority also confirmed the current procedures for indexing the component covering natural gas supply costs for the 2014-2015 gas year to spot prices.

With regard to the raw material cost component, 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.

Generation and Energy Management Division

Gas

Wholesale market

With regard to storage, the decree of February 19, 2014 of the Ministry for Economic Development (MED) changed the criteria for allocating capacity, establishing that it will be assigned solely through auction.

Infrastructure and Networks Division

Electricity

Distribution and metering

With Resolution no. 154/14, the Authority published the reference rates for distribution and sales activities for 2014 to be used in determining, for each operator, the level of revenues to be recognized to cover grid infrastructure costs.
The new reference rates are set in a manner that ensures the operator will be neutral with respect to unexpected changes in the volumes of power distributed.

Iberia and Latin America Division

Spain

Royal Decree 216/2014 – Method for calculating voluntary price for small consumers (PVPC)

On March 29, 2014, Royal Decree 216/2014 was published in Spain's Official Journal. The decree addresses the method for calculating the voluntary price for small consumers, establishing the following main features:

> the cost of energy for the *Precio Voluntario para el Pequeño Consumidor* (PVPC) will be linked to the hourly market price. More specifically, this will be the price of the day-ahead and intraday markets for the corresponding billing period, to which are added the costs of the ancillary services market, capacity payments and payments required to compensate the market and the system operator. If consumers have smart meters installed, they will be billed on an hourly basis, otherwise consumer profiling is used;

> this mechanism will be applied starting April 1, 2014, but operators have two months (until July 2014) in which to adapt their systems;

> *Comercializadora de Referencia* (CRs) will be required to offer a fixed annual price as an alternative to customers eligible for the PVPC.

Ministerial Order IET/350/2014 – Financing the social bonus

On March 7, 2014 Ministerial Order IET/350/2014 was published, establishing the new allocation of shares of financing for the social bonus scheme. Endesa's share was set at 41.62%.

Brazil

Technical note no. 112/2014-SRE-ANEEL – revision of 2014-2018 AMPLA rates

On April 7, 2014, the regulator, ANEEL, approved technical note no. 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 no. 8.221, making additional amounts available 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.
Finally, on April 15, 2014, ANEEL published *Edital do Leilão* no. 5/2014, setting the ceiling prices and the date for the A-0 auction, which is being held to reduce the deficit and cover distributors' additional costs. More specifically, the auction, scheduled for April 30, 2014, sets a ceiling of R$271/MWh for hydro generation and R$262/MWh for thermal generation.

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.

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).

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 regulate 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.

Renewable Energy Division

Romania

Reduction in share of electricity from renewables and exemption for large consumers from the obligation to acquire green certificates

On March 19, 2014, the Romanian government reduced the share of electricity generated from renewables that will receive green certificates in 2014 to 11.1% from 15%.
On April 17, 2014, the Ministry for the Economy issued a draft government decision concerning the exemption of large consumers from the obligation to acquire green certificates for consultation. Its entry into force is conditional on approval by the European Commission.

Spain

Royal Decree Law 9/2013

As part of the reform of the electricity sector introduced with Royal Decree Law 9/2013 in July 2013, the approval process for the Renewables Decree and the secondary legislation containing the reference parameters and new levels of remuneration continued. Draft secondary legislation was published for consultation in February 2014. Stakeholders have submitted their comments to the *Comisión Nacional de los Mercados y la Competencia* (CNMC) which on April 3, 2014, published its report. Approval of the rules is expected in the coming weeks.

Greece

Law 4254 – Approval of "New Deal"

On March 30, 2014, the Greek parliament approved Law 4254 – the "New Deal" – seeking to rationalize specific account 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 applied to operational plants by about 5% for wind and mini-hydro plants and about 45% on photovoltaic plants, and the consequent elimination of the Turnover Tax in force until June 2014;
- reduction of feed-in tariffs for new plants entering into the 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 PPAs by 7 years on certain conditions (fixed rate or fixed amount of energy).

Brazil

Upcoming auctions

The next auction of A-3 power is scheduled for June 6, 2014. The winning bidders will have the right to sign 20-year contracts for wind, thermal and biomass projects. Hydroelectric projects will be entitled to 30-year contracts. The plants are to enter into operation on July 1, 2017.

The next A-5 auction is scheduled for September 12, 2014. Solar plants with an installed capacity of at least 5 MW are eligible to participate in a federal auction. Winning bidders for wind and solar plants will have right to enter into 20-year contracts with supply to start on January 1, 2019.

Outlook

The gradual emergence of the mature European markets from the crisis expected for 2014 was not yet reflected in energy demand in the 1st Quarter of the year. In Italy, demand continued to contract (by a seasonally adjusted 3.5%), with a further moderate decrease in Spain (by a seasonally adjusted 0.6%). Conversely, the emerging economies continue to register rapid growth in demand, despite the deterioration in economic conditions.
In this environment, Enel can confirm the foundations of the Group strategy announced to the financial markets, which are based on a well-balanced portfolio of operations with a diversified mix of geographical markets, technologies and regulated and unregulated activities, with a focus on the increasingly important role of the emerging markets and renewable energy. The priority of reducing our financial debt is being implemented with the plan for enhancing the efficiency of operating costs, which after the successful results achieved in 2013 has continued to make a contribution in line with forecasts in the 1st Quarter of 2014. In addition, our investment plan is directed at consolidating our position and simplifying the Group structure, with the completion in the 1st Quarter of a number of major minority buyouts at subsidiaries in Latin America.

Condensed quarterly consolidated financial statements at March 31, 2014

Condensed Consolidated Income Statement

Millions of euro		1st Quarter	
	Notes	**2014**	2013 restated
Total revenues	5.a	18,182	20,445
Total costs	5.b	15,619	17,770
Net income/(charges) from commodity risk management	5.c	45	(156)
Operating income		**2,608**	**2,519**
Financial income	5.d	676	957
Financial expense	5.d	1,477	1,629
Total financial income / (expense)		**(801)**	**(672)**
Share of income / (expense) from equity investments accounted for using the equity method	5.e	**4**	**50**
Income before taxes		**1,811**	**1,897**
Income taxes	5.f	669	724
Net income from continuing operations		**1,142**	**1,173**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,142**	**1,173**
Pertaining to shareholders of the Parent Company		895	852
Pertaining to non-controlling interests		247	321
Earnings attributable to shareholders of the Parent Company per share (euro) (1)		*0.10*	*0.09*

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

Statement of Consolidated Comprehensive Income

Millions of euro	1st Quarter	
	2014	2013 restated
Net income / (loss) for the period	**1,142**	**1,173**
Other comprehensive income recyclable to profit or loss:		
- Effective portion of change in the fair value of cash flow hedges	(84)	70
- Income recognized in equity by companies accounted for using equity method	(7)	(13)
- Change in the fair value of financial investments available for sale	12	(11)
- Change in translation reserve	(413)	756
Other comprehensive income not recyclable to profit or loss:		
Change in net liabilities (assets) in respect of defined-benefit plans	**-**	**-**
Income / (Loss) recognized directly in equity	**(492)**	**802**
Comprehensive income for the period	650	1,975
Pertaining to:		
- shareholders of the Parent Company	611	1,286
- non-controlling interests	39	689

Condensed Consolidated Balance Sheet

Millions of euro		1st Quarter	
	Note	**at Mar. 31, 2014**	at Dec. 31, 2013 restated
ASSETS			
Non-current assets			
- Property, plant and equipment and intangible assets		97,457	98,499
- Goodwill		14,889	14,967
- Equity investments accounted for using the equity method		1,425	1,372
- Other non-current assets [(1)]		13,596	13,417
Total	6.a	**127,367**	**128,255**
Current assets			
- Inventories		3,200	3,555
- Trade receivables		12,885	11,415
- Cash and cash equivalents		8,522	7,873
- Other current assets [(2)]		12,576	12,526
Total	6.b	**37,183**	**35,369**
Assets held for sale	6.c	**211**	**241**
TOTAL ASSETS		**164,761**	**163,865**
LIABILITIES AND SHAREHOLDERS' EQUITY			
- Equity pertaining to the shareholders of the Parent Company	6.d	36,555	35,941
- Non-controlling interests		16,191	16,891
Total shareholders' equity		**52,746**	**52,832**
Non-current liabilities			
- Long-term loans		49,816	50,905
- Provisions and deferred tax liabilities		22,089	22,443
- Other non-current liabilities		3,575	3,475
Total	6.e	**75,480**	**76,823**
Current liabilities			
- Short-term loans and current portion of long-term loans		9,192	7,142
- Trade payables		10,776	12,923
- Other current liabilities		16,557	14,125
Total	6.f	**36,525**	**34,190**
Liabilities held for sale	6.g	**10**	**20**
TOTAL LIABILITIES		**112,015**	**111,033**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**164,761**	**163,865**

(1) Of which long-term financial receivables and other securities at March 31, 2014 equal to €4,808 million (€4,813 million at December 31, 2013) and €146 million (€152 million at December 31, 2013), respectively.
(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2014 equal to €1,441 million (€2,976 million at December 31, 2013), €2,523 million (€2,510 million at December 31, 2013) and €29 million (€17 million at December 31, 2013), respectively.

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves pertaining to the shareholders of the Parent Company													
Millions of euro	Share capital	Share premium reserve	Legal reserve	Other reserves	Reserve from translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using the equity method	Reserves for employee benefits	Other retained earnings	**Equity pertaining to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
at January 1, 2013	**9,403**	**5,292**	**1,881**	**2,262**	**92**	**(1,253)**	**749**	**78**	**8**	**(362)**	**17,625**	**35,775**	**16,312**	**52,087**
Effect of application of IFRS 11	**-**	**-**	**-**	**-**	**140**	**42**	**-**	**-**	**(182)**	**-**	**-**	**-**	**(9)**	**(9)**
at January 1, 2013, restated	**9,403**	**5,292**	**1,881**	**2,262**	**232**	**(1,211)**	**749**	**78**	**(174)**	**(362)**	**17,625**	**35,775**	**16,303**	**52,078**
Distribution of dividends	-	-	-	-	-	-	-	-	-	-	-	-	**(362)**	**(362)**
Disposal of equity interests without loss of control	-	-	-	-	-	-	(16)	6	-	8	-	**(2)**	**1,740**	**1,738**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Comprehensive income	-	-	-	-	407	40	-	-	(13)		852	**1,286**	**689**	**1,975**
of which:														
- Income/(Loss) recognized directly in equity	-	-	-	-	*407*	*40*	-	-	*(13)*	-	-	***434***	***368***	***802***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	*852*	***852***	***321***	***1,173***
at March 31, 2013 restated	**9,403**	**5,292**	**1,881**	**2,262**	**639**	**(1,171)**	**733**	**84**	**(187)**	**(354)**	**18,477**	**37,059**	**18,370**	**55,429**
at January 1, 2014	**9,403**	**5,292**	**1,881**	**2,262**	**(1,100)**	**(1,490)**	**721**	**62**	**(16)**	**(528)**	**19,454**	**35,941**	**16,898**	**52,839**
Effect of application of IFRS 11	**-**	**-**	**-**	**-**	**23**	**26**	**-**	**-**	**(49)**	**-**	**-**	**-**	**(7)**	**(7)**
at January 1, 2014, restated	**9,403**	**5,292**	**1,881**	**2,262**	**(1,077)**	**(1,464)**	**721**	**62**	**(65)**	**(528)**	**19,454**	**35,941**	**16,891**	**52,832**
Distribution of dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(335)**	**(335)**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	(6)	**(6)**	**(404)**	**(410)**
Disposal of equity interests without loss of control	-	-	-	-	-	-	-	9	-	-	-	**9**	**-**	**9**
Comprehensive income	-	-	-	-	(234)	(44)	-	-	(6)	-	895	**611**	**39**	**650**
of which:														
- Income/(Loss) recognized directly in equity	-	-	-	-	*(234)*	*(44)*	-	-	*(6)*	-	-	***(284)***	***(208)***	***(492)***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	*895*	***895***	***247***	***1,142***
at March 31, 2014	**9,403**	**5,292**	**1,881**	**2,262**	**(1,311)**	**(1,508)**	**721**	**71**	**(71)**	**(528)**	**20,343**	**36,555**	**16,191**	**52,746**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter	
	2014	2013 restated
Income before taxes	**1,811**	**1,897**
Adjustments for:		
Depreciation, amortization and impairment losses of property, plant and equipment and intangible assets	1,270	1,303
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	106	12
Financial (income)/expense	614	529
Change in inventories and trade receivables and payables	(3,049)	(4,051)
Interest and other financial income and expense paid and collected	(769)	(835)
Other changes	(176)	259
Cash flows from operating activities (A)	**(193)**	**(886)**
Investments in property, plant and equipment and intangible assets	(1,083)	(1,039)
Investments in entities (or business units) less cash and cash equivalents acquired	-	(81)
Disposals of entities (or business units) less cash and cash equivalents sold	23	-
(Increase)/Decrease in other investing activities	23	20
Cash flows from investing/disinvesting activities (B)	**(1,037)**	**(1,100)**
Financial debt (new borrowing)	1,983	205
Financial debt (repayments and other net changes)	451	(215)
Receipts/(Outlays) for disposals/(acquisitions) of non-controlling interests	(180)	1,795
Dividends paid	(296)	(110)
Cash flows from financing activities (C)	**1,958**	**1,675**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(77)**	**75**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**651**	**(236)**
Cash and cash equivalents at the beginning of the period (1)	7,900	9,768
Cash and cash equivalents at the end of the period (2)	8,551	9,532

(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 €8,522 million at March 31, 2014 (8,957 million at March 31, 2013), short-term securities equal to €29 million at March 31, 2014 (€574 million at March 31, 2013) and cash and cash equivalents pertaining to "Assets held for sale" in the amount of €0 at March 31, 2014 (€1 million at March 31, 2013).

Notes to the condensed quarterly consolidated financial statements at March 31, 2014

1. Accounting policies and measurement criteria

The condensed quarterly consolidated financial statements at March 31, 2014, have been prepared in condensed form in conformity with the international accounting standard applicable to the preparation of interim financial statements (IAS 34). The condensed quarterly consolidated financial statements at March 31, 2014, do not contain all of the information required for the annual consolidated financial statements and should therefore be read together with the consolidated financial statements at December 31, 2013.
Although the Group has designated the half-year as its interim reporting period for the purposes of applying IAS 34 and the definition of consolidated quarterly financial statements used herein, this Interim Financial Report at March 31, 2014, has, on an exceptional basis, been prepared in compliance with that standard with the expectation that it may be included in the official documentation to be used in support of a possible issue of debt securities in the coming months.
The accounting policies and measurement criteria used for the condensed quarterly consolidated financial statements at March 31, 2014, are consistent with those used to prepare the consolidated financial statements at December 31, 2013, to which the reader is referred for more information.
In addition, the following international accounting standards, amendments to the international accounting standards and interpretations became applicable for the first time as of 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, the new IFRS 10 focuses the determination on three elements to be considered in each assessment: power over the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns. The accounting representation 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 retrospective application of this standard did not have a significant impact on the scope of consolidation used in preparing the consolidated financial statements at December 31, 2013 and these condensed quarterly consolidated financial statements.

- "*IAS 27 – Separate financial statements*". Together with the issue of IFRS 10 and IFRS 12, the previous IAS 27 was amended, with changes to its title and its content. All provisions concerning the preparation of consolidated financial statements were eliminated, while the other provisions were not modified. Following the amendment, the standard therefore only specifies the recognition and measurement criteria and the disclosure requirements for separate financial statements concerning subsidiaries, joint ventures and associates.
  The retrospective application of this standard did not have an impact on the Group.
- *"IFRS 11 – Joint arrangements".* This standard 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, accounting for an interest in a joint operation involves the recognition of the assets/liabilities and revenues/expenses related to the arrangement on the basis of the associated rights/obligations, without taking account of the interest held. Accounting for an interest in a joint venture involves the recognition of an investment accounted for using the equity method. Therefore, proportionate consolidation, allowed but not required under the previous IAS 31 for cases such as this in place of the equity method, is no longer permitted.
  The effects of the retrospective application of this standard on these condensed quarterly consolidated financial statements are discussed in Note 2 "Restatement of comparative disclosures".
- *"IAS 28 – Investments in associates and joint ventures"*. Together with the issue of IFRS 11 and IFRS 12, the current IAS 28 was amended, with changes to its title and its content. In particular, the new standard, which also includes the provisions of SIC 13 – Jointly controlled entities - non-monetary contributions by venturers, describes the application of the equity method, which in consolidated financial statements is used to account for associates and joint ventures.
  The retrospective application of this standard on these condensed quarterly consolidated financial statements are discussed in Note 2 "Restatement of comparative disclosures".
- *"IFRS 12 – Disclosure of interests in other entities".* IFRS 12 brings together in a single standard the required disclosures concerning interests held in subsidiaries, joint operations and joint ventures, associates and structured entities. In particular, the standard replaces the disclosures called for in the previous versions of IAS 27, IAS 28 and IAS 31 with new disclosure requirements in order to ensure the disclosure of more uniform and consistent information, and introduces new requirements for disclosures concerning subsidiaries with significant non-controlling shareholders and individually material associates and joint ventures.
  The retrospective application of this standard did not have an impact on these condensed quarterly consolidated financial statements.

> *Amendments to IAS 32 – Financial Instruments: Presentation - Offsetting financial assets and financial liabilities"*. The new version of IAS 32 establishes that financial assets and financial liabilities should be offset and the net amount reported in the balance sheet when, and only when, an entity meets both of the following two conditions:
  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 retrospective application of this standard on these condensed quarterly consolidated financial statements are described in Note 2 "Restatement of comparative disclosures".

> *"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 this standard did not have a significant impact on these condensed quarterly 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 this standard did not have an impact on these condensed quarterly 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 this standard did not have an impact on these condensed quarterly 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 result of the introduction of a new law or regulation.

  The retrospective application of this standard did not have an impact on these consolidated quarterly financial statements.

Use of estimates

Preparing the condensed quarterly consolidated financial statements requires corporate management to make estimates and assumptions that impact the value of revenues, costs, assets and liabilities and the disclosures concerning contingent assets and liabilities at the balance sheet date. Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results. For the purposes of the preparation of these condensed quarterly consolidated financial statements, in line with the consolidated financial statements at December 31, 2013, the use of estimates involved the same situations in which estimates were employed during the preparation of the annual consolidated financial statements. In addition, pursuant to the disclosure requirements under paragraph 15B (k) of IAS 34, there were no changes in the fair value hierarchy used in measuring of financial instruments compared with the most recent annual consolidated financial statements, and the methods used in measuring Level 2 and Level 3 fair value are consistent with those used in the most recent annual consolidated financial statements. For a more extensive discussion of the most significant assessment processes of the Group, please see the section "Use of estimates" set out in note 1 of the consolidated financial statements at December 31, 2013.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the small impact these variations have on performance, no additional disclosure (required under IAS 34.21) for developments in the twelve months ended March 31, 2014 is provided.

2. Restatement of comparative disclosures

Following the application, with retrospective effect as from January 1, 2014, of the new IFRS 11 – Joint arrangements, the investments of the Enel Group in joint ventures (arrangements whereby the parties have rights to a share of the net assets or the profit or loss of the arrangement) must be accounted for using the equity method rather than proportionate consolidation, which is no longer allowed for such ventures. Since the Group had accounted for joint ventures using proportionate consolidation prior to the date of application of the new standard as permitted under the previous applicable standard (IAS 31 – *Interests in joint ventures*), that change gave rise to the restatement of the consolidated balance sheet at December 31, 2013, and the income statement presented in the interim financial report at March 31, 2013, reported in this consolidated interim financial report for comparative purposes only. In view of the nature of the change, it did not have an impact on Group net income for the previous year and for the 1st Quarter of 2013 or on shareholders' equity pertaining to the shareholders of the Parent Company at December 31, 2013. For the Group's interests in joint operations (arrangements in which the parties have prorated rights to the assets, and prorated obligations for the liabilities, relating to the arrangement), in view of the agreements underpinning those arrangements, the application of IFRS 11 has an impact that is substantially equivalent to proportionate consolidation.

At the end of 2013, the Group also adopted a new accounting policy as part of the project to standardize how the different types of environmental certificates (CO_2 allowances, green certificates, white certificates, etc.) are recognized and presented in the financial statements. This new model is based on the business model of the companies involved in the environmental certificates incentive mechanism and led only to certain reclassifications in the condensed consolidated income statement for 1st Quarter of 2013, reported in this consolidated interim financial report for comparative purposes only.

In addition, the new version of IAS 32, applicable retrospectively as from January 1, 2014, requires that financial assets and liabilities may be offset and the net balance reported in the balance sheet when, and only when, an entity meets certain specific conditions. The application of the new provisions of IAS 32 led to the restatement of a number of items in the consolidated balance sheet at December 31, 2013, presented in this consolidated interim financial report at March 31, 2014 for comparative purposes only. Those changes did not have an impact on consolidated shareholders' equity.

Finally, as of the date of this interim financial report, the definitive allocation of the purchase prices for a number of companies in the Renewable Energy Division (including Parque Eólico Talinay Oriente) had been completed. As a result of the allocation, a number of items in the consolidated balance sheet at December 31, 2013, were restated to reflect the fair value of the assets acquired and the liabilities and contingent liabilities assumed in the associated business combinations.

The following tables report the condensed financial statements for the 1st Quarter of 2013 and the year ended December 31, 2013, with an indication of the adjustments made as a result of the changes discussed above.

Condensed consolidated income statement

Millions of euro	1st Quarter			
	2013	Effect of IFRS 11	New environmental certificate policy	2013 restated
Total revenues	20,885	(466)	26	20,445
Total costs	18,175	(431)	26	17,770
Net income/(charges) from commodity risk management	(156)	-	-	(156)
Operating income	**2,554**	**(35)**	**-**	**2,519**
Financial income	958	(1)	-	957
Financial expense	1,632	(3)	-	1,629
Total financial income/(expense)	**(674)**	**2**	**-**	**(672)**
Share of income/(expense) from equity investments accounted for using the equity method	**29**	**21**	**-**	**50**
Income before taxes	**1,909**	**(12)**	**-**	**1,897**
Income taxes	736	(12)	-	724
Net income from continuing operations	**1,173**	**-**	**-**	**1,173**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)	**1,173**	**-**	**-**	**1,173**
Pertaining to shareholders of the Parent Company	852	-	-	852
Pertaining to non-controlling interests	321	-	-	321

Statement of consolidated comprehensive income

Millions of euro	1st Quarter		
	2013	IFRS 11	2013 restated
Net income/(loss) for the period	**1,173**	**-**	**1,173**
Other comprehensive income recyclable to profit or loss:			
- Effective portion of change in the fair value of cash flow hedges	71	(1)	70
- Income recognized in equity by companies accounted for using equity method	(13)	-	(13)
- Change in the fair value of financial investments available for sale	(11)	-	(11)
- Change in translation reserve	755	1	756
Income/(Loss) recognized directly in equity	**802**	**-**	**802**
Comprehensive income for the period	**1,975**	**-**	**1,975**
Pertaining to:			
- shareholders of the Parent Company	1,286	-	1,286
- non controlling interests	689	-	689

Millions of euro

	at Dec. 31, 2013	Effect of IFRS 11	Effect of IAS 32	PPA for Renewable Energy Division	at Dec. 31, 2013 restated
ASSETS					
Non-current assets					
- Property, plant and equipment and intangible assets	99,445	(947)	-	1	98,499
- Goodwill	15,015	(51)	-	3	14,967
- Equity investments accounted for using the equity method	647	725	-	-	1,372
- Other non-current assets	13,477	(60)	-	-	13,417
Total	**128,584**	**(333)**	**-**	**4**	**128,255**
Current assets					
- Inventories	3,586	(31)	-	-	3,555
- Trade receivables	11,533	(118)	-	-	11,415
- Cash and cash equivalents	8,030	(157)	-	-	7,873
- Other current assets	12,174	(54)	406	-	12,526
Total	**35,323**	**(360)**	**406**	**-**	**35,369**
Assets held for sale	**241**	**-**	**-**	**-**	**241**
TOTAL ASSETS	**164,148**	**(693)**	**406**	**4**	**163,865**
LIABILITIES AND SHAREHOLDERS' EQUITY					
- Equity pertaining to the shareholders of the Parent Company	35,941	-	-	-	35,941
- Non-controlling interests	16,898	(7)	-	-	16,891
Total shareholders' equity	**52,839**	**(7)**	**-**	**-**	**52,832**
Non-current liabilities					
- Long-term loans	51,113	(208)	-	-	50,905
- Provisions and deferred tax liabilities	22,648	(209)	-	4	22,443
- Other non-current liabilities	3,523	(48)	-	-	3,475
Total	**77,284**	**(465)**	**-**	**4**	**76,823**
Current liabilities					
- Short-term loans and current portion of long-term loans	7,219	(77)	-	-	7,142
- Trade payables	13,004	(81)	-	-	12,923
- Other current liabilities	13,782	(63)	406	-	14,125
Total	**34,005**	**(221)**	**406**	**-**	**34,190**
Liabilities held for sale	**20**	**-**	**-**	**-**	**20**
TOTAL LIABILITIES	**111,309**	**(686)**	**406**	**4**	**111,033**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**164,148**	**(693)**	**406**	**4**	**163,865**

Condensed consolidated statement of cash flows

Millions of euro	1st Quarter		
	2013	IFRS 11	2013 restated
Income before taxes	**1,909**	**(12)**	**1,897**
Adjustments for:			
Depreciation, amortization and impairment losses of property, plant and equipment and intangible assets	1,331	(28)	1,303
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	11	1	12
Financial (income)/expense	528	1	529
Change in inventories and trade receivables and payables	(4,272)	221	(4,051)
Interest and other financial income and expense paid and collected	(697)	(138)	(835)
Other changes	265	(6)	259
Cash flows from operating activities (A)	**(925)**	**39**	**(886)**
Investments in property, plant and equipment and intangible assets	(1,045)	6	(1,039)
Investments in entities (or business units) less cash and cash equivalents acquired	(85)	4	(81)
Disposals of entities (or business units) less cash and cash equivalents sold	-	-	-
(Increase)/Decrease in other investing activities	25	(5)	20
Cash flows from investing/disinvesting activities (B)	**(1,105)**	**5**	**(1,100)**
Financial debt (new long-term borrowing)	205	-	205
Financial debt (repayments and other net changes)	(191)	(24)	(215)
Collections/(Outlays) from the disposal/(acquisition) of equity holdings without a controlling interest	1,795	-	1,795
Dividends paid	(110)	-	(110)
Cash flows from financing activities (C)	**1,699**	**(24)**	**1,675**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**95**	**(20)**	**75**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(236)**	**-**	**(236)**
Cash and cash equivalents at the beginning of the period	9,933	(165)	9,768
Cash and cash equivalents at the end of the period	9,697	(165)	9,532

3. Main changes in the scope of consolidation

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 venturer, the company is accounted for using the equity method;

> 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 consolidated using the equity method but are consolidated on a line-by-line basis;

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

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

> acquisition, in November and December 2013, of nine companies (representing three business combinations) operating in the development of wind power projects in the United States;
> disposal, on December 20, 2013, of the remaining stake in Enel Rete Gas, previously consolidated using the equity method.

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 March 31, 2014, of an additional 15.16% stake in Coelce, an electricity distribution company in Brazil, already under the Group's control prior to the tender offer.

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 prices 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 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.

Increase of the interest in Coelce

Between January 14, 2014 and March 31, 2014, the Chilean subsidiary Enersis acquired, through a tender offer, 15.16% of Coelce, which 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. The effects of this transaction are as follows:

Millions of euro	
Net assets acquired	189
Cost of transaction	180
Reserve for transactions involving non-controlling interests	9

4. Segment information

The representation of divisional performance presented here is based on the approach used by management in monitoring Group performance for the two periods under review.
For more information on developments in performance and financial position during the period, please see the appropriate section of this Interim Financial Report.

Performance by segment in the 1st Quarter of 2014 and 2013

1st Quarter 2014 (1)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	4,361	3,759	821	7,218	1,284	638	101	**18,182**
Revenues from other segments	31	1,213	1,029	23	83	64	(2,443)	**-**
Total revenues	**4,392**	**4,972**	**1,850**	**7,241**	**1,367**	**702**	**(2,342)**	**18,182**
Total costs	4,054	4,602	903	5,754	1,086	239	(2,447)	**14,191**
Net income/(charges) from commodity risk management	(16)	27	-	16	-	18	-	**45**
Depreciation and amortization	25	113	245	631	95	135	26	**1,270**
Impairment losses/Reversals	129	2	-	37	(7)	-	(3)	**158**
Operating income	**168**	**282**	**702**	**835**	**193**	**346**	**82**	**2,608**
Capital expenditure	**1**	**23**	**204**	**332**	**204**	**314**	**6**	**1,084**

(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.

1st Quarter 2013 restated (1)(2)

Millions of euro	Sales	GEM	Infra. & Networks	Iberia and Latin America	Int'l	Renewable Energy	Other, eliminations and adjustments	Total
Revenues from third parties	4,891	4,766	725	7,952	1,492	602	17	**20,445**
Revenues from other segments	42	1,714	1,128	16	168	102	(3,170)	**-**
Total revenues	**4,933**	**6,480**	**1,853**	**7,968**	**1,660**	**704**	**(3,153)**	**20,445**
Total costs	4,667	6,169	895	6,202	1,286	233	(3,177)	**16,275**
Net income/(charges) from commodity risk management	(26)	(20)	-	(106)	(10)	6	-	**(156)**
Depreciation and amortization	21	95	241	676	122	118	29	**1,302**
Impairment losses/Reversals	138	1	(1)	42	11	2	-	**193**
Operating income	**81**	**195**	**718**	**942**	**231**	**357**	**(5)**	**2,519**
Capital expenditure	**3**	**46**	**223**	**320**	**179**	**259**	**9**	**1,039**

(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 in the accounting in accordance with IFRS 11, as well as the accounting policy used for environmental certificates. For further information please see note 2.

Financial position by segment

At March 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	37	9,329	15,059	34,892	9,758	10,269	500	**79,844**
Intangible assets	751	268	108	27,113	1,807	2,192	287	**32,526**
Trade receivables	5,255	2,743	1,728	4,081	388	413	(1,723)	**12,885**
Other	133	2,051	1,440	2,082	616	510	(77)	**6,755**
Operating assets	**6,176**	**14,391** (1)	**18,335**	**68,168**	**12,569** (2)	**13,384**	**(1,013)** (4)	**132,010**
Trade payables	2,912	2,332	2,244	3,912	649	587	(1,858)	**10,778**
Sundry provisions	229	1,191	2,405	3,966	2,761	179	695	**11,426**
Other	2,488	741	2,732	3,394	1,124	455	(241)	**10,693**
Operating liabilities	**5,629**	**4,264**	**7,381**	**11,272**	**4,534** (3)	**1,221**	**(1,404)**	**32,897**

(1) Of which €6 million regarding units classified as “Held for sale”.
(2) Of which €196 million regarding units classified as “Held for sale”.
(3) Of which €1 million regarding units classified as “Held for sale”.
(4) Of which €5 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	1,706	3,582	524	364	(1,829)	**11,423**
Other	250	2,482	1,240	1,973	460	404	(208)	**6,601**
Operating assets	**5,079**	**15,531** (2)	**18,159**	**68,237**	**12,719** (3)	**13,048** (5)	**(1,250)**	**131,523**
Trade payables	3,070	3,579	2,488	4,195	784	750	(1,937)	**12,929**
Sundry provisions	234	1,197	2,536	4,061	2,742	178	700	**11,648**
Other	1,959	728	2,994	4,353	1,119	490	(1,544)	**10,099**
Operating liabilities	**5,263**	**5,504**	**8,018**	**12,609**	**4,645** (4)	**1,418** (6)	**(2,781)**	**34,676**

(1) The figures have been restated as a result of the change in the accounting in accordance with IFRS 11, IFRS 32, and the effect of the completion of the allocation of the purchase prices for assets acquired and liabilities assumed for a number of companies in the Renewable Energy Division. For further information please see note 2.
(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 Mar. 31, 2014	at Dec. 31, 2013 restated
Total assets	**164,761**	**163,865**
Equity investments accounted for using the equity method	1,425	1,372
Non-current financial assets	6,457	6,414
Long-term tax receivables included in "Other non-current assets"	477	476
Current financial assets	7,960	8,297
Cash and cash equivalents	8,522	7,873
Deferred tax assets	6,317	6,186
Tax receivables	1,589	1,709
Financial and tax assets of "Assets held for sale"	4	15
Segment assets	**132,010**	**131,523**
Total liabilities	**112,015**	**111,033**
Long-term loans	49,816	50,905
Non-current financial liabilities	2,338	2,216
Short-term loans	2,495	2,483
Current portion of long-term loans	6,697	4,658
Current financial liabilities	4,900	4,040
Deferred tax liabilities	10,663	10,795
Income tax payables	919	286
Other tax payables	1,281	963
Financial and tax liabilities of "Liabilities held for sale"	9	11
Segment liabilities	**32,897**	**34,676**

5. Information on the Condensed Consolidated Income Statement

5.a Revenues

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Revenues from the sale of electricity	11,744	13,949	(2,205)	-15.8%
Revenues from the transport of electricity	2,361	2,447	(86)	-3.5%
Fees from network operators	176	178	(2)	-1.1%
Contributions from the Electricity Equalization Fund and similar bodies	376	443	(67)	-15.1%
Revenues from the sale and transport of natural gas to end users	1,597	1,765	(168)	-9.5%
Grants for environmental certificates	203	131	72	55.00%
Other services, sales and revenues	1,725	1,532	193	12.6%
Total revenues	**18,182**	**20,445**	**(2,263)**	**-11.1%**

In the 1st Quarter of 2014 **revenues from the sale of electricity** came to €11,744 million, down by €2,205 million compared with the same period of the previous year. The decline, including the effect of the appreciation of the euro against the local currencies of the countries in which the Group operates its business, can be attributed to the following factors:

> a decrease of €1,129 million in revenues from the wholesale business, mainly due to lower revenues from sales on the Italian electricity exchange;

> a decrease of €867 million in revenues from the sale of electricity to end users, primarily due to a decrease in revenues on regulated markets (€915 million) due to lower volumes, partially offset by the increase in revenues on free markets (€48 million);

> a decrease of €209 million in revenues from electricity trading, reflecting a decline in volumes handled.

Revenues from the transport of electricity amounted to €2,361 million in the 1st Quarter of 2014, a decrease of €86 million, mainly due to a decline of revenues from the transport of electricity to end users as a result of the decline in volumes transported.

In the 1st Quarter of 2014, revenues from **contributions from the Electricity Equalization Fund and similar bodies** came to €376 million, down by €67 million compared with the same period of the previous year. This decline is largely due to the lower revenues from extra-peninsular generation in Spain.

Revenues from the sale and transport of natural gas to end users in the 1st Quarter of 2014 amounted to €1,597 million, a decrease of €168 million or 9.5%, compared with the same period of the previous year due to the decline in volumes sold.

Revenues from **grants for environmental certificates** in the 1st Quarter of 2014 amounted to €203 million, up €72 million or 55.00% in comparison with the same period of 2013.

In the 1st Quarter of 2014, revenues from **other services, sales and revenues** amounted to €1,725 million (€1,532 million in the 1st Quarter 2013), an increase of €193 million (+12.6%). The rise is essentially attributable to the following developments:

> the remeasurement at fair value (€50 million) of the assets and liabilities of SE Hydropower, corresponding to the value of the interest still held by the Group in the company following its loss of control of the company, which occurred solely as a result of the reorganization of the governance structure with any exchange of shares;

> adjustment of the price on the sale (€82 million) of Artic Russia, which occurred in the 4th Quarter of 2013, based upon the satisfaction of certain conditions during the period in respect of the earn-out clause contained in contracts signed with the buyer prior to the completion of the sale;

> an increase of €110 million from green certificates as a result of higher volumes traded;

> a decrease of €46 million in revenues from fuel sales, which includes revenues from shipping, mainly due to the decline in volumes in Italy.

5.b Costs

Millions of euro	1st Quarter			
	2014	2013 restated	Change	
Electricity purchases	5,604	7,071	(1,467)	-20.7%
Consumption of fuel for electricity generation	1,473	1,818	(345)	-19.0%
Fuel for trading and natural gas for sale to end users	1,608	1,863	(255)	-13.7%
Materials	319	321	(2)	-0.6%
Personnel	1,095	1,168	(73)	-6.2%
Services, leases and rentals	3,757	3,761	(4)	-0.1%
Depreciation, amortization and impairment losses	1,428	1,495	(67)	-4.5%
Costs of environmental certificates	202	101	101	-
Other operating expenses	432	472	(40)	-8.5%
Capitalized costs	(299)	(300)	1	-0.3%
Total	**15,619**	**17,770**	**(2,151)**	**-12.1%**

Costs for **electricity purchases** in the 1st Quarter of 2014 came to €5,604 million, a decrease of €1,467 million or 20.7%, essentially due to the decline in purchases on the Power Exchange (€1,146 million), particularly in Italy, and to the decrease in business through bilateral contracts (€185 million), as well as the decrease in other costs for electricity purchases on foreign markets (€193 million). This was only partially offset by an increase in the cost of domestic electricity purchases (€57 million).

Costs for the **consumption of fuel for electricity generation** in the 1st Quarter of 2014 amounted to €1,473 million, with a decrease of €345 million or 19.0% compared to the figure of the corresponding period of the previous year. The decline reflects the decrease in volumes of electricity produced from thermal generation, which also made greater use of fuels with lower average unit costs.

Costs for the purchase of **fuel for trading and natural gas for sale to end users** came to €1,608 million in the 1st Quarter of 2014, a decrease of €255 million or 13.7% compared with the 1st Quarter of 2013.

Costs for **materials** amounted to €319 million in the 1st Quarter of 2014, in line with the results of the corresponding period of 2013.

Personnel costs in the 1st Quarter of 2014 totaled €1,095 million, a decrease of €73 million or 6.2% compared with same period of the previous year. The Enel Group workforce at March 31, 2014 numbered 70,715, of whom 35,824 employed in Group companies headquartered abroad. In the 1st Quarter of 2014 the workforce expanded, reflecting the positive balance between new hires and terminations.
The reduction connected with the change in the scope of consolidation (51 employees) that occurred in the 1st Quarter 2014 is solely attributable to the change in the method for consolidating SE Hydropower, which, as a result of the loss of control due through the modification of the governance structure, is now treated as a joint operation.
The overall change compared with December 31, 2013, breaks down as follows:

Balance at December 31, 2013 restated (1)(2)	**70,345**
Hirings	1,317
Terminations	(896)
Change in scope of consolidation	(51)
Balance at March 31, 2014 (2)	**70,715**

(1) The balance at December 31, 2013 was restated as a result of the application of IFRS 11, which resulted in the deconsolidation of 1,049 units.
(2) Includes 37 in units classified as "Held for sale" at December 31, 2013 and at March 31, 2014.

Costs for **services, leases and rentals** in the 1st Quarter of 2014 amounted to €3,757 million, essentially in line with the same period of 2013. More specifically, the decline in electricity transport costs was essentially offset by the increase in the costs for leases and rentals, which reflect the restatement of water use fees introduced in Spain under Law 15/2012.

Depreciation, amortization and impairment losses amounted to €1,428 million in the 1st Quarter of 2014, a decrease of €67 million compared with the €1,495 million reported for the 1st Quarter of 2013. This decline is mainly associated with the reduction in net writedowns of trade receivables.

Costs of environmental certificates came to €202 million in the 1st Quarter of 2014, up €101 million in comparison with the corresponding period of 2013. This increase is mainly due to the rise in the number and average market price of the certificates required in order to comply with the regulations of the relevant countries.

Other operating expenses in the 1st Quarter of 2014 amounted to €432 million, with a decrease of €40 million with respect to the same period of the previous year. More specifically, the item reflects the positive adjustment of the provisions for risks and litigation (€63 million) that was performed following the signing of the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche requiring the comprehensive payment of €89 million by Enel Distribuzione to A2A Reti Elettriche in exchange for A2A completing waiving its claims, including those against Enel SpA, raised in the dispute pending before the Court of Appeal of Milan. This was partially offset by the release of the provision for litigation relating to the dispute with E.ON concerning the contract to purchase the Los Barrios plant (€29 million).

In the 1st Quarter of 2014 **capitalized costs** came to €299 million, reflecting developments in capital expenditures.

5.c Net income/(charges) from commodity risk management

Net income/(charges) from commodity risk management showed net income of €45 million in the 1st Quarter of 2014, compared with net charges of €156 million in the 1st Quarter of 2013. More specifically, the result for the first three months of 2014 is essentially attributable to net realized income for the period in the amount of €40 million (€132 million in net charges in the 1st Quarter 2013), and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €5 million (€24 million in net charges in the 1st Quarter 2013).

5.d Net financial expense

Net financial expense in the 1st Quarter of 2014 amounted to €801 million, compared with €672 million in the same period of 2013.
More specifically:
> financial income of €676 million in the 1st Quarter of 2014, a decrease of €281 million compared with the same period of 2013. This decrease is mainly attributable to the decline in income from derivative financial instruments (€202 million) and lower foreign exchange gains (€70 million);
> financial expense of €1,477 million in the 1st Quarter of 2014, a decrease of 152 million compared with the same period of 2013, essentially due to the lower charges on derivative financial instruments (€224 million), only partially offset by the effect of the writeback of receivable from the Slovakian National Nuclear Fund recognized in the 1st Quarter 2013 (€66 million).

5.e Share of income/(expense) from equity investments accounted for using the equity method

The **share of income/(expense) from equity investments accounted for using the equity method** in the 1st Quarter of 2014 showed net income of €4 million, down €46 million from the €50 million reported for the first three months of 2013. More specifically, the increase attributable to the share of income in Group joint ventures (€6 million) was more than offset by the reduction in the share of income in associated companies (-€52 million), mainly the Spanish company Elcogas.

5.f Income taxes

Income taxes for the 1st Quarter of 2014 amounted to €669 million (€724 million in the 1st Quarter of 2013), corresponding to 36.9% of pretax income. The decrease as compared with the 1st Quarter of 2013 (38.2%) is mainly due to the decline in the surcharge on corporate income tax (IRES) introduced by Law 148/2011 (the so-called "Robin Hood Tax") applicable to a number of the Group's Italian companies.

6. Information on the Condensed Consolidated Balance Sheet

6.a Non-current assets - *€127,367 million*

Property, plant and equipment and intangible assets (including investment property) came to €97,457 million at March 31, 2014, a decrease of €1,042 million. This decrease is essentially due to exchange rate losses (€571 million) and investments for the period (€1,083 million), net of depreciation and amortization (€1,269 million), and other smaller changes. More specifically, investments for the period mainly regarded distribution networks (€406 million), renewable power plants (€338 million) and conventional generation plants (€163 million).
Goodwill, amounting to €14,889 million, decreased by €78 million compared with December 31, 2013, due to the adjustment of goodwill denominated in foreign currencies at current exchange rates.
Equity investments accounted for using the equity method amounted to €1,425 million, up €53 million compared with the end of the previous year, essentially due to the portion of the net income reported by joint ventures attributable to the Group.
Other non-current assets totaled €13,596 million and break down as follows:

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Deferred tax assets	6,317	6,186	131	2.1%
Receivables and securities included in net financial debt	4,954	4,965	(11)	-0.2%
Other non-current financial assets	1,501	1,449	52	3.5%
Receivables due from the Electricity Equalization Fund and similar bodies	46	46	-	-
Other long-term receivables	778	771	7	0.9%
Total	**13,596**	**13,417**	**179**	**1.3%**

The increase of €179 million for the period is essentially due to the increase in deferred tax assets (€131 million) and to the rise in other non-current financial assets associated with the increase in financial assets related to services under concession arrangements in Brazil (€74 million), only partially offset by the decrease in prepaid expenses (€22 million).

6.b Current assets - *€37,183 million*

Inventories came to €3,200 million, a decrease of €355 million, mainly attributable to the decline in inventories of gas and inventories of green certificates, only partially offset by the rise in inventories of coal and nuclear fuel.

Trade receivables amounted to €12,885 million, up €1,470 million. The rise is mainly associated with the timing of invoicing schedules in a number of countries.

Other current assets, which totaled €12,576 million, break down as follows:

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Current financial assets included in debt	3,992	5,503	(1,511)	-27.5%
Current financial assets	3,968	2,794	1,174	42.0%
Tax receivables	1,589	1,709	(120)	-7.0%
Receivables due from the Electricity Equalization Fund and similar bodies	907	745	162	21.7%
Other short-term receivables	2,120	1,775	345	19.4%
Total	**12,576**	**12,526**	**50**	**0.4%**

The increase of €50 million in the period is largely due to:

> an increase of €1,174 million in current financial assets, mainly due to an increase in financial assets in respect of derivatives (€1,167 million);

> a decrease of €1,511 in current financial assets included in debt, essentially due to the decrease in financial receivables in respect of the rate deficit in Spain (€766 million) and the decline in short-term deposits (€739 million). This latter change reflects the maturity of the deposit made by Enersis in connection with the capital increase, which was partly used to acquire 15.16% of Coelce;

> an increase of €162 million in receivables due from the Electricity Equalization Fund and similar bodies, mainly connected to the rise in the receivable for energy efficiency certificates, the equalization mechanism and the receivable in respect of the compensation mechanism associated with the fund for exceptional events established by Authority Resolution no. 198/11;

> an increase of €345 million in other short-term receivables, mainly due to the increase in prepaid expenses.

6.c Assets held for sale - *€211 million*

The item essentially includes the assets, valued at their estimated realizable value, of Marcinelle Energie and other assets of minor companies that, in view of the strategic decisions taken by management, meet the requirements of IFRS 5 for classification as assets held for sale. The change during the period reflects a number of minor disposals by the Renewable Energy Division.

6.d Equity pertaining to the shareholders of the Parent Company - *€36,555 million*

The change in the first three months of 2014 in equity attributable to the shareholders of the Parent Company reflects the recognition of net income for the period (€895 million), partially offset by the net loss for the first three months of 2014 recognized directly in equity (€284 million).

6.e Non-current liabilities - *€75,480 million*

Long-term loans totaled €49,816 million (€50,905 million at December 31, 2013), consisting of bonds in the amount of €40,443 million (€41,483 million at December 31, 2013) and bank and other loans in the amount of €9,373 million (€9,422 million at December 31, 2013).
Provisions and deferred tax liabilities came to €22,089 million at March 31, 2014 (€22,443 million at December 31, 2013) and include post-employment and other employee benefits totaling €3,672 million (€3,677 million at December 31, 2013), provisions for risks and charges totaling €7,754 million (€7,971 million at December 31, 2013) and deferred tax liabilities totaling €10,663 million (€10,795 million at December 31, 2013).
Other non-current liabilities amounted to €3,575 million (€3,475 million at December 31, 2013), essentially reflecting the increase in financial liabilities in respect of derivative financial instruments.

6.f Current liabilities - *€36,525 million*

Short-term loans and current portion of long-term loans increased by €2,050 million, from €7,142 million at the end of 2013 to €9,192 million at March 31, 2014, mainly due to the increase in the short-term portion of bonds in the amount of €1,996 million.
Trade payables came to €10,776 million (€12,923 million at December 31, 2013), down €2,147 million.
Other current liabilities, which came to €16,557 million, break down as follows:

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Payables due to customers	1,578	1,563	15	1.0%
Payables due to Electricity Equalization Fund and similar bodies	3,489	3,312	177	5.3%
Current financial liabilities	4,900	4,040	860	21.3%
Social security contributions payable and payables to employees	584	664	(80)	-12.0%
Tax payables	2,200	1,248	952	76.3%
Other	3,806	3,298	508	15.4%
Total	**16,557**	**14,125**	**2,432**	**17.2%**

The increase of €2,432 million is essentially due to:

> an increase of €860 million in current financial liabilities, due essentially to the increase in financial liabilities in respect of financial derivatives;

> an increase of €952 million in tax payables, attributable essentially to the estimate for income taxes for the period and the increase in other tax payables, mainly due to taxes and surcharges on electricity and gas consumption in Italy.

The item “other” includes the payables in respect of put options granted to minority shareholders and for the purchase of equity investments amounting to €826 million (838 million at December 31, 2013). In regard to this, there was no change in the fair value hierarchy level or in the assumptions made in determining their value.

6.g Liabilities held for sale - *€10 million*

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

7. Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at March 31, 2014, and December 31, 2013, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013 restated	Change	
Cash and cash equivalents on hand	841	1,060	(219)	-20.7%
Bank and post office deposits	7,681	6,813	868	12.7%
Securities	29	17	12	70.6%
Liquidity	**8,551**	**7,890**	**661**	**8.4%**
Short-term financial receivables	2,363	2,247	116	5.2%
Factoring receivables	160	263	(103)	-39.2%
Short-term portion of long-term financial receivables	1,441	2,976	(1,535)	-51.6%
Current financial receivables	**3,964**	**5,486**	**(1,522)**	**-27.7%**
Bank debt	(33)	(118)	85	72.0%
Commercial paper	(2,252)	(2,202)	(50)	-2.3%
Short-term portion of long-term bank debt	(1,789)	(1,750)	(39)	-2.2%
Bonds issued (short-term portion)	(4,644)	(2,648)	(1,996)	-75.4%
Other loans (short-term portion)	(264)	(260)	(4)	-1.5%
Other short-term financial payables	(210)	(164)	(46)	-28.0%
Total short-term financial debt	**(9,192)**	**(7,142)**	**(2,050)**	**-28.7%**
Net short-term financial position	**3,323**	**6,234**	**(2,911)**	**-46.7%**
Debt to banks and financing entities	(7,854)	(7,873)	19	0.2%
Bonds	(40,443)	(41,483)	1,040	2.5%
Other loans	(1,519)	(1,549)	30	1.9%
Long-term financial position	**(49,816)**	**(50,905)**	**1,089**	**2.1%**
NET FINANCIAL POSITION as per CONSOB instructions	**(46,493)**	**(44,671)**	**(1,822)**	**-4.1%**
Long-term financial receivables and securities	**4,954**	**4,965**	**(11)**	**-0.2%**
NET FINANCIAL DEBT	**(41,539)**	**(39,706)**	**(1,833)**	**-4.6%**

None of these items regard transactions with related parties.

Other information

8. Related parties

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

The table below summarizes the main types of transactions carried out with such counterparties.

Related party	Relationship	Nature of main transactions
Single Buyer	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Purchase of electricity for the enhanced protection market Sale of energy for own use
EMO – Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Sale of energy for own use Purchase of electricity on the Power Exchange for pumping and plant planning
ESO – Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Sale of energy for own use 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 Sale of energy for own use Purchase of transport, dispatching and metering services
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Sale of energy for own use Purchase of fuels for generation plants, storage and natural gas distribution services
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Sale of energy for own use Purchase of IT services and supply of goods
Italian Post Office	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of energy for own use 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.

The following table summarizes transactions with related parties and with associated companies outstanding at March 31, 2014 and carried out during the period, respectively.

Millions of euro

	Receivables and other assets	Payables and other liabilities	Revenues	Costs	Net income/(charges) from commodity risk management	Financial income	Financial expense
Companies subject to joint control and associated companies							
3SUN	12	-	3	3	-	-	-
Inversiones Gas Atacama	3	3	2	11	-	1	-
Hydro Dolomiti Enel	4	17	2	11	-	-	-
GNL Chile	16	35	-	51	-	-	-
Other minor companies	65	44	8	9	-	5	7
Total	**100**	**99**	**15**	**85**	**-**	**6**	**7**
Related parties							
Single Buyer	6	708	-	1,120	5	-	-
EMO	347	246	489	396	-	-	-
Terna	572	472	371	507	10	-	-
ESO	17	1,114	26	-	-	-	-
Italian Post Office	5	72	-	27	-	-	-
Other	121	52	28	15	-	-	-
Total	**1,068**	**2,664**	**914**	**2,065**	**15**	**-**	**-**
TOTAL	**1,168**	**2,763**	**929**	**2,150**	**15**	**6**	**7**

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/it-IT/group/governance/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 the 1st Quarter of 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 no. 17221 of March 12, 2010, as amended with Resolution no. 17389 of June 23, 2010.

9. Contractual commitments and guarantees

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

Millions of euro

	at Mar. 31, 2014	at Dec. 31, 2013	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	**4,688**	**5,685**	**(997)**
Commitments to suppliers for:			
- electricity purchases	47,885	42,181	5,704
- fuel purchases	58,325	55,789	2,536
- various supplies	1,861	2,176	(315)
- tenders	1,904	2,001	(97)
- other	2,762	2,696	66
Total	**112,737**	**104,843**	**7,894**
TOTAL	**117,425**	**110,528**	**6,897**

Guarantees granted to third parties amounted to €4,688 million and include €438 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months renewable from July 2004. The value of such guarantees is reduced annually by a specified amount.
Commitments for electricity amounted to €47,885 million at March 31, 2014, of which €22,756 million refer to the period April 1, 2014-2018, €8,652 million to the period 2019-2023, €4,651 million to the period 2024-2028 and the remaining €11,826 million beyond 2028.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2014 amounted to €58,325 million, of which €32,739 million refer to the period April 1, 2014-2018, €16,443 million to the period 2019-2023, €6,068 million to the period 2024-2028 and the remaining €3,075 million beyond 2028.

10. Contingent liabilities and assets

Compared with the consolidated financial statements at December 31, 2013, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

Brindisi Sud thermal generation plant – Criminal proceedings against Enel employees

Claims have been filed by the injured parties, including the Province and City of Brindisi, seeking total damages of about €1.4 billion. The argument phase has begun and the hearings of witnesses and experts are under way.

BEG litigation

Enel SpA and Enelpower SpA, in presenting their defense, are contesting all aspects of the foundation of the plaintiff's case, taking all steps available to them to defend their interests. On April 21, 2014, in response to a motion filed by Enel and Enelpower, the court revoked the previous ruling issued against the companies, enjoining them from disposing of their assets up to the amount of around $600 million.

CIEN litigation - Brazil

In March 2014, the court granted CIEN's motion to suspend the proceedings until April 2015 in view of the existence of other litigation pending between the parties.

LaGeo arbitration

From press reports, we learned that a petition to declare the shareholders' agreement null and void was filed with the Administrative Disputes arm of the Supreme Court of El Salvador and notified to state-owned utility CEL only. Enel Green Power (EGP) therefore asked to be admitted to the case, reserving the right to seek damages, including under guarantees pledged by the counterparty at the signing of the shareholders' agreement, but despite this it did not receive any notification.

The attorney general appealed and the appeals court established that the seizure of assets of the parties in the civil proceedings shall be limited to the claims made against the defendants, which the latter must guarantee. The appeals court underscored the need to notify EGP for the measures to be valid.

In the view of EGP, the court hearing the case at the request of the attorney general exceeded the limits imposed by the appeals court, ordering the precautionary measures – announced first in the local press – without notifying EGP and permitting the seizure of assets of Enel Green Power El Salvador S.A. de C.V. and EGP in the amount of around €687 million each. That decision was taken without allowing EGP to respond to the charges and despite the fact that the employees under investigation were subject to a seizure order of only $8 million. In addition, the amount of the seizure has no connection with the value of LaGeo or the alleged losses caused to the Salvadorian system.

EGP, pending recognition of the illegitimacy of the new measures and the clearly hostile strategy of the country's authorities against its investments, has asked the arbitration board of the ICSID – as part of the proceedings begun in September 2013 – to suspend the jurisdiction of El Salvador in the case.

11. Subsequent events

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.

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.

Slate of candidates for the Board of Directors filed

On April 16, 2014, the Enel shareholder, the Italian Ministry for the Economy and Finance ("MEF"), which owns about 31.2% of Enel's share capital, filed a slate of candidates for the office of director, in view of the appointment of the Company's Board of Directors (whose term is expiring) on the agenda at the Annual General Shareholders' Meeting called for May 22, 2014 in a single call. The slate is composed of the following candidates:

- Maria Patrizia Grieco;
- Francesco Starace;
- Salvatore Mancuso;
- Paola Girdinio;
- Alberto Bianchi;
- Alberto Pera.

With reference to the other items on the agenda of the Enel's Shareholders' Meeting relating to the appointment of the Board of Directors, the MEF also announced its intention to submit the following proposals:

- to resolve that the Board of Directors shall be composed of 9 members;
- to set the term of the Board of Directors at 3 annual accounting periods and, therefore, until the approval of the financial statements at December 31, 2016;
- to appoint Maria Patrizia Grieco as Chair of the Board of Directors.

On April 28, 2014, a group of shareholders made up of 19 asset management companies and other institutional investors, which together own about 1.255% of the Company's share capital, filed a second slate composed of the following candidates:

> Angelo Taraborrelli;
> Anna Chiara Svelto;
> Alessandro Banchi.

The slates and the relevant accompanying documentation were made publicly available at the Company's headquarters, on the Borsa Italiana SpA website (www.borsaitaliana.it) and on Enel's website (www.enel.com).

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 €225 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 €180 million. The purchase price also includes the receivables from Atacama Pacific Energy Finance. Inversiones Gas Atacama operates a 781-MW thermal plant in northern Chile, a gas pipeline between the cities of Mejillones and Taltal and another one that connects Chile with Argentina.

Agreement to acquire an additional 39% of Generandes Perù

On April 30, 2014, Chilean subsidiary Enersis signed a contract to purchase 39% of the share capital of Generandes Perù (which in turn holds 54.2% of Edegel) from Inkia Americas Holding Limited for $413 million (around €300 million). The transfer of the shares and payment will be made once a number of conditions precedent have been met, including receipt of the approval of the competent Peruvian authorities.

Declaration of the officer responsible for the preparation of the Company financial reports

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

The officer responsible for the preparation of the company's financial reports, Luigi Ferraris, declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at March 31, 2014 corresponds with that contained in the accounting documentation, books and records.

Disclaimer

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has been translated into
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