Interim Financial Report at September 30, 2015

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.

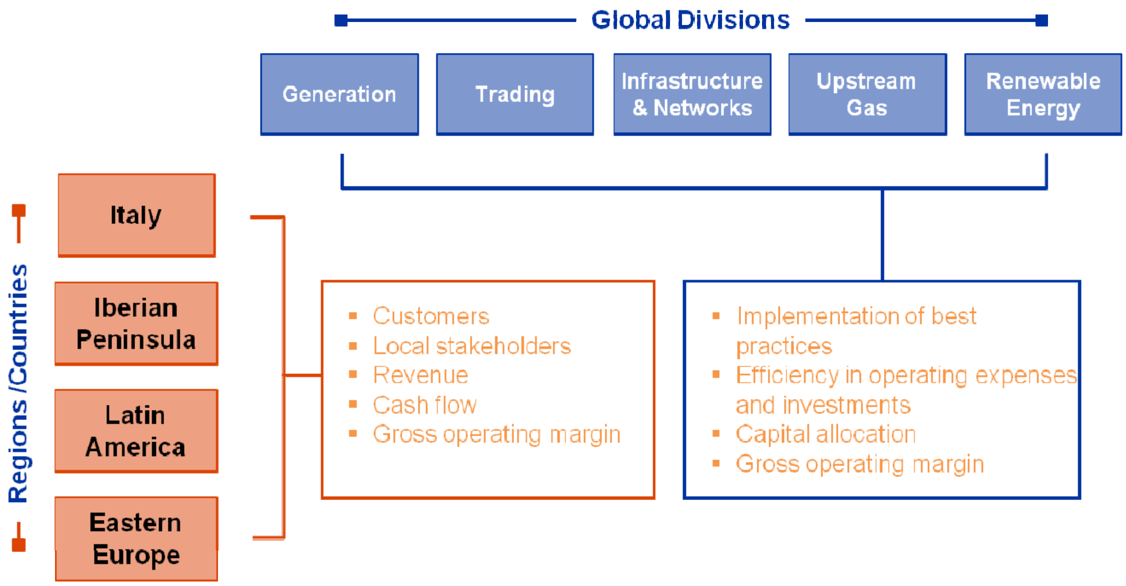
Enel organizational model

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

> pursue and maintain technological leadership in the sectors in which the Group operates, ensuring operational excellence;

> maximize the level of service offered to customers in local markets.

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



More specifically, the new Enel Group structure is organized into a matrix that comprises:

> *Divisions* (Global Generation, Global Infrastructure and Networks, Renewable Energy, Global Trading, and Upstream Gas), which are responsible for managing and developing assets, optimizing their performance and the return on capital employed in the various geographical areas in which the Group operates. The divisions are also tasked with improving the efficiency of the processes they manage and sharing best practices at the global level. The Group can benefit from a centralized industrial vision of projects in the various business areas. Each project will be assessed not only on the basis of its financial return, but also on the basis of the best technologies available at the Group level;

> *Regions and Countries* (Italy, Iberian Peninsula, Latin America, Eastern Europe), which are responsible for managing relationships with institutional bodies and regulatory authorities, as well as selling electricity and gas, in each of the countries in which the Group is present, while also providing staff and other service support to the divisions.

The following functions provide support to Enel's business operations:

- *Global service functions* (Procurement and ICT), which are responsible for managing information and communication technology activities and procurement at the Group level;
- *Holding company functions* (Administration, Finance and Control, Human Resources and Organization, Communication, Legal and Corporate Affairs, Audit, European Union Affairs, and Innovation and Sustainability), which are responsible for managing governance processes at the Group level.

Introduction

The Interim Financial Report at September 30, 2015 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 IFRS 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. These standards and interpretations taken together are referred to as "IFRS-EU" in the remainder of this report. For a more extensive discussion of accounting policies and measurement criteria, please see note 1 to the condensed consolidated financial statements below.

Restatement of the income statement

The comparative figures in the income statement for the 3rd Quarter and the first nine months of 2014 have been restated to reflect the introduction of "IFRIC 21 - *Levies*", with effect from January 1, 2015. Specifically, the effects of accounting for a number of taxes other than income tax when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs have been recognized retrospectively. In this instance, the taxes involved regard a number of indirect taxes on real estate in Spain, which were recognized in their entirety at the start of the year, and no longer deferred over the course of the year. For more details on the impact of this restatement, please see note 2 to the condensed consolidated financial statements.

Definition of performance indicators

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

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

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
> "Deferred tax assets";
> "Securities held to maturity", "Financial investments in funds or portfolio management products at fair value", "Securities available for sale" and "Other financial receivables";
> "Long-term borrowings";
> "Post-employment and other employee benefits";
> "Provisions for risks and charges";
> "Deferred tax liabilities".

Net current assets: calculated as the difference between "Current assets" and "Current liabilities" with the exception of:
> "Long-term financial receivables (short-term portion)", "Receivables for factoring advances", "Securities", "Cash collateral" and "Other financial receivables";
> "Cash and cash equivalents";
> "Short-term borrowings" and the "Current portion of long-term borrowings".

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

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

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

Summary of results

Performance and financial position

3rd Quarter 2015	3rd Quarter 2014 restated	Millions of euro	First nine months 2015		First nine months 2014 restated	
18,366	17,974	Revenue	55,998		54,075	
4,200	3,746	Gross operating margin	12,161		11,593	
1,224	2,160	Operating income	6,308		7,140	
293	397	Net income	2,922		2,615	
256	282	Group net income	2,089		1,947	
		Group net income per share in circulation at period-end (euro)	0.22		0.21	
		Net capital employed	90,632		88,528	(1)
		Net financial debt	39,357		37,383	(1)
		Shareholders' equity (including non-controlling interests)	51,275		51,145	(1)
		Group shareholders' equity per share in circulation at period-end (euro)	3.42		3.35	(1)
		Cash flows from operating activities	5,177		2,930	
		Capital expenditure on tangible and intangible assets	4,680	(2)	4,012	

(1) At December 31, 2014.
(2) The figure for the first nine months of 2015 does not include €401 million regarding units classified as "held for sale".

Revenue in the first nine months of 2015 amounted to €55,998 million, an increase of €1,923 million (+3.6%) compared with the first nine months of 2014. The increase, which was mainly concentrated in the 1st Quarter, is largely attributable to a rise in revenue from sales of fuels, gas and green certificates, the effects of which were only partly offset by the decline in revenue from the sale of electricity. In addition, revenue rose in Argentina as a result of changes introduced by *Resolución* no. 32/2015 and of further grants under the PUREE and MMC (*Mecanismo de Monitoreo de Costos*) programs, as well as an increase in revenue in Chile due to the acquisition of control of the Gas Atacama Group in April 2014. Fluctuations in the exchange rates of other currencies with respect to the euro produced a net exchange loss of about €515 million, the net balance of the depreciation of certain currencies (including the ruble, the Colombian peso and the Brazilian real) and the appreciation of others (notable the Chilean peso, the US dollar and the Peruvian sol) against the euro.
In addition, revenue in the first nine months of 2015 includes the gain on the disposal of SE Hydropower in the amount of €141 million and the negative goodwill and the remeasurement at fair value of the interest already held by the Group following the acquisition of 3Sun totaling €132 million. In the year-earlier period it had included the adjustment of the sales price (€82 million) for Artic Russia, which was divested at the end of 2013, and the remeasurement at fair value (€50 million) of the net assets of SE Hydropower following the loss of control of that company at the start of 2014.

Millions of euro	First nine months			
	2015	2014 restated	Change	
Italy	28,430	27,029	1,401	5.2%
Iberian Peninsula	15,192	15,105	87	0.6%
Latin America	7,974	6,885	1,089	15.8%
Eastern Europe	3,541	3,932	(391)	-9.9%
Renewable Energy	2,258	2,016	242	12.0%
Other, eliminations and adjustments	(1,397)	(892)	(505)	-56.6%
Total	**55,998**	**54,075**	**1,923**	**3.6%**

The **gross operating margin** amounted to €12,161 million, an increase of €568 million (+4.9%) compared with the first nine months of 2014. In addition to the effects of the extraordinary corporate transactions cited above (with a net positive impact of €141 million), the increase in the gross operating margin was registered in all areas except Italy, which was affected by a decline in the margin on generation from conventional sources and Infrastructure and Networks operations. The gross operating margin increased in Latin America (especially in Argentina as a result of the regulatory changes, which offset the net negative impact of exchange rate developments), in Spain (mainly in electricity generation and environmental certificates), by the Renewable Energy Division (especially due to the effect of the appreciation of the US dollar) and in Eastern Europe (where the decline in the gross operating margin in Russia due to market developments and the depreciation of the ruble was more than offset by the partial reversal of the provision for the disposal of depleted nuclear fuel in the light of new legislation introduced in July 2015 in Slovakia).
Fluctuations in the exchange rates of other currencies with respect to the euro produced a net exchange loss of about €78 million, the net balance of the depreciation of certain currencies (including the ruble, the Colombian peso and the Brazilian real) and the appreciation of others (notable the Chilean peso, the US dollar and the Peruvian sol) against the euro.

Millions of euro	First nine months			
	2015	2014 restated	Change	
Italy	4,558	4,935	(377)	-7.6%
Iberian Peninsula	2,797	2,495	302	12.1%
Latin America	2,292	2,026	266	13.1%
Eastern Europe	1,125	783	342	43.7%
Renewable Energy	1,470	1,312	158	12.0%
Other, eliminations and adjustments	(81)	42	(123)	-
Total	**12,161**	**11,593**	**568**	**4.9%**

Operating income amounted to €6,308 million, a decrease of €832 million (-11.7%) compared with the same period of 2014. The decline reflects an increase in impairment losses on property, plant and equipment and intangible assets of €1,605 million (recognized on the generation assets in Russian and renewables assets in Romania as a result of developments in market and regulatory conditions, and on Slovakian assets in order to align their carrying amount with estimated realizable value). This was only partly offset by a decline in depreciation and amortization and the increase in gross operating margin.

Millions of euro	First nine months			
	2015	2014 restated	Change	
Italy	3,098	3,324	(226)	-6.8%
Iberian Peninsula	1,574	1,089	485	44.5%
Latin America	1,580	1,338	242	18.1%
Eastern Europe	(594)	484	(1,078)	-
Renewable Energy	751	885	(134)	-15.1%
Other, eliminations and adjustments	(101)	20	(121)	-
Total	**6,308**	**7,140**	**(832)**	**-11.7%**

Group net income in the first nine months of 2015 amounted to €2,089 million, compared with the €1,947 million posted in the same period of the previous year (+7.3%). More specifically, the decline in EBIT was more than offset by a decline in net financial expense (mainly associated with non-recurring items recognised in the two periods under comparison) and the positive impact of lower taxes, only partly offset by the increase in non-controlling interests, mainly accounted for by the disposal of 21.92% of Endesa in the 4th Quarter of 2014.
More specifically, the reduction in taxes for the period in Italy reflected the repeal of the IRES surtax (the so-called Robin Hood Tax) as unconstitutional and changes in the deductibility of personnel costs for IRAP purposes. Other factors were the effects of changes in tax rates abroad, especially in Spain, Chile and Colombia.

Net capital employed, including net assets held for sale of €1,751 million, amounted to €90,632 million at September 30, 2015 (€88,528 million at December 31, 2014). It is funded by shareholders' equity attributable to shareholders of the Parent Company and non-controlling interests of €51,275 million and net financial debt of €39,357 million. At September 30, 2015, the debt/equity ratio was 0.77 (0.73 at December 31, 2014).

Net financial debt, excluding debt attributable to assets held for sale, amounted to €39,357 million at September 30, 2015, up €1,974 million compared with €37,383 million at December 31, 2014, reflecting the adverse effect of borrowing for investments in the period, the payment of dividends and developments in exchange rates.

Capital expenditure amounted to €4,680 million in the first nine months of 2015, an increase of €668 million compared with the same period of 2014, essentially attributable to renewables generation activities abroad.

Millions of euro	First nine months				
	2015		2014 restated	Change	
Italy	957	(1)	915	42	4.6%
Iberian Peninsula	575		513	62	12.1%
Latin America	1,289		911	378	41.5%
Eastern Europe	135	(2)	598	(463)	-77.4%
Renewable Energy	1,700		1,060	640	60.4%
Other, eliminations and adjustments	24		15	9	60.0%
Total	**4,680**		**4,012**	**668**	**16.7%**

(1) Does not include €1 million regarding units classified as "held for sale".
(2) Does not include €400 million regarding units classified as "held for sale".

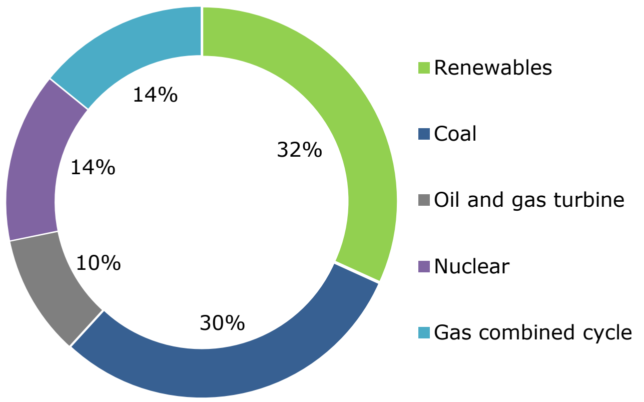
Operations

3rd Quarter								First nine months					
Italy	Abroad	**Total**	Italy	Abroad	**Total**			Italy	Abroad	**Total**	Italy	Abroad	**Total**
	2015			2014					**2015**			2014	
18.0	56.1	**74.1**	18.2	56.5	**74.7**	Net electricity generated by Enel (TWh)		52.5	161.2	**213.7**	54.1	156.4	**210.5**
59.2	49.7	**108.9**	56.5	48.2	**104.7**	Electricity transported on the Enel distribution network (TWh)		169.4	144.1	**313.5**	167.5	140.8	**308.3**
23.7	43.6	**67.3**	22.1	43.5	**65.6**	Electricity sold by Enel (TWh)	(1)	65.9	129.1	**195.0**	65.8	130.1	**195.9**
0.3	1.0	**1.3**	0.3	0.8	**1.1**	Gas sales to end users (billions of m^3)		2.8	3.5	**6.3**	2.4	3.1	**5.5**
						Employees at period-end (no.)	(2) (3)	33,218	35,166	**68,384**	33,405	35,556	**68,961**

(1) Excluding sales to resellers.
(2) Of which 3,981 in units classified as "held for sale" at September 30, 2015 (4,430 at December 31, 2014).
(3) At December 31, 2014.

Net electricity generated by Enel in the first nine months of 2015 increased by 3.2 TWh compared with the same period of 2014 (+1.5%). More specifically, the rise attributable to greater generation abroad (+4.8 TWh) is largely accounted for by greater conventional thermal output, only partly offset by a decline in renewables generation. Finally, 31.8% of the electricity generated by Enel in the first nine months of 2015 came from renewable sources (34.0% in the first nine months of 2014).

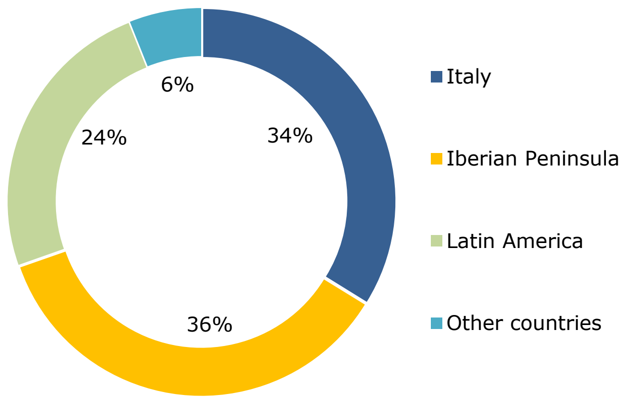
Net electricity generation by source (first nine months of 2015)



Electricity transported on the Enel distribution network in the first nine months of 2015 amounted to 313.5 TWh, up 5.2 TWh (+1.7%), mainly reflecting an increase in electricity demand in Spain and Latin America, with the exception of Brazil.

Electricity sold by Enel in the first nine months of 2015 amounted to 195.0 TWh, a decrease of 0.9 TWh (-0.5%) compared with the same period of 2014.
A decline in sales in the Iberian Peninsula, reflecting the ongoing shift of customers to the free market, was only partly offset by the rise in amounts sold in Italy and in Latin America.

Electricity sold by geographical area (first nine months of 2015)



Gas sales in the first nine months of 2015 amounted to 6.3 billion cubic meters, up 0.8 billion cubic meters compared with the same period of the previous year.

At September 30, 2015, Enel Group **employees** numbered 68,384, of whom about 51.4% employed in Group companies headquartered abroad. The decrease of 577 is attributable to the net balance of new hires and terminations (-880), partly offset by the change in the scope of consolidation (+303). The latter primarily regards the consolidation of 3Sun (with the acquisition of an additional 66% of the company) and the Indian company BLP Energy.

No.

	at Sept. 30, 2015	at Dec. 31, 2014
Italy [1]	29,834	30,803
Iberian Peninsula	10,062	10,500
Latin America [2]	12,297	12,301
Eastern Europe [3]	10,301	10,411
Renewable Energy [4]	4,262	3,609
Other, eliminations and adjustments	1,628	1,337
Total	**68,384**	**68,961**

(1) Of which 41 in units classified as “held for sale” at December 31, 2014.
(2) Of which 15 in units classified as “held for sale” at December 31, 2014.
(3) Of which 3,954 in units classified as “held for sale” at September 30, 2015 (4,374 at December 31, 2014).
(4) Of which 27 in units classified as “held for sale” at September 30, 2015.

Group performance

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
18,366	17,974	392	2.2%	Total revenue	55,998	54,075	1,923	3.6%
14,068	14,129	(61)	-0.4%	Total costs	43,915	42,389	1,526	3.6%
(98)	(99)	1	-1.0%	Net income/(expense) from commodity contracts measured at fair value	78	(93)	171	-
4,200	**3,746**	**454**	**12.1%**	**Gross operating margin**	**12,161**	**11,593**	**568**	**4.9%**
2,976	1,586	1,390	87.6%	Depreciation, amortization and impairment losses	5,853	4,453	1,400	31.4%
1,224	**2,160**	**(936)**	**-43.3%**	**Operating income**	**6,308**	**7,140**	**(832)**	**-11.7%**
214	1,075	(861)	-80.1%	Financial income	2,924	2,294	630	27.5%
935	1,903	(968)	-50.9%	Financial expense	4,922	4,798	124	2.6%
(721)	**(828)**	**107**	**12.9%**	**Total financial income/(expense)**	**(1,998)**	**(2,504)**	**506**	**20.2%**
28	**(4)**	**32**	**-**	**Share of income/(expense) from equity investments accounted for using the equity method**	**36**	**49**	**(13)**	**-26.5%**
531	**1,328**	**(797)**	**-60.0%**	**Income before taxes**	**4,346**	**4,685**	**(339)**	**-7.2%**
238	931	(693)	-74.4%	Income taxes	1,424	2,070	(646)	-31.2%
293	**397**	**(104)**	**-26.2%**	**Net income from continuing operations**	**2,922**	**2,615**	**307**	**11.7%**
-	**-**	**-**	-	**Net income from discontinued operations**	**-**	**-**	**-**	-
293	**397**	**(104)**	**-26.2%**	**Net income (Group and non-controlling interests)**	**2,922**	**2,615**	**307**	**11.7%**
256	282	(26)	-9.2%	Net income attributable to shareholders of Parent Company	2,089	1,947	142	7.3%
37	115	(78)	-67.8%	Net income attributable to non-controlling interests	833	668	165	24.7%

Revenue

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
11,928	12,186	(258)	-2.1%	Revenue from the sale of electricity	34,979	35,434	(455)	-1.3%
2,328	2,296	32	1.4%	Revenue from the transport of electricity	6,993	6,971	22	0.3%
199	191	8	4.2%	Fees from network operators	597	560	37	6.6%
331	391	(60)	-15.3%	Transfers from the Electricity Equalization Fund and similar bodies	935	1,004	(69)	-6.9%
583	529	54	10.2%	Revenue from the sale of gas	2,875	2,599	276	10.6%
66	56	10	17.9%	Revenue from the transport of gas	358	323	35	10.8%
29	-	29	-	Gains from remeasurement at fair value after changes in control	74	82	(8)	-9.8%
-	3	(3)	-	Gains on the disposal of assets	184	88	96	-
2,902	2,322	580	25.0%	Other services, sales and revenue	9,003	7,014	1,989	28.4%
18,366	**17,974**	**392**	**2.2%**	**Total**	**55,998**	**54,075**	**1,923**	**3.6%**

In the first nine months of 2015 **revenue from the sale of electricity** amounted to €34,979 million (€11,928 in the 3rd Quarter of 2015), a decrease of €455 million (€258 million in the 3rd Quarter of 2015) on the corresponding period of the previous year (-1.3% in the first nine months and -2.1% in the 3rd Quarter of 2015). The decrease is largely attributable to the following factors:

> a reduction of €700 million in wholesale electricity sales (€201 million in the 3rd Quarter of 2015), mainly due to a decline in revenue from sales in Russia as a result of the depreciation of the ruble with respect to the euro and a decrease in revenue from sales on national electricity exchanges;
> an increase of €419 million in revenue from electricity sales to end users (€101 million in the 3rd Quarter of 2015), essentially attributable to higher revenue from regulated markets in Latin America (particularly in Brazil and Chile as a result of the combination of higher volumes sold and the favorable exchange rate in Chile), partly offset by a decline in revenue in Italy. More specifically, revenue on regulated markets increased by €304 million in the first nine months of 2015, despite a decrease of €32 million in the 3rd Quarter, while revenue on free markets rose by €115 million (€133 million in the 3rd Quarter of 2015);
> a decrease of €173 million in revenue from electricity trading (€159 million in the 3rd Quarter of 2015), reflecting a decline in volumes handled.

Revenue from the transport of electricity amounted to €6,993 million in the first nine months of 2015, an increase of €22 million, while in the 3rd Quarter it amounted to €2,328 million, an increase of €32 million. Developments in both periods largely reflected an increase in revenue from the transport of electricity to end users, essentially as a result of greater volumes transported.

Revenue from **transfers from the Electricity Equalization Fund and similar bodies** came to €935 million in the first nine months of 2015 (€331 million in the 3rd Quarter of 2015), down €69 million (€60 million in the 3rd Quarter of 2015) compared with the same period of the previous year. The decline in transfers regarded the Spanish extra-peninsular area, where the combined effect of an increase in sales and a decrease in the price of fuels more than offset the impact of the reduction in transfers recognized in the first nine months of 2014 as a result of the adjustment of prior-year items due to regulatory changes.

Revenue from the sale of gas in the first nine months of 2015 amounted to €2,875 million, an increase of €276 million (+10.6%), while in the 3rd Quarter of 2015 it amounted to €583 million, up €54 million (+10.2%) on the corresponding period of the previous year. The change in both periods essentially reflects greater sales to end users in the Iberian Peninsula.

Revenue from the transport of gas in the first nine months of 2015 amounted to €358 million (€66 million in the 3rd Quarter of 2015), an increase of €35 million on the first nine months of 2014 (+10.8%), registering a similar pattern to developments in sales of the commodity.

Gains from remeasurement at fair value after changes in control in the first nine months of 2015 amounted to €74 million (€82 million in the first nine months of 2014). More specifically, the gains for 2015 include €45 million and €29 million from the adjustment to fair value of the assets and liabilities pertaining to the Group already held by Enel prior to acquiring full control of, respectively, 3Sun and the ENEOP consortium. In the same period of 2014, this item included the adjustment to fair value of the assets and liabilities pertaining to the Group (i) following the loss of control, as from January 1, 2014, of SE Hydropower as a result of changes in governance arrangements (€50 million) and (ii) held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

Gains on the disposal of assets in the first nine months of 2015 amounted to €184 million (€88 million in the first nine months of 2014), mainly regarding the sales of SF Energy and SE Hydropower (€156 million). In the first nine months of 2014, the item primarily regarded the price adjustment on the sale of Artic Russia (€82 million) following satisfaction of the conditions provided for in the earn-out clause of the agreements with the buyer prior to completion of the sale.

Revenue under **other services, sales and revenue** in the first nine months of 2015 amounted to €9,003 million (€7,014 million in the same period of the previous year), while in the 3rd Quarter of 2015 it amounted to €2,902 million (€2,322 million in the same period of the previous year), with an increase of €1,989 million compared with the first nine months of 2014 (+28.4%) and of €580 million (+25.0%) on the 3rd Quarter of 2014.
The rise in both periods mainly reflects:

> an increase of €1,409 million in revenue from fuel sales for trading (€568 million in the 3rd Quarter of 2015), including revenue for shipping services, essentially due to the increase in volumes sold in international markets for such commodities;

> an increase in sales of environmental certificates, offset by the decline in grants received for those certificates, with a net impact of €257 million (a net negative impact of €45 million in the 3rd Quarter of 2015);

> the regulatory changes in Argentina introduced by *Resolución* no. 32/2015 concerning the recognition of revenue and the *Mecanismo de Monitoreo de Costos*, which had a positive impact compared with the first nine months of 2014 of €260 million;

> €87 million in negative goodwill on the acquisition of 3Sun.

Costs

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
5,627	5,741	(114)	-2.0%	Electricity purchases	16,505	16,915	(410)	-2.4%
1,523	1,503	20	1.3%	Consumption of fuel for electricity generation	4,339	4,358	(19)	-0.4%
2,269	1,658	611	36.9%	Fuel for trading and gas for sale to end users	7,345	5,345	2,000	37.4%
194	250	(56)	-22.4%	Materials	864	808	56	6.9%
1,126	1,159	(33)	-2.8%	Personnel	3,464	3,377	87	2.6%
3,569	3,531	38	1.1%	Services, leases and rentals	11,025	10,791	234	2.2%
107	613	(506)	-82.5%	Other operating expenses	1,365	1,805	(440)	-24.4%
(347)	(326)	(21)	-6.4%	Capitalized costs	(992)	(1,010)	18	-1.8%
14,068	**14,129**	**(61)**	**-0.4%**	**Total**	**43,915**	**42,389**	**1,526**	**3.6%**

Costs for **electricity purchases** in the first nine months of 2015 decreased by €410 million on the same period of 2014 (€114 million in the 3rd Quarter of 2015), a contraction of 2.4% (-2.0% on the 3rd Quarter of 2014). In both periods under review, these developments mainly reflect the impact of the decline in purchases through bilateral contracts (€205 million and €40 million respectively in the first nine months and in the 3rd Quarter of 2015) and a reduction in costs for purchases of electricity on domestic and foreign markets (€205 million in the first nine months of 2015 and €136 million in the 3rd Quarter of 2015), only partly offset in the 3rd Quarter of 2015 by a rise in purchases on electricity exchanges (€62 million).

Costs for the **consumption of fuel for electricity generation** in the first nine months of 2015 amounted to €4,339 million, a decrease of €19 million (-0.4%) on the same period of the previous year, while in the 3rd Quarter of 2015, they totaled €1,523 million, an increase of €20 million (+1.3%). The decline in the first nine months reflects a reduction in average unit prices of fuels, which more than offset the increase in thermal generation.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €7,345 million in the first nine months of 2015 (€2,269 million in the 3rd Quarter of 2015), an increase of €2,000 million compared with the first nine months of 2014 and €611 million on the 3rd Quarter of 2014. The change primarily reflects the trading on commodities markets noted under the comments to revenue, as well as the need to meet greater demand for sales to end users.

Costs for **materials** in the first nine months of 2015 amounted to €864 million, an increase of €56 million, and €194 million in the 3rd Quarter of 2015, a decrease of €56 million on the corresponding period of the previous year. The rise in the first nine months mainly reflects an increase in provisioning of EUAs and CERs, largely concentrated in the 1st Quarter of 2015, leading to a reduction in these costs in the 3rd Quarter of 2015.

Personnel costs in the first nine months of 2015 amounted to €3,464 million, an increase of €87 million (+2.6%) on the corresponding period of the previous year. In the 3rd Quarter of 2015, costs amounted to €1,126 million, a decrease of €33 million (-2.8%) on the corresponding period of the previous year. The change in the first nine months is largely accounted for by:

- an increase in costs in Latin America associated with larger average workforces and an increase in average unit costs. The rise was particularly large in Argentina due to the renewal of the local collective bargaining agreement;
- a reduction in the average workforces in Italy and Spain, in part attributable to the early retirement incentives introduced in previous years.

The Enel Group workforce at September 30, 2015 numbered 68,384, of which 35,166 employed outside of Italy. The workforce decreased by 577 in the first nine months of 2015, reflecting the balance between new hires and terminations (-880) and the change in the scope of consolidation (+303), essentially reflecting the acquisition of an additional 66% of 3Sun and the acquisition of the Indian company BLP Energy.

The overall change compared with December 31, 2014, breaks down as follows:

Balance at December 31, 2014 restated	**68,961**
Hirings	1,971
Terminations	(2,851)
Change in scope of consolidation	303
Balance at September 30, 2015	**68,384**

Costs for **services, leases and rentals** in the first nine months of 2015 amounted to €11,025 million, an increase of €234 million on the corresponding period of 2014, while in the 3rd Quarter of 2015 they amounted to €3,569 million, an increase of €38 million compared with the 3rd Quarter of 2014. Developments in the two periods essentially reflect an increase in costs for grid access (€102 million in the first nine months of 2015 and €97 million in the 3rd Quarter of 2015).

Other operating expenses in the first nine months of 2015 amounted to €1,365 million, a decrease of €440 million on the same period of 2014, while in the 3rd Quarter of 2015 they totaled €107 million, a decrease of €506 million on the corresponding period of the previous year. The decreases in the two periods essentially reflect:

> the reversal of the nuclear waste disposal provision in Slovakia in the amount of €550 million following an analysis by independent experts, who took account of the regulatory changes introduced in July 2015 by the Slovakian government, which approved a new strategy for handling the "back end" of spent nuclear fuel;

> the decrease in expenses associated with the *Bono Social* charged to the Spanish electricity companies following the issue of Ministerial Order no. 350/2014;

> the reversal of provisions for risks and charges (€63 million), initially recognized in the first nine months of 2014, following the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche.

In the first nine months of 2015 **capitalized costs** amounted to €992 million, while in the 3rd Quarter of 2015 they totaled €347 million, with developments in line with the corresponding periods of the previous year.

Net income/(expense) from commodity contracts measured at fair value showed net income of €78 million in the first nine months of 2015 (net expense of €93 million in the same period of the previous year) and net expense of €98 million in the 3rd Quarter of 2015 (net expense of €99 million in the same period of 2014). More specifically, the net income for the first nine months of 2015 was essentially attributable to net realized income in the period totaling €72 million (€27 million in the first nine months of 2014) and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €6 million (net expense of €120 million in the first nine months of 2014).

Depreciation, amortization and impairment losses in the first nine months of 2015 amounted to €5,853 million, an increase of €1,400 million, while in the 3rd Quarter of 2015 they totaled €2,976 million, an increase of €1,390 million. The increase in the first nine months of 2015 is mainly attributable to greater impairment losses recognized in the 3rd Quarter of 2015 on the Enel Russia CGU (€919 million) and the Enel Green Power Romania CGU (€155 million), as well as on Slovenské elektrárne (€531 million) to align the value of net assets to their estimated realizable value. These factors were partly offset by the reduction in depreciation and amortization in 2015, which reflects the effect of the substantial impairment losses recognized at the end of the 2014 on generation plants in Italy, Russia and Slovakia. Another factor in the rise was the increase in net writedowns of trade receivables totaling €88 million.

Operating income in the first nine months of 2015 amounted to €6,308 million, a decrease of €832 million (-11.7%), while in the 3rd Quarter of 2015 it came to €1,224 million, a decrease of €936 million on the corresponding period of the previous year (-43.3%).

Net financial expense decreased by €506 million in the first nine months of 2015 and by €107 million in the 3rd Quarter of 2015.

More specifically, financial income in the first nine months of 2015 amounted to €2,924 million, up €630 million on the year-earlier period. The rise reflected:

> an increase in income from derivatives (€510 million), mainly used to hedge changes in exchange rates;
> a reduction in interest and other income from financial assets of €70 million;
> an increase in exchange rate gains of €30 million;
> an increase of €120 million in other income, essentially attributable to regulatory items associated with electricity distribution in Argentina as a result of the changes to the CAMMESA remuneration mechanism introduced by Resolution no. 476/2015 and no. 1208/2015 and the effects of a number of changes to the basis of calculation for financial assets associated with services provided under concession arrangements implemented by Brazilian regulators for distribution companies.

Financial expense in the first nine months of 2015 totaled €4,922 million, an increase of €124 million compared with the first nine months of 2014. The increase is attributable to:

> an increase in expense on derivatives (€516 million), mainly used to hedge the exchange rate risk on loans received;
> a decrease in interest and charges on financial debt of €36 million;
> a decrease in exchange rate losses of €116 million;
> a decrease in other financial expense of €239 million, of which €65 million from the adjustment of the financial assets recognized in respect of the services provided under concession arrangements by the Brazilian companies Ampla and Coelce following rate changes, with the remainder attributable to greater capitalized interest expense as a result of the increase in investments, as well as a decline in interest expense from the accretion of provisions for early retirement incentives.

The **share of income/(expense) from equity investments accounted for using the equity method** in the first nine months of 2015 showed net income of €36 million, while in the 3rd Quarter of 2015 net income was €28 million.

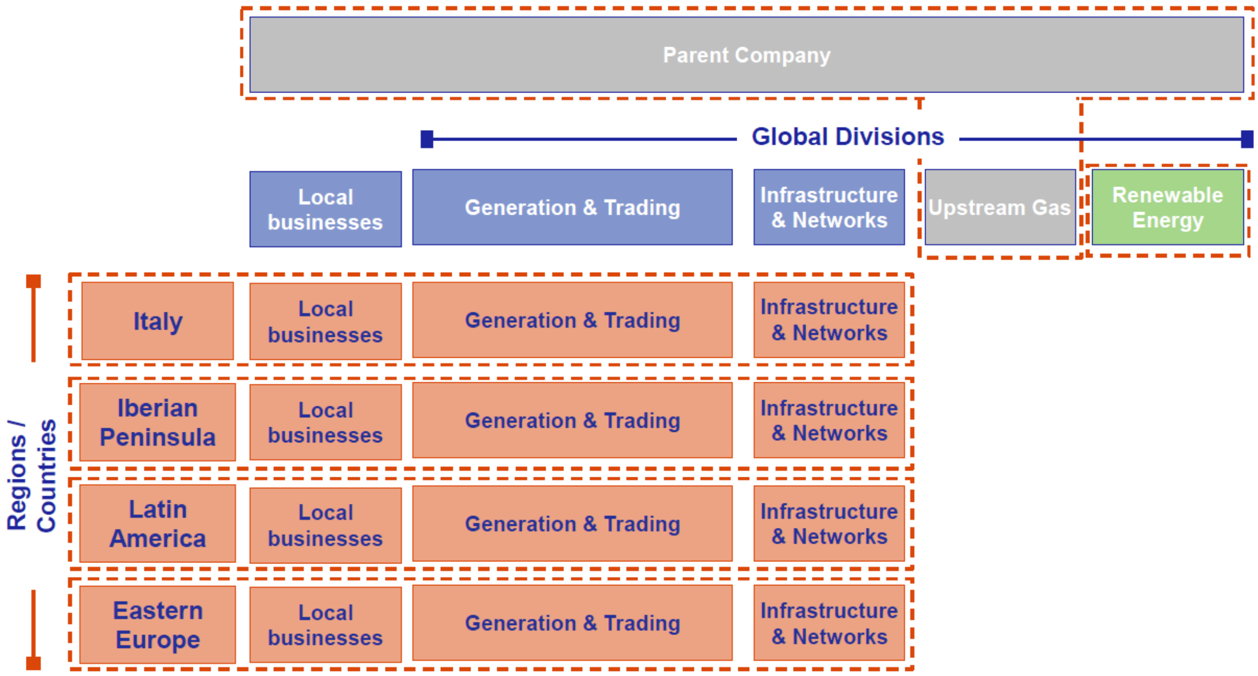
Income taxes in the first nine months of 2015 amounted to €1,424 million, equal to 32.8% of taxable income (compared with 44.2% in the first nine months of 2014), while the tax liability for the 3rd Quarter of 2015 was an estimated €238 million. The decrease in the effective tax rate in the first nine months of 2015 on the corresponding period of the previous year essentially reflects:

> in Italy, the benefits of the ruling of unconstitutionality at the end of 2014 of the IRES surtax (the so-called Robin Hood Tax) and the positive impact of the changes in the deductibility of personnel costs for IRAP purposes, and the essential exemption from tax of the gains on the disposals of SE Hydropower and San Floriano Energy;
> the change in the tax rate in Spain from 30% to 28%;
> the negative impact in the 3rd Quarter of 2014 (€280 million) of the increase in tax rates (progressively from 20% to 27% in 2018) under the tax reform in Chile, which led to an adjustment of net deferred taxation.

These effects were only partly offset by the increase in current taxes caused by the rise in tax rates in Chile and Colombia.

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.
Taking account of the provisions of IFRS 8 regarding the management approach, the new organization modified the structure of reporting, as well as the representation and analysis of Group performance and financial position, as from the start of 2015. More specifically, performance by business area reported in this Interim Financial Report was determined by designating the Regions and Countries perspective as the primary reporting segment, with the exception of the Renewable Energy Division, which, in view of its centralized management by the Enel Green Power sub-holding company, has greater autonomy than the other divisions. In addition, account was also taken of the possibilities for the simplification of disclosures associated with the materiality thresholds also established under IFRS 8 and, therefore, the item "Other, eliminations and adjustments" includes not only the effects from the elimination of intersegment transactions, but also the figures for the Parent Company, Enel SpA, and the Upstream Gas Division.
The following chart outlines these organizational arrangements.

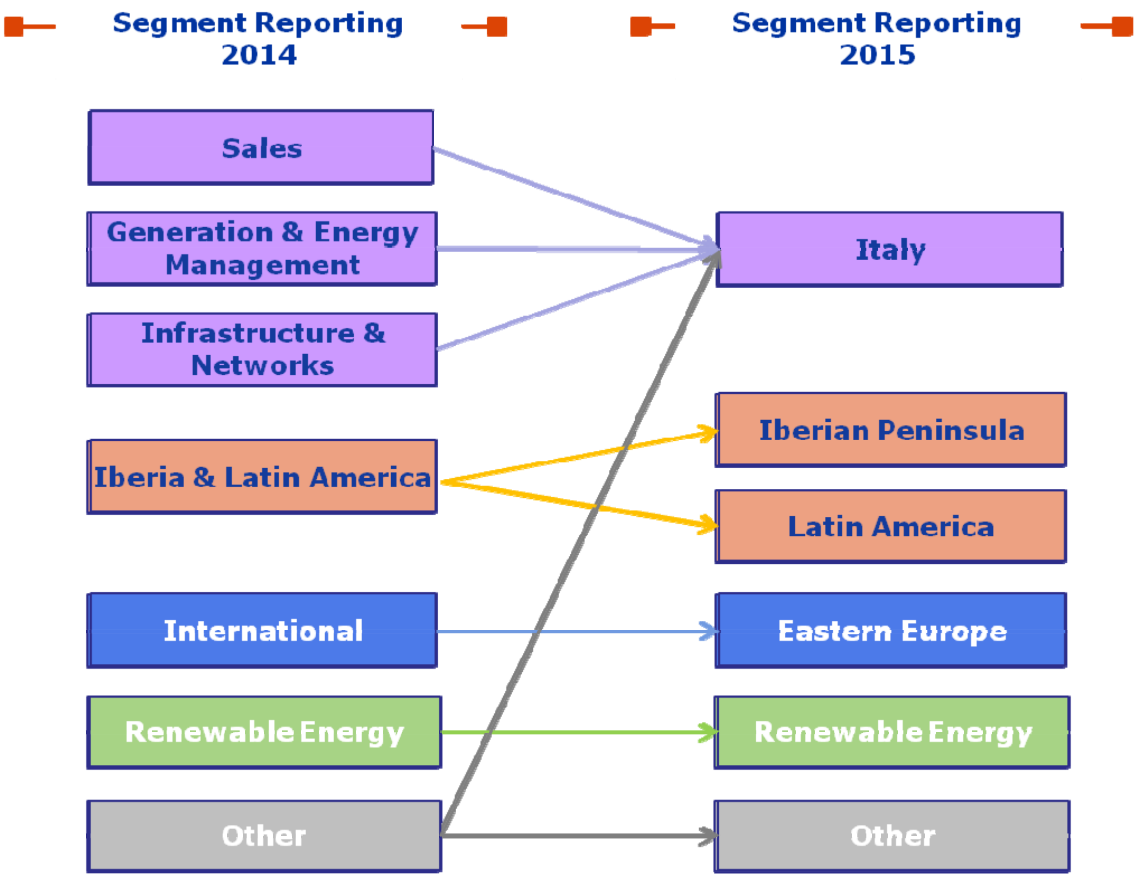


Similarly, the figures for the 1st Quarter of 2014 have been restated to take account of the new organization. Leaving aside certain movements of minor companies, the main changes were as follows:

> the Sales, Generation and Energy Management, and Infrastructure and Networks Divisions, which operated almost entirely in Italy, are now reported under the Country "Italy";

> the Iberia and Latin America Division, which had already undergone reorganization in 2014, is now divided into the Regions "Iberian Peninsula" and "Latin America";

> the service and support operations resident in Italy are now reported under the Country "Italy", rather than in the residual segment.



Results by business area for the 3rd Quarters of 2015 and 2014

3rd Quarter of 2015 (1)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	9,183	4,945	2,547	1,093	595	3	18,366
Revenue from transactions with other segments	276	48	21	74	70	(489)	-
Total revenue	**9,459**	**4,993**	**2,568**	**1,167**	**665**	**(486)**	**18,366**
Net income/(expense) from commodity contracts measured at fair value	18	(80)	(1)	(19)	(17)	1	(98)
Gross operating margin	**1,421**	**828**	**855**	**733**	**392**	**(29)**	**4,200**
Depreciation, amortization and impairment losses	457	413	223	1,538	338	7	2,976
Operating income	**964**	**415**	**632**	**(805)**	**54**	**(36)**	**1,224**

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

3rd Quarter of 2014 (1)(2)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	8,588	5,181	2,393	1,224	594	(6)	17,974
Revenue from transactions with other segments	148	21	-	77	57	(303)	-
Total revenue	**8,736**	**5,202**	**2,393**	**1,301**	**651**	**(309)**	**17,974**
Net income/(expense) from commodity contracts measured at fair value	(87)	(30)	(4)	3	22	(3)	(99)
Gross operating margin	**1,486**	**798**	**772**	**276**	**423**	**(9)**	**3,746**
Depreciation, amortization and impairment losses	579	499	238	107	156	7	1,586
Operating income	**907**	**299**	**534**	**169**	**267**	**(16)**	**2,160**

(1) Segment revenue includes both revenue 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 introduction, with retrospective effect, of "IFRIC 21 - *Levies*". For further information please see note 2 of the explanatory notes to the condensed consolidated financial statements.

Results by business area for the first nine months of 2014 and 2015

First nine months of 2015 [1]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	27,573	15,089	7,951	3,308	2,066	11	55,998
Revenue from transactions with other segments	857	103	23	233	192	(1,408)	-
Total revenue	**28,430**	**15,192**	**7,974**	**3,541**	**2,258**	**(1,397)**	**55,998**
Net income/(expense) from commodity contracts measured at fair value	120	(11)	(4)	(16)	(16)	5	78
Gross operating margin	**4,558**	**2,797**	**2,292**	**1,125**	**1,470**	**(81)**	**12,161**
Depreciation, amortization and impairment losses	1,460	1,223	712	1,719	719	20	5,853
Operating income	**3,098**	**1,574**	**1,580**	**(594)**	**751**	**(101)**	**6,308**
Capital expenditure	**957** (2)	**575**	**1,289**	**135** (3)	**1,700**	**24**	**4,680**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €1 million regarding units classified as "held for sale".
(3) Does not include €400 million regarding units classified as "held for sale".

First nine months of 2014 [1][2]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	26,553	15,021	6,883	3,687	1,840	91	54,075
Revenue from transactions with other segments	476	84	2	245	176	(983)	-
Total revenue	**27,029**	**15,105**	**6,885**	**3,932**	**2,016**	**(892)**	**54,075**
Net income/(expense) from commodity contracts measured at fair value	(155)	(4)	(1)	3	68	(4)	(93)
Gross operating margin	**4,935**	**2,495**	**2,026**	**783**	**1,312**	**42**	**11,593**
Depreciation, amortization and impairment losses	1,611	1,406	688	299	427	22	4,453
Operating income	**3,324**	**1,089**	**1,338**	**484**	**885**	**20**	**7,140**
Capital expenditure	**915**	**513**	**911**	**598**	**1,060**	**15**	**4,012**

(1) Segment revenue includes both revenue 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 introduction, with retrospective effect, of "IFRIC 21 - *Levies*". For further information please see note 2 of the explanatory notes to the condensed consolidated financial statements.

In addition to the foregoing, the Group monitors performance at the Global Division level, classifying results by business line. The following table presents the gross operating margin for the two periods under review, offering visibility of performance not only from a Region/Country perspective but also by Division/Business Line.

Gross operating margin

Millions of euro	Local businesses						Global divisions														
	End-user markets			Services			Generation and Trading			Infrastructure and Networks			Renewable Energy			Other, eliminations and adjustments			Total		
	1st 9 mos. 2015	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change	**1st 9 mos. 2015**	1st 9 mos. 2014	Change
Italy	971	791	180	114	71	43	747	1,026	(279)	2,726	3,047	(321)	-	-	-	-	-	-	4,558	4,935	(377)
Iberian Peninsula	426	883	(457)	23	(5)	28	986	280	706	1,362	1,337	25	-	-	-	-	-	-	2,797	2,495	302
Latin America	-	-	-	(53)	(48)	(5)	1,312	1,236	76	1,033	838	195	-	-	-	-	-	-	2,292	2,026	266
Eastern Europe	19	18	1	(5)	(2)	(3)	911	581	330	200	186	14	-	-	-	-	-	-	1,125	783	342
Renewable Energy	-	-	-	-	-	-	-	-	-	-	-	-	1,470	1,312	158	-	-	-	1,470	1,312	158
Other, eliminations and adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(81)	42	(123)	(81)	42	(123)
Total	**1,416**	**1,692**	**(276)**	**79**	**16**	**63**	**3,956**	**3,123**	**833**	**5,321**	**5,408**	**(87)**	**1,470**	**1,312**	**158**	**(81)**	**42**	**(123)**	**12,161**	**11,593**	**568**

Italy

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
11,853	11,039	814	7.4%	Thermal	32,614	30,962	1,652	5.3%
3,154	3,991	(837)	-21.0%	Hydroelectric	9,784	12,791	(3,007)	-23.5%
3	3	-	-	Other sources	7	7	-	-
15,010	**15,033**	**(23)**	**-0.2%**	**Total net generation**	**42,405**	**43,760**	**(1,355)**	**-3.1%**
15,010	*14,908*	*102*	*0.7%*	*- of which Italy*	*42,405*	*43,328*	*(923)*	*-2.1%*
-	*125*	*(125)*	-	*- of which Belgium*	-	*432*	*(432)*	-

For the first nine months of 2015, net electricity generation amounted to 42,405 million kWh (15,010 million kWh in the 3rd Quarter of 2015), a decrease of 3.1% (-0.2% in the 3rd Quarter of 2015 compared with the same period of 2014), or 1,355 million kWh. More specifically, the decline in hydro generation (-3,007 million kWh), mainly associated with the deterioration in water conditions compared with the same period of the previous year, was only partly offset by an increase in thermal output (+1,652 million kWh). Excluding the impact of the change in the scope of consolidation associated with the Marcinelle Energie plant from that change following the early termination of the tolling agreement for that facility at the end of 2014, the increase in thermal generation amounted to 2,084 million kWh.
Similar developments in net electricity generation were seen in the 3rd Quarter of 2015.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2015		2014		Change			**2015**		2014		Change	
84	0.6%	125	1.0%	(41)	-32.8%	Fuel oil	243	0.7%	403	1.2%	(160)	-39.7%
2,571	19.9%	2,263	19.1%	308	13.6%	Natural gas	5,987	17.0%	5,525	16.5%	462	8.4%
10,192	78.7%	9,378	79.1%	814	8.7%	Coal	28,683	81.4%	27,110	81.1%	1,573	5.8%
103	0.8%	89	0.8%	14	15.7%	Other fuels	330	0.9%	388	1.2%	(58)	-14.9%
12,950	**100.0%**	**11,855**	**100.0%**	**1,095**	**9.2%**	**Total**	**35,243**	**100.0%**	**33,426**	**100.0%**	**1,817**	**5.4%**

Gross thermal generation in the first nine months of 2015 totaled 35,243 million kWh (12,950 million kWh in the 3rd Quarter of 2015), an increase of 1,817 million kWh (+5.4%) compared with the first nine months of 2014 (+9.2% in the 2nd Quarter of 2015). The increase was mainly due to the rise in the use of coal as a result of the increased competitiveness of this raw material.

Transport of electricity

3rd Quarter				Millions of kWh		First nine months			
2015	2014	Change				**2015**	2014	Change	
59,233	56,444	2,789	4.9%	Electricity transported on Enel's distribution network	(1)	169,436	167,455	1,980	1.2%

(1) The figure for 2014 takes account of a more accurate calculation of quantities transported.

Electricity transported on the Enel network in Italy in the first nine months of 2015 increased by 1,980 million kWh (+1.2%), going from 167,455 million kWh in the first nine months of 2014 to 169,436 million kWh in the first nine months of 2015. The change is essentially in line with the increase in electricity demand in Italy.
Developments were similar in the 3rd Quarter of 2015, with 59,233 million kWh of electricity transported, an increase of 2,789 million kWh (+4.9%) compared with the same period of 2014.

Electricity sales

3rd Quarter				Millions of kWh		First nine months			
2015	2014	Change				**2015**	2014	Change	
				Free market:					
7,102	6,420	682	10.6%	- mass-market customers		19,428	18,963	465	2.5%
2,814	2,760	54	2.0%	- business customers	(1)	8,063	8,108	(45)	-0.6%
487	352	135	38.4%	- safeguard market customers		1,192	1,162	30	2.6%
10,403	**9,532**	**871**	**9.1%**	**Total free market**		**28,683**	**28,233**	**450**	**1.6%**
				Regulated market:					
13,319	12,411	908	7.3%	- enhanced protection market customers		37,250	37,243	7	-
23,722	**21,943**	**1,779**	**8.1%**	**TOTAL**		**65,933**	**65,476**	**457**	**0.7%**

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

Electricity sold in the first nine months of 2015 totaled 65,933 million kWh, up 457 million kWh compared with the same period of the previous year. This increase is essentially attributable to the greater volumes sold to customers on the free market.
Even larger increases in electricity sales were seen in the 3rd Quarter of 2015 due to the high temperatures experienced during the summer.

Natural gas sales

3rd Quarter				Millions of m^3		First nine months			
2015	2014	Change				**2015**	2014	Change	
225	205	20	9.8%	Mass-market customers	(1)	2,371	2,004	367	18.3%
116	104	12	11.5%	Business customers		422	418	4	1.0%
341	**309**	**32**	**10.4%**	**Total**		**2,793**	**2,422**	**371**	**15.3%**

(1) Includes residential and microbusinesses.

Gas sales in the first nine months of 2015 totaled 2,793 million cubic meters (341 million cubic meters in the 3rd Quarter of 2015), an increase of 371 million cubic meters compared with the same period of the previous year, essentially attributable to sales to residential customers and microbusinesses.
In the 3rd Quarter of 2015, gas sales to customers in both markets rose although volumes were much lower as a result of seasonal factors

Performance

3rd Quarter				Millions of euro	First nine months				
2015	2014 restated	Change			**2015**	2014 restated	Change		
9,459	8,736	723	8.3%	Revenue	28,430	27,029	1,401	5.2%
1,421	1,486	(65)	-4.4%	Gross operating margin	4,558	4,935	(377)	-7.6%
964	907	57	6.3%	Operating income	3,098	3,324	(226)	-6.8%
				Capital expenditure	957 (1)	915	42	4.6%

(1) Does not include €1 million regarding units classified as "held for sale".

The following tables break down performance by type of business in the 3rd Quarter and in the first nine months of 2015.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	5,525	4,853	672	13.8%
Infrastructure and Networks	1,791	1,761	30	1.7%
End-user markets	3,681	3,573	108	3.0%
Services	262	263	(1)	-0.4%
Eliminations and adjustments	(1,800)	(1,714)	(86)	-5.0%
Total	**9,459**	**8,736**	**723**	**8.3%**

Revenue for 3rd Quarter of 2015 amounted to €9,459 million, up €723 million on 2014 (+8.3%) due primarily to the following factors:

> an increase of €672 million (+13.8%) in revenue from **Generation and Trading** operations compared with the same period of 2014. The increase is primarily attributable to:
  - an increase of €860 million in revenue from fuel sales on domestic and international wholesale markets, mainly due to an increase in intermediation business during the period;
  - a decrease of €162 million in revenue from trading on international electricity markets, associated with the decline in average sale prices and lower volumes traded (-2.0 TWh);
  - a decrease of €10 million in revenue from electricity sales, a result of a reduction in revenue from sales on the Power Exchange (€61 million), which was partially offset by an increase in sales of electricity to the other Group companies, as well as in sales to other domestic resellers;

> an increase of €30 million (+1.7%) in revenue from **Infrastructure and Networks** operations, essentially reflecting the increase in revenue from sales of electronic meters to distribution companies on the Iberian Peninsula (€27 million);

> an increase of €108 million (+3.0%) in revenue from **End-user markets** for electricity, essentially reflecting the increase of €105 million in revenue on the free electricity market as a result of the increase in quantities sold (+0.9 TWh).

Gross operating margin

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	189	288	(99)	-34.4%
Infrastructure and Networks	919	952	(33)	-3.5%
End-user markets	277	231	46	19.9%
Services	36	15	21	-
Total	**1,421**	**1,486**	**(65)**	**-4.4%**

The **gross operating margin** in the 3rd Quarter amounted to €1,421 million, for a decrease of €65 million (-4.4%) compared with €1,486 million posted for 3rd Quarter of 2014. This decrease is essentially attributable to:

> a decrease of €99 million in the margin from **Generation and Trading** operations, mainly due to a reduction in the margin on generation, reflecting a more unfavorable generation mix as a result of poor water conditions;

> a reduction of €33 million in the margin from **Infrastructure and Networks** operations (-3.5%), essentially due to a decrease of €47 million in the margin on energy efficiency certificates (EECs);

> an increase of €46 million in the margin from **End-user markets** (+19.9%), mainly attributable to an increase of €52 million in the margin on the free markets for electricity and gas, which was only partially offset by a decline in the margin on the regulated electricity market.

Operating income

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	110	116	(6)	-5.2%
Infrastructure and Networks	674	704	(30)	-4.3%
End-user markets	156	86	70	81.4%
Services	24	1	23	-
Total	**964**	**907**	**57**	**6.3%**

Operating income in the 3rd Quarter of 2015, taking account of depreciation, amortization and impairment losses in the amount of €457 million (€579 million for the same period of 2014), amounted to €964 million, which is essentially in line with the figure posted for the 3rd Quarter of 2014.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	16,843	15,237	1,606	10.5%
Infrastructure and Networks	5,323	5,392	(69)	-1.3%
End-user markets	11,174	11,496	(322)	-2.8%
Services	761	772	(11)	-1.4%
Eliminations and adjustments	(5,671)	(5,868)	197	-3.4%
Total	**28,430**	**27,029**	**1,401**	**5.2%**

Revenue in the first nine months of 2015 amounted to €28,430 million, an increase of €1,401 million compared with the same period of 2014 (+5.2%), the result of the following main factors:

> an increase of €1,606 million (+10.5%) in revenue from **Generation and Trading** operations compared with the same period of 2014. The increase is primarily attributable to:
  - an increase of €2,041 million in revenue from fuel sales on domestic and international wholesale markets, mainly due to a rise in the volume of natural gas handled as a result of an increase in intermediation business;
  - an increase of €296 million in revenue from the sale of CO_2 emissions allowances, owing to greater volumes handled;
  - the gains on the sale of SF Energy and SE Hydropower totaling €156 million. The effect was partially offset by the remeasurement at fair value of the net assets of SE Hydropower, carried out in the 1st Quarter of 2014 (€50 million) following the loss of control of that company in accordance with the provisions of the shareholder agreements;
  - a decrease of €609 million in revenue from electricity sales. The change is essentially attributable to the reduction in revenue from sales on the Power Exchange (€370 million), associated with falling average sales prices, which was accompanied by a reduction in sales of electricity to the other Group companies, especially the Italian companies operating in end-user markets (€145 million), as well as in sales to other domestic resellers (€129 million);
  - a decrease of €171 million in revenue from trading on international electricity markets due to a decline in average sales prices, which more than offset the effect of an increase in quantities handled (+1.2 TWh);
  - a decrease of €30 million in revenue for engineering activities, mainly connected with the decline in activity at plants 3 and 4 at the Mochovce nuclear power plant, only partially offset by the increase in environmental upgrading at the Litoral de Almeria coal-fired plant;

> a decrease of €69 million (-1.3%) in revenue from **Infrastructure and Networks** operations, largely reflecting:
  - a decrease of €145 million in revenue following the reduction in transfers from the Electricity Equalization Fund for white certificates owing to the decline in the amount of white certificates purchased in the period as well as the decrease in the unit grant for the period;
  - a decrease of €17 million in connection fees;
  - an increase in revenue from the sale of electronic meters to distribution companies in the Iberian Peninsula (€35 million);

- the increase of €28 million associated with the recognition of adjustments and revisions of estimates made in previous years;
- an increase of €26 million in rate revenue, largely attributable to the increase in transmission rates under Resolution no. 655/14 of the Authority for Electricity, Gas and the Water System (the Authority), only partly offset by the reduction in distribution rates (as established under Authority Resolution no. 146/15);

> a decline of €322 million (-2.8%) in revenue from **End-user markets** for electricity, essentially reflecting:
- a decline of €417 million in revenue on the regulated electricity market as a result of the reduction in the average number of customers;
- a decline of €7 million in revenue on the free electricity market as a result of the fall in average sales prices, which was partially offset by an increase in revenue from the sale of energy-efficiency goods and services and the increase in quantities sold (+0.5 TWh);
- an increase of €124 million in revenue from sales to end-users on the natural gas market, primarily reflecting an increase in quantities sold to mass-market customers.

Gross operating margin

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	747	1,026	(279)	-27.2%
Infrastructure and Networks	2,726	3,047	(321)	-10.5%
End-user markets	971	791	180	22.8%
Services	114	71	43	60.6%
Total	**4,558**	**4,935**	**(377)**	**-7.6%**

The **gross operating margin** in the first nine months of 2015 amounted to €4,558 million, a decrease of €377 million (-7.6%) compared with the first nine months of 2014. The decrease is essentially attributable to:

> a decrease of €279 million in the margin from **Generation and Trading** operations, mainly reflecting:
- a reduction in the margin on generation, reflecting a more unfavorable generation mix as a result of poor water conditions in an environment of falling wholesale prices;
- the change in the contribution of disposals, discussed earlier under revenue, in the amount of €106 million;

> a reduction of €321 million in the margin from **Infrastructure and Networks** operations (-10.5%), largely due to:
- a decrease of €269 million in the margin on EECs due mainly to the change in cost reimbursement mechanism for the purchase of such certificates;
- a decrease of €86 million in the margin on electricity transport, primarily reflecting the reduction in distribution rates noted earlier;
- a reduction of €17 million in the margin from connection fees;
- a positive adjustment of €63 million of the provision for risks and litigation, recognized in the 1st Quarter of 2014 following the settlement between Enel Distribuzione, A2A and A2A Reti Elettriche concerning pending litigation before the Court of Appeal of Milan;

> an increase of €180 million in the margin from **End-user markets** (+22.8%), mainly attributable to:

– an increase of €177 million in the margin on the free markets for electricity and gas (€101 million of which attributable to the margin on electricity) due to the increase in quantities of sold for both commodities;
– an essentially stable performance for the margin on the regulated electricity market.

Operating income

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	507	624	(117)	-18.8%
Infrastructure and Networks	1,960	2,318	(358)	-15.4%
End-user markets	555	355	200	56.3%
Services	76	27	49	-
Total	**3,098**	**3,324**	**(226)**	**-6.8%**

Operating income amounted to €3,098 million. Despite a reduction of €151 million in depreciation, amortization and impairment losses, this represented a decrease of €226 million (-6.8%) on the €3,324 million posted in the same period of 2014. The decrease in depreciation, amortization and impairment losses is largely due to the impact of the impairment losses recognized at the end of 2014 on conventional generation plants in Italy.

Capital expenditure

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	117 (1)	131	(14)	-10.7%
Infrastructure and Networks	739	679	60	8.8%
End-user markets	62	86	(24)	-27.9%
Services	39	19	20	-
Total	**957**	**915**	**42**	**4.6%**

(1) Does not include €1 million regarding units classified as "held for sale".

Capital expenditure in the first nine months of 2015 amounted to €957 million, up €42 million on the year-earlier period. More specifically, the change is attributable to:
> an increase of €60 million in investment in **Infrastructure and Networks**, primarily in work to improve and maintain service quality standards;
> an increase of €20 million in investment in **Services** connected with software development;
> a decrease of €14 million in investment in **Generation and Trading**.

Iberian Peninsula

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
12,384	12,048	336	2.8%	Thermal	30,122	25,988	4,134	15.9%
6,847	5,998	849	14.2%	Nuclear	19,760	18,576	1,184	6.4%
1,328	1,681	(353)	-21.0%	Hydroelectric	6,009	7,141	(1,132)	-15.9%
20,559	**19,727**	**832**	**4.2%**	**Total net generation**	**55,891**	**51,705**	**4,186**	**8.1%**

Net electricity generation in the Iberian Peninsula in the first nine months of 2015 totaled 55,891 million kWh, an increase of 4,186 million kWh compared with the same period of 2014, primarily due to an increase in thermal generation, the consequence of rising demand and the decline in water resources. In the 3rd Quarter of 2015, net electricity generation amounted to 20,559 million kWh, an increase of 832 million kWh on the same period of 2014.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2015		2014		Change			**2015**		2014		Change	
1,574	7.8%	1,426	7.5%	148	10.4%	High-sulfur fuel oil (S>0.25%)	4,255	8.1%	4,081	8.7%	174	4.3%
1,738	8.6%	760	4.0%	978	-	Natural gas	3,967	7.6%	1,912	4.1%	2,055	107.5%
8,760	43.1%	9,397	49.6%	(637)	-6.8%	Coal	20,560	39.3%	18,436	39.4%	2,124	11.5%
7,154	35.3%	6,262	33.1%	892	14.2%	Nuclear fuel	20,567	39.3%	19,335	41.4%	1,232	6.4%
1,049	5.2%	1,094	5.8%	(45)	-4.1%	Other fuels	3,001	5.7%	2,982	6.4%	19	0.6%
20,275	**100.0%**	**18,939**	**100.0%**	**1,336**	**7.1%**	**Total**	**52,350**	**100.0%**	**46,746**	**100.0%**	**5,604**	**12.0%**

Gross thermal generation in the first nine months of 2015 totaled 52,350 million kWh (20,275 million kWh in the 3rd Quarter of 2015), an increase of 5,604 million kWh compared with the same period of the previous year (+1,336 million kWh in the 3rd Quarter of 2015). The increase, which regarded all types of fuels, was particularly significant for natural gas.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
26,460	25,508	952	3.7%	Electricity transported on Enel's distribution network	74,697	72,796	1,901	2.5%

Electricity transported in the first nine months of 2015 totaled 74,697 million kWh (26,460 million kWh in the 3rd Quarter of 2015), an increase of 1,901 million kWh (+952 million kWh in the 3rd Quarter of 2015), in line with developments in electricity demand in the Iberian Peninsula.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
24,155	23,835	320	1.3%	Electricity sold by Enel	69,846	70,921	(1,075)	-1.5%

Electricity sales to end users in the first nine months of 2015 amounted to 69,846 million kWh (24,155 million kWh in the 3rd Quarter of 2015), a decrease of 1,075 million kWh compared with the same period of 2014 (+320 million kWh in the 3rd Quarter of 2015), as a result of the increasing liberalization of the market and the consequent switch of Endesa Energia XXI (Endesa's regulated market operator) customers to the free market, which was not fully offset by new customers acquired by Endesa Energia (on the free market).
The 3rd Quarter of 2015 saw electricity sales increase.

Performance

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
4,993	5,202	(209)	-4.0%	Revenue	15,192	15,105	87	0.6%
828	798	30	3.8%	Gross operating margin	2,797	2,495	302	12.1%
415	299	116	38.8%	Operating income	1,574	1,089	485	44.5%
				Capital expenditure	575	513	62	12.1%

The following tables break down performance by type of business in the 3rd Quarter and in the first nine months of 2015.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	1,794	1,770	24	1.4%
Infrastructure and Networks	644	632	12	1.9%
End-user markets	3,883	3,982	(99)	-2.5%
Services	29	72	(43)	-59.7%
Eliminations and adjustments	(1,357)	(1,254)	(103)	-8.2%
Total	**4,993**	**5,202**	**(209)**	**-4.0%**

Revenue in the 3rd Quarter of 2015 decreased by €209 million due to:

> an increase of €24 million in revenue from **Generation and Trading** operations associated with an increase in revenue from the sale of electricity by the generation companies as a result of an increase in quantities produced and realized mainly in respect of the division companies that sell electricity;

> a decrease of €99 million in revenue from **End-user markets**, largely due to declining average sales prices for gas, which more than offset the impact of the increase in quantities of electricity sold;

> an increase in revenue from **Infrastructure and Networks** operations, primarily reflecting the increase in quantities transported.

Gross operating margin

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	331	247	84	34.0%
Infrastructure and Networks	456	455	1	0.2%
End-user markets	36	122	(86)	-70.5%
Services	5	(26)	31	-
Total	**828**	**798**	**30**	**3.8%**

The **gross operating margin** amounted to €828 million, an increase of €30 million (+3.8%) compared with the same period of 2014, reflecting:

> an increase of €84 million in the gross operating margin on **Generation and Trading** operations, primarily associated with an improvement in the margin on generation, largely attributable to the higher volumes generated;

> essentially stable performance on **Infrastructure and Networks** operations (€1 million) compared with the same period of the previous year;

> a decrease in the gross operating margin on **End-user markets**, largely due to the decline in the margin on electricity sales.

Operating income

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Generation and Trading	149	38	111	-
Infrastructure and Networks	270	213	57	26.8%
End-user markets	(6)	81	(87)	-
Services	2	(33)	35	-
Total	**415**	**299**	**116**	**38.8%**

Operating income for the 3rd Quarter of 2015 totaled €415 million, including €413 million in depreciation, amortization and impairment losses, an increase of €116 million over the same period of 2014.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	4,835	4,071	764	18.8%
Infrastructure and Networks	1,953	1,908	45	2.4%
End-user markets	11,807	11,728	79	0.7%
Services	142	189	(47)	-24.9%
Eliminations and adjustments	(3,545)	(2,791)	(754)	-27.0%
Total	**15,192**	**15,105**	**87**	**0.6%**

Revenue for the first nine months of 2015 increased by €87 million due to:

> an increase of €764 million in revenue from **Generation and Trading** operations, primarily associated with:

> an increase of €577 million in revenue from the sale of electricity by the generation companies as a result of an increase in quantities produced in an environment of rising average sales prices. This revenue was largely in relation to the division companies that sell electricity and so is also reflected in an analogous increase in eliminations;

> an increase of €183 million in revenue from the sale and measurement at fair value of environmental certificates;

> an increase of €45 million in revenue from **Infrastructure and Networks** operations, primarily reflecting the increase in quantities transported and the rise in revenue from connection fees;

> an increase of €79 million in revenue from **End-user markets**, largely due to developments in sales prices for electricity, which only partially offset the decline in quantities of electricity sold and the reduction in the average sales prices for gas.

Gross operating margin

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	986	280	706	-
Infrastructure and Networks	1,362	1,337	25	1.9%
End-user markets	426	883	(457)	-51.8%
Services	23	(5)	28	-
Total	**2,797**	**2,495**	**302**	**12.1%**

The **gross operating margin** amounted to €2,797 million, an increase of €302 million compared with the same period of 2014, reflecting:

> an increase of €706 million in the gross operating margin on **Generation and Trading** operations, primarily associated with:

- an improvement in the margin on generation, largely attributable to the higher average sales prices;
- the net positive impact of a number of regulatory changes, including those concerning water use fees in the amount of €42 million and the impact of lower fees on generation in the extra-

peninsular area for the first nine months of 2014 due to adjustments related, in part, to previous periods (2012 and 2013) in the amount of €162 million;
  - an increase of €186 million in the margin on environmental certificates;
> an increase of €25 million in the margin on **Infrastructure and Networks** operations;
> a decrease in the gross operating margin on **End-user markets**, largely due to the decline in the margin on electricity sales, which reflects higher electricity procurement costs, as well as a decline in the margin on natural gas sales.

Operating income

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	440	(390)	830	-
Infrastructure and Networks	807	727	80	11.0%
End-user markets	313	786	(473)	-60.2%
Services	14	(34)	48	-
Total	**1,574**	**1,089**	**485**	**44.5%**

Operating income in the first nine months of 2015, after depreciation, amortization and impairment losses of €1,223 million (€1,406 million in the first nine months of 2014), totaled €1,574 million, an increase of €485 million on the same period of 2014. The reduction in depreciation, amortization and impairment losses largely reflects the extension of the useful life of a number of generating plants at the end of 2014 and a decline in impairment of trade receivables in the first nine months of 2015 compared with the same period of 2014.

Capital expenditure

Millions of euro	First nine months			
	2015	2014 restated	Change	
Generation and Trading	160	162	(2)	-1.2%
Infrastructure and Networks	383	323	60	18.6%
End-user markets	18	20	(2)	-10.0%
Services	14	8	6	75.0%
Total	**575**	**513**	**62**	**12.1%**

Capital expenditure amounted to €575 million, an increase of €62 million compared with the same period of the previous year. In particular, capital expenditure in the first nine months of 2015 primarily concerned work on the distribution network (€351 million), notably transformers and replacement of metering equipment, as well as projects related to improving service quality.

Latin America

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
6,067	6,462	(395)	-6.1%	Thermal	19,796	19,964	(168)	-0.8%
9,687	10,196	(509)	-5.0%	Hydroelectric	25,055	25,034	21	0.1%
36	39	(3)	-7.7%	Other sources	93	109	(16)	-14.7%
15,790	**16,697**	**(907)**	**-5.4%**	**Total net generation**	**44,944**	**45,107**	**(163)**	**-0.4%**
3,765	*3,827*	*(62)*	*-1.6%*	*- of which Argentina*	*11,174*	*10,982*	*192*	*1.7%*
981	*1,352*	*(371)*	*-27.4%*	*- of which Brazil*	*3,037*	*3,825*	*(788)*	*-20.6%*
4,691	*4,829*	*(138)*	*-2.9%*	*- of which Chile*	*13,382*	*12,995*	*387*	*3.0%*
4,108	*4,354*	*(246)*	*-5.6%*	*- of which Colombia*	*10,750*	*10,467*	*283*	*2.7%*
2,245	*2,335*	*(90)*	*-3.9%*	*- of which Peru*	*6,601*	*6,838*	*(237)*	*-3.5%*

Net electricity generation in the first nine months of 2015 totaled 44,944 million kWh, a decrease of 163 million kWh compared with the same period of 2014, primarily owing to a decrease in generation by the thermal plants in Peru, Brazil and Argentina, reflecting maintenance work carried out in the first nine months of 2014. Another factor was greater hydroelectric generation, especially in Argentina and Peru, as a result of better water conditions, only partly offset by the decline in such generation in Brazil owing to the ongoing drought. These negative effects were particularly concentrated in the 3rd Quarter of 2015 when net generation amounted to 15,790 million kWh, down 907 million kWh on the same period of 2014.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2015		2014		Change			**2015**		2014		Change	
621	9.7%	524	7.7%	97	18.5%	High-sulfur fuel oil (S>0.25%)	1,382	6.7%	1,311	6.3%	71	5.4%
3,956	61.5%	5,043	74.0%	(1,087)	-21.6%	Natural gas	14,884	71.9%	15,919	76.6%	(1,035)	-6.5%
927	14.4%	522	7.6%	405	77.6%	Coal	2,268	10.9%	1,938	9.4%	330	17.0%
925	14.4%	727	10.7%	198	27.2%	Other fuels	2,184	10.5%	1,604	7.7%	580	36.2%
6,429	**100.0%**	**6,816**	**100.0%**	**(387)**	**-5.7%**	**Total**	**20,718**	**100.0%**	**20,772**	**100.0%**	**(54)**	**-0.3%**

Gross thermal generation in the first nine months of 2015 totaled 20,718 million kWh, a decrease of 54 million kWh on the same period of 2014, largely attributable to a lower use of natural gas in Peru. In the 3rd Quarter of 2015, gross thermal generation fell by 387 million kWh compared with the same period of 2014, essentially due to lower natural gas output in Peru, which was due to the downtime of the Ventanilla plant for the periodic revision of the no. 3 turbine unit.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
19.463	**19.174**	**289**	**1,5%**	**Electricity transported on Enel's network** [1]	**58.471**	**57.550**	**921**	**1,6%**
4.776	*4.568*	*208*	*4,6%*	*- of which Argentina*	*14.004*	*13.486*	*518*	*3,8%*
5.132	*5.500*	*(368)*	*-6,7%*	*- of which Brazil*	*16.568*	*16.822*	*(254)*	*-1,5%*
4.042	*3.805*	*237*	*6,2%*	*- of which Chile*	*11.759*	*11.565*	*194*	*1,7%*
3.632	*3.487*	*145*	*4,2%*	*- of which Colombia*	*10.430*	*10.187*	*243*	*2,4%*
1.881	*1.814*	*67*	*3,7%*	*- of which Peru*	*5.710*	*5.490*	*220*	*4,0%*

(1) The figure for 2014 reflects a more accurate calculation of quantities transported.

Electricity transported in the first nine months of 2015 totaled 58,471 million kWh (19,463 million kWh in the 3rd Quarter of 2015), an increase of 921 million kWh (+289 million kWh in the 3rd Quarter of 2015).

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
1,513	**1,439**	**74**	**5.1%**	**Free market**	**4,593**	**4,383**	**210**	**4.8%**
14,140	**14,306**	**(166)**	**-1.2%**	**Regulated market**	**42,875**	**42,645**	**230**	**0.5%**
15,653	**15,745**	**(92)**	**-0.6%**	**Total**	**47,468**	**47,028**	**440**	**0.9%**
4,024	*3,860*	*164*	*4.2%*	*- of which Argentina*	*11,711*	*11,251*	*460*	*4.1%*
4,414	*4,789*	*(375)*	*-8%*	*- of which Brazil*	*14,439*	*14,693*	*(254)*	*-1.7%*
3,385	*3,377*	*8*	*0.2%*	*- of which Chile*	*9,904*	*9,973*	*(69)*	*-0.7%*
2,157	*2,086*	*71*	*3.4%*	*- of which Colombia*	*6,312*	*6,115*	*197*	*3.2%*
1,672	*1,633*	*39*	*2.4%*	*- of which Peru*	*5,102*	*4,996*	*106*	*2.1%*

Electricity sales in the first nine months of 2015 totaled 47,468 million kWh (15,653 million kWh in the 3rd Quarter of 2015), an increase of 440 million kWh (-92 million kWh in the 3rd Quarter of 2015).

Performance

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
2,568	2,393	175	7.3%	Revenue	7,974	6,885	1,089	15.8%
855	772	83	10.8%	Gross operating margin	2,292	2,026	266	13.1%
632	534	98	18.4%	Operating income	1,580	1,338	242	18.1%
				Capital expenditure	1,289	911	378	41.5%

The following tables show performance by country in the 3rd Quarter and in the first nine months of 2015.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Argentina	282	125	157	-
Brazil	638	681	(43)	-6.3%
Chile	820	729	91	12.5%
Colombia	508	599	(91)	-15.2%
Peru	320	259	61	23.6%
Total	**2,568**	**2,393**	**175**	**7.3%**

Revenue in the 3rd Quarter of 2015 posted an increase of €175 million. The rise was primarily attributable to:

> an increase of €157 million in revenue in Argentina, largely reflecting the impact of *Resolución* no. 32/2015 with which regulators established a theoretical rate framework for distribution companies that enables them to recover the extra operating costs for the remuneration of personnel incurred to keep the service in operation, as well as other grants under the PUREE program and the *Mecanismo de Monitoreo de Costos* (MMC);

> a decrease of €43 million in revenue in Brazil, largely attributable to a decline in volumes and the negative impact of exchange rates;

> an increase of €91 million in revenue in Chile, largely due to favorable developments in exchange rates between the local currency and the euro, the increase in rates in the regulated market and the full consolidation of Inversiones Gas Atacama following the acquisition (on April 22, 2014) of an additional 50%, giving control over the company;

> a decrease of €91 million in revenue in Columbia, largely attributable to the negative impact of exchange rates;

> an increase of €61 million in revenue in Peru, primarily due to exchange rate effects and an increase in quantities transported and sold.

Gross operating margin

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Argentina	76	(42)	118	-
Brazil	101	157	(56)	-35.7%
Chile	293	216	77	35.6%
Colombia	265	336	(71)	-21.1%
Peru	120	105	15	14.3%
Total	**855**	**772**	**83**	**10.8%**

The **gross operating margin** amounted to €855 million, an increase of €83 million (+10.8%) compared with the same period of 2014, reflecting:

> an increase of €118 million in the gross operating margin in Argentina, reflecting the introduction of *Resolución* no. 32/2015 noted earlier, whose impact was only partly offset by the increase in operating costs, especially personnel costs following a contractual pay adjustment;
> an increase of €77 million in the gross operating margin in Chile, due to the consolidation of Inversiones Gas Atacama and an increase in the margin on generation;
> an increase of €15 million in the gross operating margin in Peru, primarily owing to exchange rate developments;
> a decrease of €71 million in the gross operating margin in Colombia due to the increase in quantities sold, which led to lower margins as compared with the 2nd Quarter of 2014 as a result of the impact on sales prices mentioned above;
> a reduction of €56 million in the gross operating margin in Brazil, essentially reflecting the impact of exchange rates and the decline in margin on distribution and sales.

Operating income

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Argentina	58	(54)	112	-
Brazil	20	50	(30)	-60.0%
Chile	235	169	66	39.1%
Colombia	231	293	(62)	-21.2%
Peru	88	76	12	15.8%
Total	**632**	**534**	**98**	**18.4%**

Operating income for the 3rd Quarter of 2015 totaled €632 million, including €223 million in depreciation, amortization and impairment losses (€238 million in the 3rd Quarter of 2014), an increase of €98 million over the same period of 2014.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2015	2014 restated	Change	
Argentina	839	444	395	89.0%
Brazil	2,182	2,053	129	6.3%
Chile	2,476	2,007	469	23.4%
Colombia	1,559	1,614	(55)	-3.4%
Peru	918	767	151	19.7%
Total	**7,974**	**6,885**	**1,089**	**15.8%**

Revenue in the first nine months of 2015 posted an increase of €1,089 million. The rise was primarily attributable to:
> an increase of €395 million in revenue in Argentina, largely reflecting the impact of *Resolución* no. 32/2015 with which regulators established a theoretical rate framework for distribution companies that enables them to recover the extra operating costs for the remuneration of personnel incurred to

keep the service in operation, as well as other grants under the PUREE program and the *Mecanismo de Monitoreo de Costos* (MMC);

> an increase of €129 million in revenue in Brazil, the effect of higher sales prices, which reflect the rate changes implemented in the 2nd Half of the previous year, which was only partially offset by the sharp devaluation of the local currency against the euro;

> an increase of €469 million in revenue in Chile, largely due to:
  - favorable developments in exchange rates between the local currency and the euro;
  - the increase in rates in the regulated market;
  - the full consolidation of Inversiones Gas Atacama following the acquisition (on April 22, 2014) of an additional 50%, giving control over the company;

> a decrease of €55 million in revenue in Colombia, mainly due to changes in exchange rates, the effect of which was only partly offset by an increase in volumes generated and sold, and to electricity rates on the regulated market;

> an increase of €151 million in revenue in Peru, primarily due to exchange rate effects and an increase in quantities sold.

Gross operating margin

Millions of euro	First nine months			
	2015	2014 restated	Change	
Argentina	174	(54)	228	-
Brazil	386	466	(80)	-17.2%
Chile	606	444	162	36.5%
Colombia	767	858	(91)	-10.6%
Peru	359	312	47	15.1%
Total	**2,292**	**2,026**	**266**	**13.1%**

The **gross operating margin** amounted to €2,292 million, an increase of €266 million (+13.1%) compared with the same period of 2014, reflecting:

> an increase of €228 million in the gross operating margin in Argentina, reflecting the introduction of *Resolución* no. 32/2015 noted earlier, the impact of which was only partly offset by the increase in operating costs, especially personnel costs following a contractual pay adjustment, and an increase in the average workforce;

> an increase of €162 million in the gross operating margin in Chile, due to an increase in the margin on generation and distribution, as well as the appreciation of the local currency with respect to the euro;

> an increase of €47 million in the gross operating margin in Peru, primarily owing to exchange rate developments and to greater volumes sold;

> a reduction of €91 million in the gross operating margin in Colombia, where the positive impact of the increase in output and amount distributed was almost entirely offset by exchange rate losses (€91 million);

> a reduction of €80 million in the gross operating margin in Brazil, reflecting the impact of the drought, which has led to an increase in electricity prices, hurting companies that distribute and sell electricity, as well as exchange rate losses (€48 million).

Operating income

Millions of euro	First nine months			
	2015	2014 restated	Change	
Argentina	124	(90)	214	-
Brazil	109	156	(47)	-30.1%
Chile	434	314	120	38.2%
Colombia	652	732	(80)	-10.9%
Peru	261	226	35	15.5%
Total	**1,580**	**1,338**	**242**	**18.1%**

Operating income for the first nine months of 2015 totaled €1,580 million, including €712 million in depreciation, amortization and impairment losses (€688 million in the first nine months of 2014), an increase of €242 million over the same period of 2014.

Capital expenditure

Millions of euro	First nine months			
	2015	2014 restated	Change	
Argentina	259	154	105	68.2%
Brazil	265	216	49	22.7%
Chile	199	162	37	22.8%
Colombia	445	282	163	57.8%
Peru	121	97	24	24.7%
Total	**1,289**	**911**	**378**	**41.5%**

Capital expenditure amounted to €1,289 million, an increase of €378 million compared with the same period of the previous year. Capital expenditure in the first nine months of 2015 primarily concerned work on the distribution network and generation plants in Argentina, as well as the construction of the El Quimbo hydroelectric plant in Colombia.

Eastern Europe

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
11,278	11,230	48	0.4%	Thermal	33,213	32,437	776	2.4%
3,576	3,722	(146)	-3.9%	Nuclear	10,349	10,772	(423)	-3.9%
277	1,292	(1,015)	-78.6%	Hydroelectric	2,040	3,189	(1,149)	-36.0%
15	4	11	-	Other resources	31	32	(1)	-3.1%
15,146	**16,248**	**(1,102)**	**-6.8%**	**Total net generation**	**45,633**	**46,430**	**(797)**	**-1.7%**
10,545	*10,830*	*(285)*	*-2.6%*	*- of which Russia*	*31,132*	*31,172*	*(40)*	*-0.1%*
4,255	*5,418*	*(1,163)*	*-21.5%*	*- of which Slovakia*	*13,719*	*15,258*	*(1,539)*	*-10.1%*
346	*-*	*346*	*-*	*- of which Belgium*	*782*	*-*	*782*	*-*

Net electricity generation in the first nine months of 2015 amounted to 45,633 million kWh, a decrease of 797 million kWh compared with the same period of 2014. The change was mainly due to the decline in generation in Slovakia from nuclear (-423 million kWh) and hydroelectric (-1,149 million kWh) resources, the latter also resulting from the early termination of the contract for the operation of the Gabčíkovo plant. The decrease was partly offset by the generation in Belgium at the Marcinelle Energie thermal plant, which was operated until the end of 2014 through a tolling agreement by the "Italy" Country and is now included in the "Eastern Europe" Region. Developments in net generation showed a similar pattern in the 3rd Quarter of 2015.

Contribution to gross thermal generation

3rd Quarter						Millions of kWh	First nine months					
2015		2014		Change			**2015**		2014		Change	
-	-	79	0.5%	(79)	-	High-sulfur fuel oil (S>0.25%)	-	-	147	0.3%	(147)	-
6,266	39.8%	6,775	42.7%	(509)	-7.5%	Natural gas	18,637	40.3%	18,304	39.9%	333	1.8%
5,650	35.8%	4,996	31.6%	654	13.1%	Coal	16,495	35.6%	15,818	34.5%	677	4.3%
3,851	24.4%	4,002	25.2%	(151)	-3.8%	Nuclear fuel	11,136	24.1%	11,581	25.3%	(445)	-3.8%
15,767	**100.0%**	**15,852**	**100.0%**	**(85)**	**-0.5%**	**Total**	**46,268**	**100.0%**	**45,850**	**100.0%**	**418**	**0.9%**

Gross thermal generation in the first nine months of 2015 increased by 418 million kWh, totaling 46,268 million kWh. The increase in generation from natural gas in Belgium and from coal in Russia was only partly offset by a reduction in the use of nuclear fuel.
The 3rd Quarter of 2015 showed a different pattern, as generation decreased by 85 million kWh mostly due to a reduced use of natural gas, the effect of which was only partly offset by the increased use of coal.

Transport of electricity

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
3,751	3,547	204	5.8%	Electricity transported on Enel's distribution network	10,950	10,434	516	4.9%

Electricity transported – entirely in Romania – increased by 516 million kWh (+4.9%), rising from 10,434 million kWh to 10,950 million kWh in the first nine months of 2015. The increase was mainly associated with newly-installed connections, which reflect the growth in the electricity network in that country. The 3rd Quarter of 2015 showed a similar pattern.

Electricity sales

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
2,548	2,565	(17)	-0.7%	Free market	7,788	7,648	140	1.8%
1,293	1,372	(79)	-5.8%	Regulated market	4,022	4,481	(459)	-10.2%
3,841	**3,937**	**(96)**	**-2.4%**	**Total**	**11,810**	**12,129**	**(319)**	**-2.6%**
1,894	*1,957*	*(63)*	*-3.2%*	*- of which Romania*	*5,783*	*6,094*	*(311)*	*-5.1%*
921	*816*	*105*	*12.9%*	*- of which France*	*2,953*	*2,581*	*372*	*14.4%*
1,026	*1,164*	*(138)*	*-11.9%*	*- of which Slovakia*	*3,074*	*3,454*	*(380)*	*-11.0%*

Electricity sold in the first nine months of 2015 decreased by 319 million kWh, from 12,129 million kWh to 11,810 million kWh. The decline is ascribable to:

> a decrease of 311 million kWh in quantities sold in Romania, mainly due to the gradual liberalization of the market;
> an increase of 372 million kWh in quantities sold in France;
> a decrease of 380 million kWh in sales in Slovakia, following the trend in generation.

Developments showed a similar pattern in the 3rd Quarter of 2015.

Performance

3rd Quarter				Millions of euro	First nine months				
2015	2014 restated	Change			**2015**		2014 restated	Change	
1,167	1,301	(134)	-10.3%	Revenue	3,541		3,932	(391)	-9.9%
733	276	457	-	Gross operating margin	1,125		783	342	43.7%
(805)	169	(974)	-	Operating income	(594)		484	(1.078)	-
				Capital expenditure	135	(1)	598	(463)	-77.4%

(1) Does not include €400 million regarding units classified as "held for sale".

The following tables show performance by geographical area in the 3rd Quarter and in the first nine months of 2015.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Romania	253	241	12	5.0%
Russia	241	395	(154)	-39.0%
Slovakia	598	605	(7)	-1.2%
Other countries	75	60	15	25.0%
Total	**1,167**	**1,301**	**(134)**	**-10.3%**

Revenue in the 3rd Quarter of 2015 amounted to €1,167 million, with a decrease of €134 million (-10,3%) compared with the same period of the previous year. This reflected:

> a decrease of €154 million in revenue in Russia, primarily due to the depreciation of the ruble against the euro and to the decline in electricity sales prices;

> a decrease of €7 million in revenue in Slovakia, mainly attributable to the contraction in volumes generated and sold, as well as to a decrease in prices;

> an increase of €12 million in revenue in Romania, essentially attributable to an increase in revenue from electricity distribution companies;

> an increase of revenue in Belgium.

Gross operating margin

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Romania	83	80	3	3.8%
Russia	24	93	(69)	-74.2%
Slovakia	622	113	509	-
Other countries	4	(10)	14	-
Total	**733**	**276**	**457**	**-**

The **gross operating margin** amounted to €733 million, an increase of €457 million compared with the 3rd Quarter of 2014. This mainly reflected:

> an increase in the gross operating margin in Slovakia, mainly due to the partial reversal of the nuclear waste disposal provision in the amount of €550 million following an analysis by independent experts, who took account of the regulatory changes introduced in July 2015 by the Slovakian government, which approved a new strategy for handling the "back end" of spent nuclear fuel, including postponing the implementation of permanent storage for such waste from 2037 to 2065. This was only partly offset by a decline in the sales prices of electricity;

> a decrease of €69 million in the gross operating margin in Russia, due to the reduction in the generation margin, as well as to the exchange rate developments noted earlier;

> an increase of €3 million in the gross operating margin in Romania.

Operating income

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Romania	57	53	4	7.5%
Russia	(931)	52	(983)	-
Slovakia	66	75	(9)	-12.0%
Other countries	3	(11)	14	-
Total	**(805)**	**169**	**(974)**	**-**

Operating income in the 3rd Quarter of 2015 showed a loss of €805 million, a deterioration of €974 million compared with the same period of 2014, taking account of increased amortization, depreciation and impairment losses in the amount of €1,431 million. More specifically, the Quarter showed:

> a writedown (to estimated realizable value excluding transaction costs, as established by IFRS 5) of €531 million on Slovenské elektrárne's assets, which are classified as held for sale;

> an impairment loss of €919 million on generation assets held by Enel Russia, taking account of the continuing unfavorable market and regulatory conditions in that country.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2015	2014 restated	Change	
Romania	750	756	(6)	-0.8%
Russia	788	1,162	(374)	-32.2%
Slovakia	1,770	1,822	(52)	-2.9%
Other countries	233	192	41	21.4%
Total	**3,541**	**3,932**	**(391)**	**-9.9%**

Revenue in the first nine months of 2015 amounted to €3,541 million, down €391 million (-9.9%) compared with the same period of the previous year. This reflected:

> a decrease of €374 million in revenue in Russia, primarily due to the depreciation of the ruble against the euro (€305 million) and the decline in average electricity prices;

> a decrease of €52 million in revenue in Slovakia, attributable to the contraction in volumes generated and sold, partly reflecting the termination of the contract for the operation of the Gabčíkovo plant, in an environment of falling average prices;

> a decrease of €6 million in revenue in Romania, essentially reflecting the contraction in volumes sold due to the liberalization of the market, the effect of which was only partly offset by the increase in amounts transported and a rise in new connections;

> an increase of €40 million in revenue in Belgium.

Gross operating margin

Millions of euro	First nine months			
	2015	2014 restated	Change	
Romania	221	227	(6)	-2.6%
Russia	119	279	(160)	-57.3%
Slovakia	789	299	490	-
Other countries	(4)	(22)	18	-81.8%
Total	**1,125**	**783**	**342**	**43.7%**

The **gross operating margin** amounted to €1,125 million, an increase of €342 million compared with the first nine months of 2014. This mainly reflected:

> an increase of €490 million in the gross operating margin in Slovakia, mainly due to the reversal of the provision for nuclear waste disposal charges mentioned above;

> a decrease of €160 million in the gross operating margin in Russia, mainly due to the contraction of the generation margin, caused by a decline in the sales prices of electricity in conjunction with rising costs for the purchase of fuel, as well as the exchange rate developments noted earlier, which brought about a decrease of €46 million in the gross operating margin;

> a decrease of €6 million in the gross operating margin in Romania, almost entirely due to electricity sales activities.

Operating income

Millions of euro	First nine months			
	2015	2014 restated	Change	
Romania	140	158	(18)	-11.4%
Russia	(897)	163	(1,060)	-
Slovakia	170	185	(15)	-8.1%
Other countries	(7)	(22)	15	-68.2%
Total	**(594)**	**484**	**(1,078)**	**-**

Operating income in the first nine months of 2015 showed a loss of €594 million, a deterioration of €1,078 million compared with the same period of 2014, taking account of the increase of €1,450 million in impairment losses regarding Enel Russia and Slovenské elektrárne.

Capital expenditure

Millions of euro	First nine months			
	2015	2014 restated	Change	
Romania	66	54	12	22.2%
Russia	68	128	(60)	-46.9%
Slovakia	- (1)	416	(416)	-
Total	**135**	**598**	**(463)**	**-77.4%**

(1) Does not include €400 million regarding units classified as "held for sale".

Capital expenditure amounted to €135 million, a decrease of €463 million compared with the same period of the previous year. The change is attributable to higher costs incurred in Russia in 2014 to restore operations at the Sredneuralskay combined-cycle plant following the stoppage at the end of 2013 and to the classification under assets held for sale of Slovenské elektrárne. Excluding that reclassification, capital expenditure would have decreased by €63 million, of which €16 million regarding Slovakian plants, especially the Mochovce nuclear plant.

Renewable Energy

Operations

Net electricity generation

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
2,508	2,682	(174)	-6.5%	Hydroelectric	8,295	8,690	(395)	-4.5%
1,521	1,484	37	2.5%	Geothermal	4,605	4,427	178	4.0%
3,418	2,726	692	25.4%	Wind	11,330	10,036	1,294	12.9%
247	163	84	51.5%	Other resources	661	373	288	77.2%
7,694	**7,055**	**639**	**9.1%**	**Total**	**24,891**	**23,526**	**1,365**	**5.8%**
2,999	*3,344*	*(345)*	*-10.3%*	*- of which Italy*	*10,114*	*10,806*	*(692)*	*-6.4%*
871	*758*	*113*	*14.9%*	*- of which Iberian Peninsula*	*3,188*	*3,250*	*(62)*	*-1.9%*
-	*56*	*(56)*	*-*	*- of which France*	*-*	*266*	*(266)*	*-*
136	*109*	*27*	*24.8%*	*- of which Greece*	*418*	*369*	*49*	*13.3%*
289	*284*	*5*	*1.8%*	*- of which Romania and Bulgaria*	*1,080*	*935*	*145*	*15.5%*
1,486	*1,328*	*158*	*11.9%*	*- of which United States and Canada*	*5,068*	*4,852*	*216*	*4.5%*
1,076	*788*	*288*	*36.5%*	*- of which Panama, Mexico, Guatemala and Costa Rica*	*2,964*	*1,992*	*972*	*48.8%*
833	*385*	*448*	*-*	*- of which Brazil, Chile and Uruguay*	*2,046*	*1,053*	*993*	*94.3%*
4	*3*	*1*	*33.3%*	*- of which other countries*	*13*	*3*	*10*	*-*

Net electricity generation by the division totaled 24,891 million kWh in the first nine months of 2015 (7,694 million kWh in the 3rd Quarter of 2015), an increase of 1,365 million kWh on the same period of 2014 (+639 million kWh in the 3rd Quarter of 2015). The increase is attributable to greater generation abroad by 2,057 million kWh, mainly from the increase in wind generation in Latin America (+1,250 million KWh) and North America (+273 million kWh), as a result of the expansion of installed capacity, and in hydroelectric generation in Panama (+678 million kWh) thanks to better water conditions. These factors were only partly offset by the decline in wind generation in the Iberian Peninsula (-169 million kWh), as well as the change in the scope of consolidation following the disposal of operations in France at the end of 2014 (-266 million kWh).
Net electricity generation in Italy in the first nine months of 2015 decreased by 692 million kWh on the same period of 2014, primarily reflecting the contraction in hydroelectric output (-841 million kWh) owing to poorer water conditions. That decrease was partly offset by the increase in geothermal generation (+186 million KWh) due to the expansion in installed capacity since the Bagnore plant was put into service.
Developments were similar in the 3rd Quarter of 2015.

Performance

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
665	651	14	2,2%	Revenue	2,258	2,016	242	12.0%
392	423	(31)	-7,3%	Gross operating margin	1,470	1,312	158	12.0%
54	267	(213)	-79,8%	Operating income	751	885	(134)	-15.1%
				Capital expenditure	1,700	1,060	640	60.4%

The following tables show performance by geographical area in the 3rd Quarter and in the first nine months of 2015.

Performance in the 3rd Quarter

Revenue

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Europe	399	444	(45)	-10.1%
Latin America	159	126	33	26.2%
North America	107	81	26	32.1%
Total	**665**	**651**	**14**	**2.2%**

Revenue in the 3rd Quarter of 2015 amounted to €665 million, an increase of €14 million (+2.2%) compared with the same period of the previous year. This reflected:

> a decrease of €45 million in revenue in Europe, mainly ascribable to the reduced availability of hydroelectric resources in Italy and to the decrease in other revenue and income, which in the 3rd Quarter of 2014 included proceeds from the indemnity provided for in the offtake agreement with Sharp for the purchase of the entire output of the 3Sun plant for €95 million;

> increased revenue in North America and Latin America – €26 million and €33 million respectively – mainly due to the expansion of installed capacity.

Gross operating margin

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Europe	221	334	(113)	-33.8%
Latin America	108	41	67	-
North America	63	48	15	31.2%
Total	**392**	**423**	**(31)**	**-7.3%**

The **gross operating margin** in the 3rd Quarter of 2015 amounted to €392 million, a decrease of €31 million (-7.3%) compared with the same period of 2014. The decrease is attributable to:

> a decrease of €113 million in the gross operating margin in Europe, essentially due to the decrease in revenue as mentioned above and the increase in operating costs following the acquisition of control of 3Sun;

> an increase of €67 million in the gross operating margin in Latin America, reflecting the increase in revenue and the reduction in the costs of purchasing electricity in Panama and Brazil, partly offset by the increase in operating costs resulting from the expansion of installed capacity in Chile and Mexico;

> an increase of €15 million in the gross operating margin in North America, as a result of higher revenue, only partly offset by the increase in operating costs for generation associated with the rise in installed capacity.

Operating income

Millions of euro	3rd Quarter			
	2015	2014 restated	Change	
Europe	(46)	229	(275)	-
Latin America	77	24	53	-
North America	23	14	9	64.3%
Total	**54**	**267**	**(213)**	**-79.8%**

Operating income amounted to €54 million, a decrease of €213 million, taking account of an increase of €182 million in depreciation, amortization and impairment losses. The latter included an impairment loss of €155 million on the residual goodwill and, mainly, Enel Green Power Romania's property, plant and equipment owing to the unfavorable market and regulatory conditions of the renewable energy market in that country.

Performance in the first nine months

Revenue

Millions of euro	First nine months			
	2015	2014 restated	Change	
Europe	1,401	1,346	55	4.1%
Latin America	480	389	91	23.4%
North America	377	281	96	34.2%
Total	**2,258**	**2,016**	**242**	**12.0%**

Revenue in the first nine months of 2015 amounted to €2,258 million, an increase of €242 million (+12.0%) compared with the same period of the previous year. This is the result of:

> an increase of €55 million in revenue in Europe, mainly due to the positive effects of the acquisition of control of 3Sun (€132 million in respect of negative goodwill and the remeasurement at fair value of the Group's previous interest in the company), the similar

effects of finalizing the split of the Portugal-based ENEOP consortium's assets (gains and remeasurement at fair value for a total €29 million) and the recognition of the indemnity provided for in the agreement with STM (€12 million). These factors more than offset a reduction in revenue from the electricity sales in Italy in reflection of the decline in hydroelectric generation and the change in the scope of consolidation as a result of the disposal of Enel Green Power France in December 2014;
> an increase of €91 million in revenue in Latin America, largely due to an increase in generation in Chile, Mexico and Brazil (totaling €77 million);
> an increase of €96 million in revenue in North America, primarily due to the positive impact of the appreciation of the US dollar against the euro, the increase in volumes generated, a rise in income from tax partnerships and the increase in other revenue as a result of the disposal of certain assets.

Gross operating margin

Millions of euro	First nine months			
	2015	2014 restated	Change	
Europe	939	993	(54)	-5.4%
Latin America	274	126	148	-
North America	257	193	64	33.2%
Total	**1,470**	**1,312**	**158**	**12.0%**

The **gross operating margin** in the first nine months of 2015 amounted to €1,470 million, an increase of €158 million (+12.0%) compared with the first nine months of 2014. The increase is attributable to:
> a decrease of €54 million in the gross operating margin in Europe, mainly due to the decrease in revenue from the sale of electricity, the increase of operating costs from the acquisition of control of 3Sun and the increase in net expense from commodity contracts measured at fair value;
> an increase of €148 million in the gross operating margin in Latin America – taking account of favorable exchange rate developments for €37 million – reflecting the increase in revenue and the reduction in costs of purchasing electricity in Brazil and Panama, as mentioned above; in Panama, better water conditions helped reduce the costs of purchasing electricity in order to honor sales contracts. The increase was partly offset by higher operating costs due to the expansion in installed capacity in Chile, Mexico and Brazil;
> an increase of €64 million in the gross operating margin in North America – taking account of favorable exchange rate developments for €46 million – reflecting the increase in revenue, only partly offset by the increase in personnel costs and operating costs associated with the expansion of installed capacity.

Operating income

Millions of euro	First nine months			
	2015	2014 restated	Change	
Europe	448	690	(242)	-35.1%
Latin America	184	85	99	-
North America	119	110	9	8.2%
Total	**751**	**885**	**(134)**	**-15.1%**

Operating income in the first nine months of 2015 amounted to €751 million, a decrease of €134 million, taking account of a rise of €292 million in depreciation, amortization and impairment losses, mainly due to the impairment loss on Enel Green Power Romania mentioned above, the expansion of installed capacity on the American continent, value adjustments of specific projects in North America and the writedown of specific receivables in the Europe region.

Capital expenditure

Millions of euro	First nine months			
	2015	2014 restated	Change	
Europe	398	251	147	58.6%
Latin America	1,103	602	501	83.2%
North America	199	207	(8)	-3.9%
Total	**1,700**	**1,060**	**640**	**60.4%**

Capital expenditure in the first nine months of 2015 amounted to €1,700 million, an increase of €640 million on the same period of the previous year. Capital expenditure mainly regarded wind plants in Latin America (€573 million), North America (€184 million) and Europe (€96 million), photovoltaic plants in Chile (€253 million) and South Africa (€124 million) and hydroelectric plants in Brazil and Costa Rica (€181 million).

Other, eliminations and adjustments

3rd Quarter				Millions of euro	First nine months			
2015	2014 restated	Change			**2015**	2014 restated	Change	
140	142	(2)	-1.4%	Revenue (net of eliminations)	424	532	(108)	-20.3%
(29)	(9)	(20)	-	Gross operating margin	(81)	42	(123)	-
(36)	(16)	(20)	-	Operating income	(101)	20	(121)	-
				Capital expenditure	24	15	9	60.0%

Performance in the 3rd Quarter

Revenue net of eliminations in the 3rd Quarter of 2015 amounted to €140 million, a decrease of €2 million compared with the same period of the previous year (-1.4%), mainly due to the decline in revenue for support and staff services, only partly offset by an increase in revenue for reinsurance and ICT services.

The **gross operating margin** in the 3rd Quarter of 2015, a negative €29 million, deteriorated by €20 million on the same period of 2014.

Operating income, showing a loss of €36 million, also deteriorated by €20 million on the 3rd Quarter of 2014.

Performance in the first nine months

Revenue net of eliminations in the first nine months of 2015 totaled €424 million, a decrease of €108 million on the same period of the previous year (-20.3%). Excluding the income (equal to €82 million) from the adjustment of the price in the 1st Quarter of 2014 on the sale of Artic Russia in 2013 with respect to the earn-out clause contained in contracts with the buyer of that company, revenue decreased by €26 million compared with the first nine months of 2014. The latter decrease is largely attributable to a decrease of €31 million in revenue for support and staff services provided by the Parent Company to other Group companies, which reflects the change in the organizational model adopted and the new mechanism for remunerating its activities

The **gross operating margin** in the first nine months of 2015, a loss of €81 million, deteriorated by €123 million, essentially due to the effect of the price adjustment noted above. Excluding that income, the gross operating margin fell by €41 million on the first nine months of 2014. This reflected a number of adjustments of prior-year amounts in respect of the support and staff services of the Parent Company.

Operating income in the first nine months of 2015 showed a loss of €101 million, a deterioration of €121 million on the same period of the previous year, taking account of a reduction of €2 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure in the first nine months of 2015 amounted to €24 million, an increase of €9 million on the first nine months of 2014.

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 Sept. 30, 2015	at Dec. 31, 2014	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	87,676	89,844	(2,168)	-2.4%
- goodwill	13,815	14,027	(212)	-1.5%
- equity investments accounted for using the equity method	675	872	(197)	-22.6%
- other net non-current assets/(liabilities)	810	(741)	1,551	-
Total net non-current assets	**102,976**	**104,002**	**(1,026)**	**-1.0%**
Net current assets:				
- trade receivables	12,412	12,022	390	3.2%
- inventories	3,491	3,334	157	4.7%
- net receivables due from Electricity Equalization Fund and similar bodies	(3,939)	(2,994)	(945)	-31.6%
- other net current assets/(liabilities)	(5,598)	(4,827)	(771)	-16.0%
- trade payables	(10,110)	(13,419)	3,309	24.7%
Total net current assets	**(3,744)**	**(5,884)**	**2,140**	**36.4%**
Gross capital employed	**99,232**	**98,118**	**1,114**	**1.1%**
Provisions:				
- post-employment and other employee benefits	(3,585)	(3,687)	102	2.8%
- provisions for risks and charges and net deferred taxes	(6,766)	(7,391)	625	8.5%
Total provisions	**(10,351)**	**(11,078)**	**727**	**6.6%**
Net assets held for sale	**1,751**	**1,488**	**263**	**17.7%**
Net capital employed	**90,632**	**88,528**	**2,104**	**2.4%**
Total shareholders' equity	**51,275**	**51,145**	**130**	**0.3%**
Net financial debt	**39,357**	**37,383**	**1,974**	**5.3%**

Net capital employed at September 30, 2015 amounted to €90,632 million and was funded by shareholders' equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €51,275 million and net financial debt of €39,357 million. At September 30, 2015 the debt/equity ratio was 0.77 (0.73 at December 31, 2014).

Analysis of the Group's financial structure

Net financial debt

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

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014	Change	
Long-term debt:				
- bank borrowings	6,949	7,022	(73)	-1.0%
- bonds	35,957	39,749	(3,792)	-9.5%
- other borrowings	1,608	1,884	(276)	-14.6%
Long-term debt	*44,514*	*48,655*	*(4,141)*	*-8.5%*
Long-term financial receivables and securities	(2,188)	(2,701)	513	19.0%
Net long-term debt	**42,326**	**45,954**	**(3,628)**	-
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	727	824	(97)	-11.8%
- other short-term bank borrowings	293	30	263	-
Short-term bank borrowings	*1,020*	*854*	*166*	*19.4%*
Bonds (short-term portion)	4,438	4,056	382	9.4%
Other borrowings (short-term portion)	236	245	(9)	-3.7%
Commercial paper	636	2,599	(1,963)	-75.5%
Cash collateral and other financing on derivatives	1,691	457	1,234	-
Other short-term financial payables	33	166	(133)	-80.1%
Other short-term debt	*7,034*	*7,523*	*(489)*	*-6.5%*
Long-term financial receivables (short-term portion)	(1,089)	(1,566)	477	30.5%
Factoring receivables	(109)	(177)	68	38.4%
Financial receivables and cash collateral	(1,227)	(1,654)	427	25.8%
Other short-term financial receivables	(288)	(323)	35	10.8%
Cash and cash equivalents with banks and short term securities	(8,310)	(13,228)	4,918	37.2%
Cash and cash equivalents and short-term financial receivables	*(11,023)*	*(16,948)*	*5,925*	*35.0%*
Net short-term debt	**(2,969)**	**(8,571)**	**5,602**	**65.4%**
NET FINANCIAL DEBT	**39,357**	**37,383**	**1,974**	**5.3%**
Net financial debt of "Assets held for sale"	**1,240**	**620**	**620**	**-**

Net financial debt amounted to €39,357 million at September 30, 2015, an increase of €1,974 million on December 31, 2014.

More specifically, net long-term debt fell by €3,628 million, the balance of a decrease in long-term financial receivables of €513 million and a decline in gross long-term debt of €4,141 million.

With regard to the latter aggregate:

> bank borrowings amounted to €6,949 million, a decrease of €73 million due mainly to the reclassification to short term of the share of long-term bank borrowings falling due within

12 months. This was partly offset by drawings on the part of Endesa on a EIB loan of €300 million.

The forward starting revolving credit facility of about €9.44 billion obtained in February 2013 by Enel SpA and Enel Finance International, falling due in April 2018, was renegotiated on February 11, 2015, reducing its cost and extending its term until 2020.
The facility was undrawn at September 30, 2015, as were the committed credit lines obtained by Enel SpA and Enel Finance International.

> Bonds amounted to €35,957 million, a decrease of €3,792 million on the end of 2014, mainly due to:
  - the reclassification to short term of the current portion of bonds maturing within the next 12 months, including a floating-rate bond in the total amount of €1,000 million and a fixed-rate note of €2,000 million, both issued by Enel SpA and maturing in February 2016, as well as a fixed-rate bond issued by Enel Finance International in the amount of €1,082 million, maturing in September 2016;
  - the new issues made in the first nine months of 2015, including a non-binding offer to exchange in January 2015 through which Enel Finance International repurchased bonds in the total amount of €1,429 million and at the same time issued a senior fixed-rate note of €1,462 million maturing in January 2025.

> In the first nine months of 2015, repayments were made of the following bond issues:
  - €1,000 million in respect of a fixed-rate bond issued by Enel SpA in 2007, maturing in January 2015;
  - €1,300 million in respect of a fixed-rate bond issued by Enel SpA in 2007, maturing in January 2015;
  - €1,195 million in respect of a fixed-rate bond issued by Enel Finance International in 2011, maturing in September 2015.

In addition, on July 16, 2015, a €450 million credit facility was agreed between Enel SpA and UniCredit SpA, replacing the €400 million facility agreed on July 18, 2013, which was to terminate in July 2016.
On August 27, 2015, the South African company Enel Green Power RSA Proprietary Limited obtained a 15-year €145 million loan from HSBC Bank Plc, secured by a guarantee from SACE SpA. At September 30, 2015, it had not yet been drawn.

Net short-term debt showed a creditor position of €2,969 million at September 30, 2015, a decrease of €5,602 million on the end of 2014, the result of the decrease in other short-term borrowings of €489 million and the decrease in cash and cash equivalents and short-term financial receivables in the amount of €5,925 million, partly offset by an increase in short-term bank borrowings in the amount of €166 million, mainly as a result of the new bank borrowings drawn by a number of Latin American companies.

Other short-term debt, totaling €7,034 million, includes commercial paper issued by Enel Finance International and International Endesa BV amounting to €636 million, as well as bonds maturing within 12 months amounting to €4,438 million.

Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,227 million, while cash collateral received from such counterparties amounted to €1,691 million.

Cash and cash equivalents and short-term financial receivables came to €11,023 million, down €5,925 million compared with the end of 2014, mainly due to the decrease in cash with banks and short-term securities in the amount of €4,918 million and in other short-term financial receivables for €35 million, as well as the decrease in cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities of €427 million.

Cash flows

Cash flows from operating activities in the first nine months of 2015 were a positive €5,177 million, up €2,247 million on the same period of the previous year, mainly due to decreased use of cash in connection with the change in net current assets.

Cash flows from investing/disinvesting activities in the first nine months of 2015 absorbed funds in the amount of €4,653 million, while in the first nine months of 2014 they had absorbed liquidity totaling €4,087 million. More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets amounted to €5,081 million in the first nine months of 2015, up €1,069 million on the corresponding period of the previous year, mainly due to increased investment abroad and in renewable technologies.
Investments in entities or business units, net of cash and cash equivalents acquired, amounted to €57 million in the first nine months of 2015 and regarded the acquisition of 100% of a number of minor companies operating in the Mexican wind farm development sector, the acquisition of 68% of BLP Energy, a company operating in the renewables sector in India, as well as on account payments for future equity investments.
In the first nine months of 2015, the disposal of entities and business units, net of cash and cash equivalents sold, generated cash flows of €437 million, mainly accounted for by the disposals of SE Hydropower and SF Energy, operating in the Italian hydroelectric generation sector, as well as the disposal of a number of minor companies in Latin America and North America.
Cash flows generated by other investing/disinvesting activities in the first nine months of 2015 amounted to €48 million, and are essentially attributable to ordinary disinvestments during the period.

Cash flows from financing activities absorbed liquidity in the amount of €5,176 million, while in the first nine months of 2014 they showed cash used of €1,060 million. The flow in the first nine months of 2015 is essentially associated with the reduction of net financial debt (the net balance of repayments and new borrowing) in the amount of €3,339 million and the payment of dividends totaling €2,192 million, of which €1,316 million paid to Enel SpA shareholders. This was only partly offset by higher receipts on transactions involving non-controlling interests in the amount of €355 million. More specifically, the latter include:

> the receipt of €344 million (net of transaction costs) from the disposal of 49% of EGPNA Renewable Energy Partners, a generation company operating in the United States;
> the outlay of €9 million for the purchase of the remaining 49% of Energia Eolica, an Italian company active in the wind generation sector, in which the Group had previously held the other 51%;
> the net positive impact of other minor transactions (capital increases and decreases in companies in Chile, the United States and South Africa) totaling €20 million.

In the first nine months of 2015, cash flows from operating activities in the amount of €5,177 million only partly covered the cash needs for financing activities in the amount of €5,176 million and for investing activities totaling €4,653 million. The difference is reflected in the decrease in cash and cash equivalents, which at September 30, 2015 amounted to

€8,457 million, compared with €13,255 million at the end of 2014. This decrease also reflects the effect of negative developments in the exchange rates of the various local currencies against the euro, equal to €146 million.

Significant events in the 3rd Quarter of 2015

Enel again in the FTSE4Good index

On July 13, 2015, the Enel Group was once again confirmed in the prestigious FTSE4Good index, having been awarded an overall score of 4.3 out of 5 in its ESG (Environmental - Social - Governance) performance. The FTSE4Good index measures the performance of companies in areas such as the fight against climate change, governance, respect for human rights and combatting corruption. Enel Green Power, the renewables company of the Enel Group, was also confirmed as a participant in the index.

Created by the global index company FTSERussell, FTSE4Good is an equity index series designed to foster investment in companies based on their ESG performance. Companies included in the FTSE4Good Index Series meet a variety of environmental, social and governance criteria.

Reorganization of operations in Latin America

On July 27, 2015, the boards of directors of Enersis SA ("Enersis") and its subsidiaries Endesa Chile and Chilectra SA ("Chilectra"), following an analysis of the corporate reorganization project to separate the electricity generation and distribution operations carried out in Chile from those conducted in other Latin American countries, agreed that the reorganization shall be achieved through the following corporate transactions: (i) the partial spin-off of Endesa Chile and Chilectra by allocating all of the assets and liabilities they hold in other Latin American countries (i.e. other than Chile) to two newly-established companies, named, respectively, "Endesa Americas" and "Chilectra Americas"; (ii) the partial spin-off of Enersis by allocating all of the assets and liabilities it holds in Chile (including its stakes in Endesa Chile and Chilectra) to a newly-established company named "Enersis Chile", with a concomitant change of the Enersis company name into "Enersis Americas", which will continue to own all of the assets and liabilities held in other Latin American countries (including the stakes in the newly-established companies Endesa Americas and Chilectra Americas); and (iii) the merger of Endesa Americas and Chilectra Americas into Enersis Americas. This surviving company will therefore own all of the stakes held by the Enersis Group in other Latin American countries (i.e. other than Chile). Enersis Chile and Enersis Americas are expected to be based in Chile and their shares listed on the same markets on which the Enersis Group companies' shares are currently listed. None of these transactions will require the existing shareholders to commit additional financial resources.

It is expected that the first phase of the reorganization, involving the spin-offs of Endesa Chile, Chilectra and Enersis, will be submitted to their respective shareholders' meetings for approval during the 4th Quarter of 2015 and that the corporate reorganization process will be completed by the end of the 3rd Quarter of 2016.

Enel again in the Dow Jones Sustainability World Index

On September 10, 2015, the Enel Group, for the twelfth consecutive year, was included in the Dow Jones Sustainability World Index (DJSI World). The index comprises just 317 companies around the world, fewer than 10% of those selected by RobecoSAM for assessment for admission to the DJSI. Enel is one of 10 Italian companies in the DJSI World.

Acquisition of BLP Energy

On September 24, 2015, Enel Green Power acquired a majority stake in BLP Energy ("BLP"), the utility-scale wind and solar subsidiary of Bharat Light & Power for a total of about €30 million. BLP, one of the most important renewables companies in India, current owns and operates wind plants in the states of Gujarat and Maharashtra with a total installed capacity of 172 MW and total annual output of about 340 GWh. The company also has a pipeline of about 600 MW of wind projects at various stages of development.

Agreement to separate renewables assets in Portugal

On September 30, 2015, Enel Green Power España ("EGPE") signed an agreement with the Portuguese company First State Wind Energy Investments for the sale of the entire share capital of Finerge Gestão de Projectos Energéticos ("Finerge"), a wholly-owned EGPE subsidiary active in the Portuguese renewables sector. First State Wind Energy Investments is wholly owned by funds of First State Investments, an asset management company operating at the global level. The total consideration for the sale amounts to about €900 million, including part of a loan allocated to the Portuguese assets.

Reference scenario

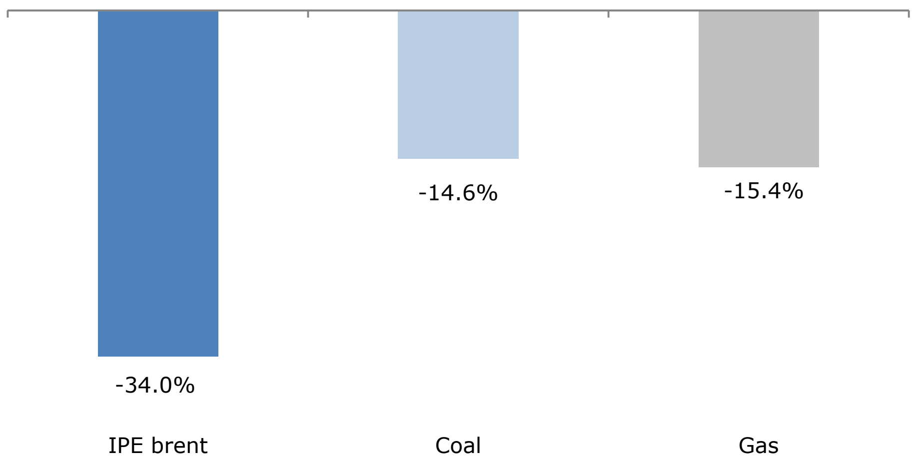
Developments in the main market indicators

	First nine months	
	2015	2014
Market indicators		
Average IPE Brent oil price ($/bbl)	72.1	109.1
Average price of CO_2 (€/ton)	6.8	5.5
Average price of coal ($/t CIF ARA) (1)	67.9	79.5
Average price of gas (€/MWh) (2)	21.3	25.1
Average dollar/euro exchange rate	1.11	1.35
Six-month Euribor (average for the period)	0.08%	0.35%

(1) API#2 index.
(2) TTF index.

Although the euro/dollar exchange rate has swung up and down, in the 3rd Quarter of 2015 it stabilized around its value in June. The policies of the ECB and developments in national economies have also held interest rates steady at very low levels compared with their historic values.

Change in average fuel prices in the first nine months of 2015 compared with the first nine months of 2014



Electricity and natural gas markets

Electricity demand

3rd Quarter			GWh	First nine months		
2015	2014	Change		**2015**	2014	Change
83,341	**78,139**	**6.7%**	**Italy**	**237,392**	**233,031**	**1.9%**
63,844	61,549	3.7%	Spain	187,359	182,739	2.5%
172,855	173,978	-0.6%	Russia	558,263	559,099	-0.1%
6,816	6,672	2.2%	Slovakia (1)	21,423	20,821	2.9%
34,791	32,750	6.2%	Argentina	102,211	97,293	5.1%
132,634	138,216	-4.0%	Brazil (1)	408,207	424,353	-3.8%
13,480	13,158	2.4%	Chile (1)	39,822	38,987	2.1%
17,062	16,277	4.8%	Colombia	49,268	47,461	3.8%

Source: national TSOs.
Enel estimates for the first nine months of 2015.

In the 3rd Quarter of 2015, Europe experienced a consolidation of electricity demand with significant signs of recovery. The monetary stimulus imparted by the European Central Bank has fostered a recovery in industrial activity and, consequently, a revival of consumption.
In Italy, consumption strengthened (+6.7% in the 3rd Quarter on the same period of 2014), due both to the impact of rising demand in industry as a result of the recovery and to higher temperatures in the summer, which boosted demand in the residential segment. In September 2015 demand grew by 1.0% on an adjusted basis compared with the same period of the previous year, in line with forecast GDP growth in the 3rd Quarter of 2015 (+1.1%), underscoring the elasticity of consumption to the initial signs of economic recovery.
Seasonally-adjusted electricity demand in September 2015 decreased by 1.5% on August, although the trend remained upwards.
In the first nine months of 2015, electricity demand in Italy grew by 1.9% compared with the corresponding period of 2014.
In Spain, the improvement in the economic outlook sustained consumption growth in industry and in the residential segment (but it contracted in services), with overall growth in the first nine months of 2015 of 2.5%, although this was less than the growth trend in GDP (forecast at +3.4% in the 3rd Quarter of 2015, compared with an average of 3.1% in the first three quarters of 2015). On an adjusted basis (i.e. excluding calendar and temperature effects), growth in the first nine months of 2015 was just 1.2%, confirming the decoupling under way in the sector.
Demand was especially robust in July, rising by 11.2% (+5.4% adjusted), owing to the increase in temperatures. In September 2015, demand declined by 3.7% (-0.7% on adjusted basis).
In Eastern Europe, with the exception of Russia, demand showed signs of strengthening, expanding by an average of about 2.2% in Slovakia in the 3rd Quarter of 2015.
In Latin America, demand growth in the 3rd Quarter of 2015 remained strong in Colombia (+4.8% on the same period of 2014), Chile (+2.4%) and Argentina (+6.2%), but demand contracted by 4.0% in Brazil, reflecting the adverse economic climate in that country.

Electricity prices

	Average baseload price 3Q 2015 (€/MWh)	Change in average baseload price 3Q 2015 - 3Q 2014	Average peakload price 3Q 2015 (€/MWh)	Change in average peakload price 3Q 2015 - 3Q 2014
Italy	**56.7**	**12.4%**	**62.3**	**16.5%**
Spain	55.7	6.6%	61.8	6.7%
Russia	15.8	-34.7%	18.4	-34.3%
Slovakia	36.1	13.1%	45.7	17.1%
Brazil	74.2	-69.9%	107.4	-67.2%
Chile	80.1	-39.8%	145.8	-41.3%
Colombia	65.7	-40.6%	277.9	24.0%

Natural gas demand

3rd Quarter				Millions of m^3	First nine months			
2015	2014	Change			**2015**	2014	Change	
11,482	**10,919**	**563**	**5.2%**	**Italy**	**46,520**	**43,623**	**2,897**	**6.6%**
5,996	5,726	269	4.7%	Spain	21,385	18,897	2,487	13.2%

The first nine months of 2015 experienced a sharp rise in natural gas demand in Italy and in Spain, expanding by 6.6% and 13.2%, respectively, compared with the same period of 2014. The rise is largely attributable to the improvement in economic conditions and the greater competitiveness of gas with respect to conventional sources as a result of falling prices in Europe.

In Spain, especially, against a background of flexible gas demand that is closely dependent on the availability of power from renewables plants, environmental conditions (lower water availability) and less attractive coal prices made combined-cycle plants and the use of gas more competitive.

Italy

Domestic electricity generation and demand

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
				Net electricity generation:				
49,086	41,997	7,089	16.9%	- thermal	133,115	122,714	10,401	8.5%
12,320	16,103	(3,783)	-23.5%	- hydroelectric	36,257	47,130	(10,873)	-23.1%
2,694	3,198	(504)	-15.8%	- wind	11,715	11,425	290	2.5%
1,444	1,416	28	2.0%	- geothermal	4,330	4,150	180	4.3%
8,199	7,235	964	13.3%	- photovoltaic	20,382	18,614	1,768	9.5%
73,743	**69,949**	**3,794**	**5.4%**	**Total net electricity generation**	**205,799**	**204,033**	**1,766**	**0.9%**
9,960	8,544	1,416	16.6%	Net electricity imports	32,899	30,798	2,101	6.8%
83,703	**78,493**	**5,210**	**6.6%**	**Electricity delivered to the network**	**238,698**	**234,831**	**3,867**	**1.6%**
(362)	(354)	(8)	-2.3%	Consumption for pumping	(1,306)	(1,800)	494	27.4%
83,341	**78,139**	**5,202**	**6.7%**	**Electricity demand**	**237,392**	**233,031**	**4,361**	**1.9%**

Source: Terna - Rete Elettrica Nazionale (monthly report - September 2015).

Electricity demand in Italy in the first nine months of 2015 increased by 1.9% compared with the same period of 2014, reaching 237.4 TWh (83.3 TWh in the 3rd Quarter of 2015). Of total electricity demand, 86.1% was met by net domestic electricity generation for consumption (86.8% in the first nine months of 2014) with the remaining 13.9% being met by net electricity imports (13.2% in the first nine months of 2014).

Net electricity imports in the first nine months of 2015 rose by 6.8% compared with the first nine months of 2014. The trend was similar, albeit more pronounced, in the 3rd Quarter of 2015, with an increase of 16.6% (+1.4 TWh).

Net electricity generation in the first nine months of 2015 expanded by 0.9% (+1.8 TWh), to 205.8 TWh (73.7 TWh in the 3rd Quarter of 2015). More specifically, the decrease in hydroelectric generation (-10.9 TWh), reflecting the more favorable water conditions in the year-earlier period, was more than offset by an increase in generation from thermal generation (+10.4 TWh) and in generation from other renewable resources (+2.3 TWh).
A similar pattern was registered in the 3rd Quarter of 2015, with the exception of wind generation, which decreased by 0.5 TWh.

Domestic natural gas demand

3rd Quarter				Millions of m³	First nine months			
2015	2014	Change			**2015**	2014	Change	
2,887	3,087	(200)	-6.5%	Distribution networks	21,548	20,039	1,509	7.5%
2,965	3,064	(99)	-3.2%	Industry	9,669	9,759	(90)	-0.9%
5,424	4,433	991	22.4%	Thermal generation	14,295	12,639	1,656	13.1%
206	335	(129)	-38.5%	Other (1)	1,008	1,186	(178)	-15.0%
11,482	**10,919**	**563**	**5.2%**	**Total**	**46,520**	**43,623**	**2,897**	**6.6%**

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

In the 3rd Quarter of 2015, gas consumption increased by 5.2% (+6.6% in the first nine months of 2015), mainly driven by thermal generation (+22.4%) thanks to the reduced availability of hydroelectric plants and the greater competitiveness of cogeneration plants among conventional sources. The increase partly reflects weather conditions in the summer. In September, demand contracted by 0.4% on the previous month (-2.8% compared with the same period of 2014). Consumption for thermal generation also increased far less robustly in September, at just 1.1%.
Withdrawals by distribution networks (for civil, commercial and services uses) declined by 6.5%, with the industrial segment also contracting by 3.2%.
With regard to the supply side, the slowdown in consumption did not halt the buildup of stocks, driven by rising imports. Despite stagnant demand, imports rose by more than 600 million cubic meters compared with September 2014, an increase of 14.3% (+6.9% on 2014), almost entirely directed towards stockbuilding, with net injections exceeding their 2014 levels by more than 600 million cubic meters (+86.2%).

Spain

Electricity generation and demand in the peninsular market

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
65,668	63,742	1,926	3.0%	Net electricity generation	193,596	190,664	2,932	1.5%
(735)	(674)	(61)	-9.1%	Consumption for pumping	(3,221)	(3,958)	737	18.6%
(1,089)	(1,519)	430	28.3%	Net electricity exports (1)	(3,016)	(3,967)	951	24.0%
63,844	**61,549**	**2,295**	**3.7%**	**Electricity demand**	**187,359**	**182,739**	**4,620**	**2.5%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español peninsular* - September 2015 and 2014 reports). The volumes reported for the first nine months of 2014 are updated to April 5, 2015.

Electricity demand in the peninsular market in the first nine months of 2015 rose by 2.5% compared with the same period of 2014 (+3.7% in the 3rd Quarter of 2015), reaching 187.4

TWh (63.8 TWh in the 3rd Quarter of 2015). Demand was entirely met by net domestic generation for consumption.

Net electricity exports in the first nine months of 2015 fell by 24.0% compared with the year-earlier period. This was driven by developments in the 3rd Quarter of 2015, when they fell by 28.3%.

Net electricity generation in the first nine months of 2015 amounted to 193.6 TWh (65.7 TWh in the 3rd Quarter of 2015), an increase of 1.5% (2.9 TWh), essentially due to greater demand in the peninsular market. A similar pattern was seen in the 3rd Quarter of 2015.

Electricity generation and demand in the extra-peninsular market

3rd Quarter				Millions of kWh	First nine months			
2015	2014	Change			**2015**	2014	Change	
3,813	3,678	135	3.7%	Net electricity generation	10,281	10,031	250	2.5%
471	465	6	1.3%	Net electricity imports	1,071	1,030	41	4.0%
4,284	**4,143**	**141**	**3.4%**	**Electricity demand**	**11,352**	**11,061**	**291**	**2.6%**

Source: Red Eléctrica de España (*Balance eléctrico: Estadística diaria del sistema eléctrico español extrapeninsular* - September 2015 and 2014 reports). The volumes reported for the first nine months of 2014 are updated to April 5, 2015.

Electricity demand in the extra-peninsular market in the first nine months of 2015 rose by 2.6% compared with the same period of 2014, to 11.4 TWh (4.3 TWh, +3.4% in the 3rd Quarter of 2015). Demand was largely (90.6%) met directly by net generation in the extra-peninsular area, with imports accounting for the remaining 9.4%.

Net electricity imports in the first nine months of 2015 amounted to 1.1 TWh (0.5 TWh in the 3rd Quarter of 2015) and were entirely accounted for by trade in power generated in the Iberian Peninsula.

Net electricity generation in the first nine months of 2015 rose by 2.5% (+0.2 TWh) compared with the same period of the previous year, essentially reflecting the rise in demand in the extra-peninsular areas. Developments were similar in the 3rd Quarter of 2015.

Regulatory and rate issues

The European regulatory framework

Summer Package

On July 15, 2015, the European Commission presented new proposals for action in the so-called Summer Package, thereby launching the activities provided for in the Energy Union document presented in February.

The package comprises a series of documents intended to give consumers a new role in the energy market (through a communication on the retail market and a document on self-consumption), to launch a redesign of the European electricity market (with a communication and a consultation on market design) and to revise the EU Emissions Trading System as an instrument for achieving the European emissions reduction targets at 2030 (through a proposal for legislation to revise the ETS Directive).

The package identifies a number of reform needs within the European energy sector, including the need to increase integration, improve flexibility, promote long-term signals, improve the retail market with a key contribution from smart grids and strengthen the CO_2 market.

More specifically, the energy market must converge towards greater integration of European electricity markets: the day-ahead market, the intraday market and the balancing market. In addition, in order to ensure the necessary investment and reduce risks for energy operators, long-term markets will be developed through the definition of long-term contracts and the need to use those instruments as drivers for achieving decarbonization.

Market integration will have to involve renewables as well. Such resources must be able to participate in the market and be able to provide ancillary services and balancing. As they play a fundamental role in the transition to a low-carbon economy, renewable resources can, if necessary, be promoted using competitive mechanisms, such as auctions, using more coordinated approaches at the regional level.

The retail market is also included in the proposals. The role of the consumer needs to be updated thanks to greater market competition (simplification of switching, access to real-time consumption data). This will be achieved through the promotion of smart grids and expanding the dissemination of smart appliances, which will enable active consumer participation. Distribution system operators will have a very important role as facilitators of this process, one that will have to be supported by incentive mechanisms. The package also emphasizes that self-consumption will play an increasingly important role in the system and it is therefore necessary to remove all barriers to its spread. At the same time, it will also be necessary to ensure appropriate financing of network and system costs even in the presence of a massive expansion of self-consumption.

In order to achieve medium and long-term emissions reduction targets, the Commission has also proposed a reform of the ETS, confirming its key role in the European decarbonization strategy. The document raises the ambition of the ETS with a view to achieving a 40% reduction in CO_2 emissions by 2030. It also proposes measures to safeguard domestic industry from the risk of carbon leakage through compensation mechanisms for costs and to support technological innovation as a drive of the progressive transition to a low-carbon economy.

REMIT reporting

On October 7, 2015 the first phase of REMIT reporting began. It involves orders and transactions executed on organized markets and most data on capacity and plant usage. Data on transactions executed outside of organized markets, transmission contracts and usage of LNG and storage plants will be transmitted to the Agency for the Cooperation of Energy Regulators (ACER) beginning on April 7, 2016.
The reporting is intended to support market monitoring by ACER and national regulators.

Italy

With its Resolution 296/2015/R/com of June 22, 2015, the Authority for Electricity, Gas and the Water System (the Authority) approved the unbundling requirements for operators in the electricity and gas sector.
In the resolution, the Authority confirmed that companies must maintain a separation between the brand and communication policies (including the company name) of the distribution companies and those of the companies that sell power. Furthermore, in the electricity sector, there must also be a separation between those companies that sell electricity on the free market and on the enhanced protection market.
Commercial activities related to distribution, especially interfacing with the end user, must be conducted utilizing information channels, physical locations and personnel that are distinct from those used for the sale of electricity and natural gas. This separation requirement also applies to companies that sell electricity on the free market and on the enhanced protection market.
The provisions are effective immediately. However, companies have until June 30, 2016 to meet the new requirement for the separation of brand and communication policies. The deadline for compliance with the provisions on the use of separate information channels, physical locations and personnel is January 1, 2017.

Generation

Electricity

Generation and wholesale market

With Resolution no. 95/2015/R/eel, the Authority proposed to the Ministry for Economic Development that the opening of the Capacity Market be moved forward, with an initial phase of implementation beginning on January 1, 2017 and ending no later than December 31, 2020, with the launch of full operation of the mechanism. Under the Authority's proposal, during the initial phase, there would be no direct foreign demand and resources permitted in the market, but their contribution would be measured for statistical purposes. The Authority also proposes that, during that phase, the minimum remuneration for existing capacity be determined on the basis of the avoidable fixed costs of a combined-cycle plant. This proposal has been submitted to the Ministry for approval.
On February 24, 2015, the market coupling model for the Italian, Austrian, French and Slovenian day-ahead trading markets was launched. Market coupling is a mechanism for

integrating day-ahead markets that, in setting the electricity prices for the different segments of the European market involved, also allocates the transport capacity available between those segments, thereby optimizing the use of interconnections.
With Resolution no. 92/2015/R/eel, the Authority specified the criteria for reintegrating plants essential to the security of the gas system for 2013 and approved an advance of the integration fee owed for 1st Half of 2013.
The Council of State, with its decision of March 20, 2015, affirmed the voiding of the Authority's Resolutions nos. 342/2012/R/eel, 197/2013/R/eel, 239/2013/R/eel and 285/2013/R/eel containing urgent measures designed to contain the dispatching costs associated with the imbalancing of plants not admitted to the Ancillary Services Market (ASM).
Following the decision, Terna recalculated the revenue and cost entries pertaining to the imbalancing that had been invoiced in periods prior to the issue of the decision and made the relative adjustments.
The Council of State based its decision on the failure of the Authority to demonstrate the urgency of introducing the measures and the associated procedural defects of failing to consult with the operators.
After the decision was announced, the Authority initiated the process of consulting with the operators (consultation no. 163/2015/R/eel) concerning the specific proposals for reforming the rules on effective imbalancing, aimed at correcting the distortions that currently affect it.
With Resolution no. 333/2015/R/eel, the Authority also began the process, expected to be completed by the end of the year, for establishing the procedures for implementing the Council of State decision for the years 2012, 2013 and 2014 and asked Terna to take the same into account in performing adjustments.
With Decree Law 91 of June 24, 2014, all schedulable generation units located in Sicily with a capacity of more than 50 MW were declared "essential to system security" under the cost reimbursement system. The measure was to be apply as from January 1, 2015 until the completion of the "Sorgente-Rizziconi" interconnector between Sicily and Calabria. With Resolution no. 521/2014/R/eel, the Authority issued rules governing the obligations of such essential units and the criteria for covering costs, adopting an approach analogous to the general rules that apply to other plants essential to system security eligible for the cost reimbursement system. Since the Sorgente-Rizziconi connection is expected to be completed in 2016, with Resolution no. 496/2015/R/eel the Authority extended the validity of those provisions until next year.

Gas

Wholesale market

With regard to storage, the decree of February 6, 2015 of the Ministry for Economic Development confirmed the criteria for allocating capacity through auctions.
As to gas transport rates, the Council of State affirmed the voiding of the resolutions setting the rate for the 2010-2013 period, denying the Authority's appeal and accepting the arguments put forth by Enel Trade. The Authority lodged an appeal against the ruling of the Council of State. The appeal of the resolutions establishing the rate criteria for 2014-2017 is pending before the Regional Administrative Court.

Distribution

Electricity

Distribution and metering

With Resolution no. 146/2015/eel, the Authority published the reference rates for distribution and sales activities for 2015 to be used in determining, for each operator, the level of revenue to be recognized for the performance of their activities.
With Resolution no. 268/2015/R/eel, the Authority established the Network Code which governs the relationship between sellers and distributors concerning the guarantees given by sellers to distributors, the payment terms for the transport service by sellers and the terms of payment of the system costs and other components by distributors to the Electricity Equalization Fund and the Energy Services Operator (ESO). The resolution also provided for the elimination starting from 2016 of the uncollectible portion on the volume sold withheld by the distributor in view of the strengthening of such system of guarantees. With Resolution no. 447/2015/R/eel, the Authority deferred the entry into force of the portions of the Code that were originally to have taken effect in October 2015, ordering that the entire Code shall enter force as from January 2016.
With Resolution no. 377/2015/R/eel, the Authority completed the regulatory framework governing losses on the distribution network, revising the conventional loss percentages as from January 1, 2016 and the equalization mechanism for losses to apply to distributors as from 2015. More specifically, the equalization mechanism takes account of the geographical diversification of losses on distribution grids.

Energy efficiency - White certificates

With decision no. 13/2015 of June 29, 2015, the Authority set the definitive rate subsidy for 2014 equal to €105.83/toe.
The preliminary rate subsidy for 2015 was set at €108.13/toe and will be revised based upon the final market price for the reference period.

Sales

Electricity and gas

In order to further combat late payments by end users, the Authority, with Resolution no. 258/2015/R/com, called for doubling current deposits paid by customers in arrears and allowed the seller to suspend the customer, even in the case of failure to pay just the deposit. The Authority also reinforced the indemnities for sellers in the event of failure of distributors to cut off service to late-paying customers, introducing new indemnities and requiring that 50% of the amount transported during the period between the final deadline for payment and the actual termination of service be invoiced.
The Authority's resolution also reduced the time period allowed for switching to three weeks for the gas sector, starting from 2016, and deferred a similar reduction for the electricity sector to the start of operations of the Integrated Information System (IIS).

With Resolution no. 419/2015/R/eel, the Authority ordered the entry into force of the switching process within the IIS as from November 2015.

With regard to the rates charged to enhanced protection gas market customers, the Authority also confirmed the current procedures for determining the component covering natural gas supply for the 2015-2016 gas year, with full indexing of the spot prices reported on the Dutch Title Transfer Facility (TTF), pending the development of greater liquidity in the Italian wholesale markets.

Iberian Peninsula

Spain

Allocation mechanism for remuneration of new wind and photovoltaic installation in the extra-peninsular system

Order IET/1953/2015 amends Order IET/1459/2014, which developed the exceptions provided for by the Electricity Sector Act and exempted a maximum of 450 MW of wind power in the Canary Islands from the use of auction procedures, as well as postponing deadlines for entry in the register of specific remuneration.

In addition, the order (i) eliminates the need to post guarantees; (ii) requires only a favorable environmental impact decision; (iii) requires only a communication from the grid operator describing delivery capacity or the expected date the capacity will be available; and (iv) establishes that to receive the investment incentive to reduce generation costs, the plant must enter service within 24 months of the notification of entry in the register (preallocation status).

Regulation of electricity generation and dispatching in electricity systems in extra-peninsular areas

The Royal Decree on generation in extra-peninsular areas was published on August 1, 2015. It establishes a system similar to the existing arrangements, which include remuneration of fixed costs, which considers all fixed investment, operation and maintenance costs, and remuneration of variable costs, which considers the cost of fuel, grants under Law 15/2012 and tax measures for energy sustainability. Certain aspects of the method were modified in order to improve the efficiency of the system. The method is applicable as from its entry into force, albeit with a transition period as from January 1, 2012. The Royal Decree also develops aspects of Law 17/2013 on guaranteeing supply and increasing competition in electrical systems.

In accordance with Law 24/2013 governing the electricity industry, the net financial remuneration rate is connected with the secondary market yield on 10-year Spanish government securities, increased by an appropriate spread. For the first regulatory period, which ends in December 2019, the net rate will be equal to the average yield on the secondary market in April, May and June 2013 plus a spread of 200 basis points.

Hourly pricing

As from October 1, 2015, nearly six million customers in the regulated system with a remotely operated digital meter were entered in the hourly pricing system, with rates determined on the basis of transactions on the day-ahead market.

Eastern Europe

Russia

Temporary suspension of the system of guarantees for electricity purchases

On December 24, 2014, the Supervisory Board of the Market Council published a number of amendments to the market operating rules, by which it: (i) increased the penalties that apply in the event of late payments; (ii) extended the period for temporary exemption from the requirement to furnishing guarantees for electricity purchases until the end of May 2015 (originally running from December 21, 2014 to the end of February 2015), which applies to operators with no payment arrears for an amount of up to 30% of the volumes purchased on the market monthly.

On May 18, 2015, the Supervisory Board of the Market Council: (i) further extended the period for temporary exemption until August 31; (ii) reduced to 20% the minimum debt threshold for purchasers beyond which financial guarantees are triggered (instead of the 30% previously in effect). On September 22, 2015, the Supervisory Board again extended the validity of the exemption to December 28, 2015.

Update of the legislative framework for renewables

On July 28, 2015, the Government published Decree no. 1472, with which it introduced a number of modifications of the auction mechanism for the capacity of new renewables plants: for 2016-2018 it reduced the mandatory share of local component content for wind plants (from 65% to 25-55%); it increased the maximum amount of eligible capital expenditure by 70%; and it extended the period of validity of the support system from 2020 to 2024, with a consequent redistribution across the years of the total volume of capacity to be awarded through auctions for wind plants (3,600 MW).

Reform of the capacity market

On August 31, 2015 the Government published Decree no. 893 and Government Order no. 1561-p launching the reform of the capacity market (KOM). The following are the main aspects of the reform:

> as from 2016, selection of capacity four years in advance of the one-year period covered by the contract; the previous mechanism had provided for selection only one year in advance. Accordingly, the auction for delivery in 2020 will be held in 2016;

> by October 30, 2015, the capacity auction for 2016 will be held and by December 15, 2015 the auctions for 2017 to 2019 will be held;

> revision of the mechanism for establishing KOM prices: a decreasing elastic demand function is defined for each of the two price zones depending on the volume of capacity offered. This is used as the basis for calculating the universal price applied to all selected

plants. Under the previous mechanism, the price was determined by the market on the basis of the last bid accepted;

> for 2016, the indicative range for the formation of the KOM price in price zone 1 is equal to 110,000-150,000 RUB/MW/month;
> the KOM price is adjusted annually by real inflation for the previous year less 1% (as from January 1, 2017);
> an increase in penalties for "unreliable plants" (plants with a usage factor of less than 30% and unavailability of more than 10% in the 12 months prior to the KOM auction) and for new plants in the case of unscheduled unavailability; possible decreases in maximum penalties for other plants (pending approval of the methodology for revising penalties).

Romania

Quality of last-resort service

With Order no. 118/2015 of July 25, 2015, the Romanian regulator (ANRE) modified the procedures for payment of indemnities by suppliers of last resort to end users (residential and small business customers) for non-compliance with quality standards, introducing automatic indemnity procedures (currently, payment is made only after a written request from the customer).

Slovakia

Nováky power plant

With regard to the Nováky thermal power plant (ENO), which is regulated under a special system (since it is fueled by lignite), the local regulatory authority (URSO) recognizes the costs incurred by the plant in an annual decree. With its decision of April 24, 2015, URSO set the amount payable to ENO at €66.3112/MWh for 2015 and €70.7113/MWh for 2016. With a decision of the Minister for the Economy of September 2, 2015, the termination of the special system, initially scheduled for 2020, was postponed until 2030. The annual volumes of electricity generation and delivery that the plant must guarantee between 2017 and 2030 were set at 1,584 GWh and 1,350 GWh respectively. In order to ensure compliance with the Ministerial decision, it will be necessary to carry out investments at the plant.

Belgium

With a decree of March 31, 2015, the Minister of Energy withdrew the notice of tender for the construction of gas plants with capacities of between 700 and 900 MW published in 2014. Among the reasons cited in the decree is the preliminary opinion of the DG Competition, stating that the tender could have accelerated the closing of existing plants. With a law of June 18, 2015, Parliament approved an extension of the useful lives of two nuclear power plants (Doel 1 and 2) for an additional 10 years. Parliament must approve an agreement with Engie to finance that extension by November 30.

Latin America

Argentina

Resolution no. 32/2015

In March 2015, the *Secretaría de Energía* issued Resolution no. 32/2015, which establishes the introduction, starting from February 1, 2015, of a theoretical new regulatory framework that will have no impact on the rates charged to end users. The difference between the theoretical framework and that applicable to end users consists of a temporary additional income component for distributors, to be set by ENRE and CAMMESA. The two entities are also responsible for the associated transfer of the funds. The resolution confirms that these transfers are to be treated as payments on account in anticipation of the general rate revision to be undertaken by ENRE in the next few months.
Likewise, and starting from the same date, the resolution establishes that the funds collected through the *Programa de Uso Racional de la Energía Eléctrica* (PUREE) be treated at a true rate component for distribution companies, in recognition of the higher costs that they incur. The resolution extended the compensation under the *Mecanismo de Monitoreo de Costos* and of PUREE beyond that in the situation prior to January 31, 2015, allowing the receivables accrued under these two instruments to be set off against the trade payables due to CAMMESA. The balance will be paid in accordance with a payment schedule yet to be determined.
The regulations require every company to submit a plan of investments to be made by 2015, an agreement on the use of the supplemental funds transferred (including the prohibition on the payment dividends), as well as the withdrawal of legal action for the recovery of receivables.

Brazil

Compensation for the effects of the drought

Brazil continued to suffer from a severe drought in 2014. In November, the system hit its highest risk of having to ration electricity. To cover the supplemental cost of electricity for the distribution companies, the government created the Regulated Contracting Environment (RCE) account using bank loans that would have to be repaid over the next two years as a result of rate increases to be introduced. In 2014, Brazilian distributors drew a total of 18 billion real (around €5.7 billion) on the RCE account; however, they were unable to cover the entire deficit. In March 2015, a new loan through the RCE account was approved to cover the deficit for November and December 2014. The term of payment for all loans was extended to 54 months starting from November 2015.

Chile

Law on the sale of electricity on the regulated end market

On January 29, 2015, an amended law was published concerning the process of bidding to supply electricity to regulated market customers. Among the changes introduced by this law was the requirement that CNE be more involved in these processes, the increase in the duration of public tendered contracts from three to five years, the inclusion of a reserve price as the maximum limit for each bid, the possibility for the winning bidder to delay delivery in the event of force majeure, the addition of short-term bids, as well as an increase in the eligibility threshold for regulated market customers from 2,000 to 5,000 kW.

Renewable Energy

Portugal

Decree 102/2015 was published, completing the regulation of the so-called "over-equipment" of wind farms under Decree Law 94/2014. This decree establishes the procedures and technical requirements for delivering electricity generated in excess of the authorized capacity to the network. The technical specifications are linked to real-time communication and the remote disconnection functions.

Spain

On July 2, 2015, two ministerial orders were issued in order to improve the new regulatory framework. The first order, IET/1344/2015, sets the standard remuneration parameters for certain types of solar and cogeneration facilities not included in Ministerial Order IET/1045/2014 and therefore excluded from the incentive system since July 2013. The second order, IET/1345/2015, updates the values for the remuneration of cogeneration and biomass plants for the 2nd Half of 2015 and defines the mechanisms for reviewing those values to be applied in subsequent years.

On July 31, 2015, Royal Decree 738/2015 was issued. It establishes the regulatory framework and the dispatching mechanism for plants located in the island territories (the Canary Islands, Balearic Islands, Ceuta and Melilla). In addition, on September 24, 2015, Ministerial Order IET/1953/2015 was published. It updates the IET/1459/2014 with the aim of increasing participation in the mechanism for allocating incentives to wind power plants for a total installed capacity of up to 450 MW. Applications to participate must be submitted before the end of the year.

Romania

On June 30, 2015, the regulator set the amount of electricity for 2016 to be generated from subsidized renewable resources at 12.15%, pending approval by the Government; in 2015 the share was 11.9% (decision no. 1110/2014 of December 19, 2014).
Law 122/2015, approved on May 5 by Parliament, governs the operation of the renewable energy market (following Law 220/2008). The main features of the legislation are:

> an increase in the capacity threshold above which individual notification to the European Commission is required from 125 MW to 250 MW (under that threshold, definitive certification to obtain green certificates can be issued without notification);
> the extension, with no change in budget, of the green certificates system to imports of renewable energy;
> no award of green certificates for electricity sold at negative prices;

> the granting of access to feed-in tariffs (FIT) to plants with a capacity of up to 0.5 MW, with the value of the FIT still to be determined;
> the introduction of a requirement for electricity suppliers to acquire at least 90% of their mandatory green certificates in the Quarter in order to avoid penalties.

Greece

Market reform is under way and should be completed by 2017. By 2016 a new incentive mechanism for renewables that complies with guidelines on state aid should be in place.

Brazil

The decree calling the first in the program of auctions for the supply of electricity to customers in the regulated market has been published. The A-5 auction will be held on January 29, 2016, and will include thermal, hydro and wind capacity for 2016 and award long-term contracts (20-30 years) with the start of supply in January 2021. In addition, a reserve auction is scheduled for November 13, which will include solar and wind capacity.
In September, the Ministry approved a decree that will allow wind turbines that have been operational for at least 24 months and have undergone technical alterations during project development to recalculate the value of their "*Garantia Física*", i.e. the maximum capacity with which a system can participate in an auction to supply regulated customers. Under the approved methodology, plants that record a positive differential must notify the regulator, ANEEL, which is responsible for approving the change. The capacity resulting from this procedure can be sold through A-0 and A-1 auctions or to free-market customers.

Mexico

On February 17, 2015, the Ministry initiated the unbundling process, announcing the creation of separate companies for each of the lines of business in which the former industry monopolist CFE ("*Comisión Federal de Electricidad*") operated.

In June, the Ministry of Energy (SENER), in line with the provisions of the new Electricity Industry Act, presented the electricity sector planning document for 2015-2029 (PRODESEN). The document sets out to identify the electricity generation, transmission and distribution projects necessary to meet demand over the period.

On June 2, 2015, the market operator (CENACE) published new guidelines for the connection of generation plants with the transmission and distribution networks. The document details the administrative process and the procedures to comply with the infrastructure requirements set out in the PRODESEN.

In September, the Ministry of Energy published the new "Electricity Market Guidelines", which define the operating rules and criteria for participation in the new market. The system provides for short and long-term trading mechanisms for the purchase of electricity, capacity and clean energy certificates (including a Real-Time Market, a Day-Ahead Market and dedicated auctions for the supply of regulated customers). Under the announced timetable, the first auction in which distributors will be required to allocate 5% of total regulated electricity consumption for the 2018-2032 period will be completed by the end of the 1st Half of 2016. The percentage, set by the Ministry at the end of March, is a first step towards achieving the target of 25% of generation from renewables by 2018.

Peru

On September 3, 2015, the regulator, OSINERGMIN, officially called the fourth renewables auction for a total 1,750 GWh. Generators must submit their bids by December 18, 2015. Winners will sign 20-year contracts for the supply of electricity from wind, photovoltaic, mini-hydro and biomass sources, and will be expected to start supplying power in January 2018. The winning bidder is expected to be announced on February 16, 2016.

Panama

ETESA, the regulator, has modified the rule for forming the wholesale price of electricity. The new formula provides for the participation of hydroelectric plants in calculating the price, which previously corresponded to the bid of the last thermal plant dispatched.
In May 2015 Resolution 8566 was approved. It changes the methodology for the export of electricity during periods of abundant water availability. The new rule proposed by the operator of the Panamanian system, Centro Nacional de Despacho, would reduce the risk of reservoir overflow by allowing hydroelectric plants to physically export electricity.

Chile

On January 29, 2015, Law 20.805 was approved, introducing changes to the system of auctions for the supply of customers on the regulated market. The primary changes involve increasing the term of the contract (from 15 to 20 years), as well as the range within which customers are allowed to remain within the regulated market (from a range of 0.5-2 MW to a range of 0.5-5 MW), introducing short-term auctions and, finally, offering new plants the option of delaying the date at which they are to begin supplying electricity.
In September 2015 the document *"Hoja de Ruta al 2050: Hacia una Energía Sustentable e Inclusiva"* was published, defining guidelines for the long-term evolution of the energy industry in Chile and setting a number of industry targets. The document constitutes one of the foundations of the energy policy to be developed by the Energy Ministry and introduces, among other things, the goal of generating 70% of power from renewable resources by 2050, most of which should be obtained by using wind and solar capacity.

Uruguay

In July 2015 the Government of Uruguay introduced the 2015-2019 infrastructure investment plan, allocating about $4 billion to the energy industry for transmission, generation and smart grid projects. With regard to power generation from renewables, the Government has budgeted about $2 billion for the completion of the wind power projects of UTE (the government-owned monopoly) and for new auctions for wind and solar capacity.

Egypt

The market reform now under way has two main objectives: gradual liberalization and deregulation and the introduction of support mechanisms for renewable energy.

United States

In July 2015 the Senate Finance Committee proposed a 2-year extension of the Production Tax Credit, so that projects due to start before January 2017 would become eligible. A further extension is likely to be approved.

In August 2015, the Environmental Protection Agency announced the Clean Power Plan for cutting emissions by 32% by 2030 and established a specific reduction target for each state, on the basis of which each state shall present a reduction plan by 2016. States will need to start cutting emissions by 2022, with an incentive system in place starting in 2020. The Clean Power Plan is facing both legal opposition from a number of states questioning its constitutionality and political opposition from the Republican Party, which may prevent its enactment by blocking Congressional funding.

In California, the 2015 Clean Energy and Pollution Reduction Act (Senate Bill 350) was passed, proposing to increase Renewables Portfolio Standards to 50%, in line with the guidelines issued by Governor Jerry Brown.

India

India is a federal republic composed of 29 states, each of which has specific responsibilities in various sectors as well as shared responsibility with the Federal Government in the electricity sector. The power market is administered at the federal level by the Central Energy Regulatory Commission (CERC) which sets guidelines and standard rates, whereas the State Energy Regulatory Commissions (SERC) implement them at the state level.

In June 2015 the Government approved the target of 175 GW of renewables capacity by 2022, including 100 GW from solar and 60 GW from wind.

The market features a range of support measures for developing renewable energy resources, defined at federal and/or state level (which may be combined in some cases): the Renewable Portfolio Obligation (RPO), Renewable Energy Certificates (REC), Preferred Feed-in Tariffs, auctions and tax incentives.

The most widely adopted incentive plan for wind power is based on Preferred Feed-In Tariffs, defined by the SERCs at the state level and implemented through PPAs with state distribution companies with terms varying between 10 and 25 years depending on the state.

As concerns developing the solar energy sector, in 2010 a federal program called Jawaharlal Nehru National Solar Mission (JNNSM) was launched, based on an auction system managed at the federal level but implemented at the state level. It seeks to achieve the 100 GW target by 2022.

South Africa

Within the framework of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), in April 2015 an additional round – called the Expedited Round, or Round 4.5 – was announced. The availability of an additional 1,800 MW was only specified in July with the publication of the auction documentation. Once the auction is completed (bid submission is expected to occur in November), the capacity to be developed by private investors by 2020 will rise to about 7,000 MW.

Outlook

The Group, in accordance with its industrial strategy and the targets set out in the business plan, is continuing to pursue its efforts to revive industrial growth, achieve high standards of operating efficiency and actively manage its portfolio of businesses with a view to creating value.

In this framework, the programmes initiated by the Global Business Lines to optimize costs and manage assets efficiently have achieved results in the first nine months of the year that are in line with the trend expected for 2015 as a whole. At the same time, consistent with its industrial strategy, the Group has continued its major programmes of investment in markets and businesses with high growth potential, especially in the renewables sector and in Latin America. As part of these efforts, the start of commercial operations in November at the El Quimbo hydroelectric plant in Colombia, one of the Enel Group’s largest investments in South America, will enable us to generate some 2.2 TWh of electricity per year, making a positive contribution to the performance of the Group.

The active management of the Group’s portfolio envisages the disposal of additional non-strategic assets by the end of 2015. In addition, as part of the process of rationalizing the corporate structure, the reorganization of our Latin American operations is continuing, with the aim of simplifying governance arrangements and fostering the creation of value for all the shareholders of the companies involved. At the same time, the Boards of Directors of Enel Green Power and Enel SpA are evaluating a number of options for the integration of Enel Green Power’s operations within Enel SpA.

The positive contribution of the extraordinary corporate transactions under way and the cash flow generated by operations will enable us to finance our investments in development and our dividend policy and to confirm the financial targets announced to investors for 2015.

Condensed consolidated financial statements at September 30, 2015

Condensed Consolidated Income Statement

Millions of euro	Notes	First nine months	
		2015	2014 restated
Total revenue	5.a	55,998	54,075
Total costs	5.b	49,768	46,842
Net income/(expense) from commodity contracts measured at fair value	5.c	78	(93)
Operating income		**6,308**	**7,140**
Financial income		2,924	2,294
Financial expense		4,922	4,798
Total financial income/(expense)	5.d	**(1,998)**	**(2,504)**
Share of income/(expense) from equity investments accounted for using the equity method	5.e	**36**	**49**
Income before taxes		**4,346**	**4,685**
Income taxes	5.f	1,424	2,070
Net income from continuing operations		**2,922**	**2,615**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**2,922**	**2,615**
Attributable to shareholders of the Parent Company		2,089	1,947
Attributable to non-controlling interests		833	668
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.22*	*0.21*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.22*	*0.21*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.22*	*0.21*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.22*	*0.21*

Statement of Consolidated Comprehensive Income

Millions of euro	First nine months	
	2015	2014 restated
Net income	**2,922**	**2,615**
Other comprehensive income recyclable to profit or loss		
Effective portion of change in the fair value of cash flow hedges	409	(450)
Share of the other comprehensive income of equity investments accounted for using the equity method	9	(8)
Change in the fair value of financial assets available for sale	17	(17)
Exchange rate differences	(1,788)	334
Income/(Loss) recognized directly in equity	**(1,353)**	**(141)**
Total comprehensive income/(loss) for the period	**1,569**	**2,474**
Attributable to:		
- shareholders of the Parent Company	1,945	1,619
- non-controlling interests	(376)	855

Condensed Consolidated Balance Sheet

Millions of euro

	Notes	**at Sept. 30, 2015**	at Dec. 31, 2014
ASSETS			
Non-current assets			
- Property, plant and equipment and intangible assets		87,676	89,844
- Goodwill		13,815	14,027
- Equity investments accounted for using the equity method		675	872
- Other non-current assets (1)		13,458	12,932
Total non-current assets	6.a	**115,624**	**117,675**
Current assets			
- Inventories		3,491	3,334
- Trade receivables		12,412	12,022
- Cash and cash equivalents		8,309	13,088
- Other current assets (2)		13,123	13,737
Total current assets	6.b	**37,335**	**42,181**
Assets held for sale	6.c	**7,404**	**6,778**
TOTAL ASSETS		**160,363**	**166,634**
LIABILITIES AND SHAREHOLDERS' EQUITY			
- Equity attributable to the shareholders of the Parent Company	6.d	32,152	31,506
- Non-controlling interests		19,123	19,639
Total shareholders' equity		**51,275**	**51,145**
Non-current liabilities			
- Long-term borrowings		44,514	48,655
- Provisions and deferred tax liabilities		16,181	16,958
- Other non-current liabilities		3,330	3,905
Total non-current liabilities	6.e	**64,025**	**69,518**
Current liabilities			
- Short-term borrowings and current portion of long-term borrowings		8,054	8,377
- Trade payables		10,110	13,419
- Other current liabilities		21,246	18,885
Total current liabilities	6.f	**39,410**	**40,681**
Liabilities held for sale	6.g	**5,653**	**5,290**
TOTAL LIABILITIES		**109,088**	**115,489**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**160,363**	**166,634**

(1) Of which long-term financial receivables and other securities at September 30, 2015 equal to €2,029 million (€2,522 million at December 31, 2014) and €159 million (€179 million at December 31, 2014), respectively.

(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at September 30, 2015 equal to €1,089 million (€1,566 million at December 31, 2014), €1,624 million (€2,154 million at December 31, 2014) and €1 million (€140 million at December 31, 2014), respectively.

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable 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 cash flow hedge	Reserve from measurement of financial instruments AFS	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net defined-benefit liabilities/(assets)	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
At January 1, 2014 restated	**9,403**	**5,292**	**1,881**	**2,262**	**(1,100)**	**(1,618)**	**128**	**721**	**62**	**(16)**	**(528)**	**19,454**	**35,941**	**16,898**	**52,839**
Effect of application of IFRS 11	-	-	-	-	16	26	-	-	-	(42)	-	-	**-**	**(7)**	**(7)**
At January 1, 2014 restated	**9,403**	**5,292**	**1,881**	**2,262**	**(1,084)**	**(1,592)**	**128**	**721**	**62**	**(58)**	**(528)**	**19,454**	**35,941**	**16,891**	**52,832**
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	(1,222)	**(1,222)**	**(581)**	**(1,803)**
Transactions in non-controlling interests	-	-	-	-	-	-	-	-	(79)	-	-	-	**(79)**	**-**	**(79)**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(6)	**(6)**	**(586)**	**(592)**
Comprehensive income	-	-	-	-	65	(356)	(17)	-	-	(20)	-	1,947	**1,619**	**855**	**2,474**
of which: - other comprehensive income/(loss) for the period	-	-	-	-	65	(356)	(17)	-	-	(20)	-	-	**(328)**	**187**	**(141)**
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	1,947	**1,947**	**668**	**2,615**
At September 30, 2014 restated	**9,403**	**5,292**	**1,881**	**2,262**	**(1,019)**	**(1,948)**	**111**	**721**	**(17)**	**(78)**	**(528)**	**20,173**	**36,253**	**16,579**	**52,832**
At January 1, 2015	**9,403**	**5,292**	**1,881**	**2,262**	**(1,321)**	**(1,806)**	**105**	**(2,113)**	**(193)**	**(74)**	**(671)**	**18,741**	**31,506**	**19,639**	**51,145**
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	(1,316)	**(1,316)**	**(453)**	**(1,769)**
Transactions in non-controlling interests	-	-	-	-	-	-	-	20	(3)	-	-	-	**17**	**302**	**319**
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**11**	**11**
Comprehensive income	-	-	-	-	(667)	500	17	-	-	6	-	2,089	**1,945**	**(376)**	**1,569**
of which: - other comprehensive income/(loss) for the period	-	-	-	-	(667)	500	17	-	-	6	-	-	**(144)**	**(1,209)**	**(1,353)**
- net income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	2,089	**2,089**	**833**	**2,922**
At September 30, 2015	**9,403**	**5,292**	**1,881**	**2,262**	**(1,988)**	**(1,306)**	**122**	**(2,093)**	**(196)**	**(68)**	**(671)**	**19,514**	**32,152**	**19,123**	**51,275**

Condensed Consolidated Statement of Cash Flows

Millions of euro	First nine months	
	2015	2014 restated
Income before taxes	**4,346**	**4,685**
Adjustments for:		
Depreciation, amortization and impairment losses of property, plant and equipment and intangible assets	5,317	4,005
Financial (income)/expense	1,737	2,055
Interest and other financial expense and income paid and collected	(2,263)	(2,099)
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	852	997
Change in net current assets:		
- inventories	(14)	(126)
- trade receivables	(1,154)	(1,788)
- trade payables	(2,818)	(2,104)
Other changes	(826)	(2,695)
Cash flows from operating activities (A)	**5,177**	**2,930**
Investments in property, plant and equipment and intangible assets	(5,081)	(4,012)
Investments in entities (or business units) less cash and cash equivalents acquired	(57)	(150)
Disposals of entities (or business units) less cash and cash equivalents sold	437	23
(Increase)/Decrease in other investing activities	48	52
Cash flows from (investing)/disinvesting activities (B)	**(4,653)**	**(4,087)**
Change in net financial debt	(3,339)	3,462
Transactions in non-controlling interests	355	(501)
Dividends and interim dividends paid	(2,192)	(1,901)
Cash flows from financing activities (C)	**(5,176)**	**1,060**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**(146)**	**2**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(4,798)**	**(95)**
Cash and cash equivalents and short-term securities at the beginning of the period (1)	13,255	7,900
Cash and cash equivalents and short-term securities at the end of the period (2)	8,457	7,805

(1) Of which cash and cash equivalents equal to €13,088 million at January 1, 2015 (€7,873 million at January 1, 2014), short-term securities equal to €140 million at January 1, 2015 (€17 million at January 1, 2014) and cash and cash equivalents pertaining to “Assets held for sale” in the amount of €27 million at January 1, 2015 (€10 million at January 1, 2014).

(2) Of which cash and cash equivalents equal to €8,309 million at September 30, 2015 (€7,758 million at September 30, 2014), short-term securities equal to €1 million at September 30, 2015 (€47 million at September 30, 2014) and cash and cash equivalents pertaining to “Assets held for sale” in the amount of €147 million at September 30, 2015 (none at September 30, 2014).

Notes to the condensed consolidated financial statements at September 30, 2015

1. Accounting policies and measurement criteria

The Interim Financial Report at September 30, 2015 has been prepared in accordance with the provisions of Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and in compliance with the international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU".

***

The condensed consolidated financial statements at September 30, 2015, included in the Interim Financial Report, have been prepared in compliance with "IAS 34 - *Interim Financial Reporting*" and consist of the condensed consolidated income statement, the statement of consolidated comprehensive income, the condensed consolidated balance sheet, the statement of changes in consolidated shareholders' equity, the condensed consolidated statement of cash flows, and the related explanatory notes. These condensed consolidated financial statements at September 30, 2015 do not include all the information required to be reported in the annual financial statements and must be read together with the financial statements for the period ended December 31, 2014.

Although the Group has adopted the half-year as the reference interim period for the purposes of applying IAS 34 and the definition of interim financial report specified therein, this Interim Financial Report at September 30, 2015 has been prepared in compliance with that standard on an exceptional basis in view of the possible inclusion of the information in the documentation to be prepared for extraordinary corporate transactions.

The accounting standards adopted, the recognition and measurement criteria and the consolidation criteria and methods used for the condensed consolidated financial statements at September 30, 2015 are the same as those adopted for the consolidated financial statements at December 31, 2014 (please see the related report for more information), with the exception of the differences discussed below.

In addition to the accounting standards adopted in the preparation of the financial statements at December 31, 2014, the following amendments to international accounting standards and interpretations that took effect as from January 1, 2015, are material to the Group:

> "IFRIC 21 - *Levies*"; the interpretation addresses the accounting treatment of a liability in respect of the obligation to pay a levy that is not covered by another standard (for example, income taxes), other than fines or sanctions imposed for violations of the law, due to the government, whether local, national or international. More specifically, the interpretation establishes that the liability shall be recognized when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs. If the obligating event occurs over a specified period of time (for example, the generation of revenue over a specified period of time), the liability shall be recognized gradually over than period. If the obligation to pay the levy is triggered upon reaching a given threshold (for example, upon reaching a minimum amount of revenue generated), the corresponding liability is

recognized at the time the threshold is reached. The effects of the application of the new standard are discussed in note 2 "Restatement of comparative disclosures" below;

> "Annual improvements to IFRSs 2011-2013 cycle" contains formal modifications and clarifications of existing standards. More specifically, the following standards were amended:
  - "IFRS 3 - *Business combinations*"; the amendment clarifies that IFRS 3 does not apply to the financial statements of a joint arrangement in accounting for the formation of the joint arrangement itself;
  - "IFRS 13 - *Fair value measurement*"; the amendment clarifies that the exception provided for in that standard of measuring financial assets and liabilities on the basis of the net exposure of the portfolio (the "portfolio exception") shall apply to all contracts within the scope of IAS 39 or IFRS 9 even if they do not meet the definitions in IAS 32 of financial assets or liabilities;
  - "IAS 40 - *Investment property*"; the amendment clarifies that management judgment must be used to determine whether the acquisition of an investment property represents the acquisition of an asset or group of assets or is a business combination under the provisions of IFRS 3. That judgment must be consistent with the guidance of IFRS 3;

  "Annual improvements to IFRSs 2011-2013 cycle" amended the Basis for Conclusions of "IFRS 1 - *First-time adoption of International Financial Reporting Standards*" to clarify that a first-time adopter may adopt a new IFRS whose adoption is not yet mandatorily effective if the new IFRS permits early application.

Use of estimates

Preparing the condensed consolidated financial statements requires management to make estimates and assumptions that impact the value of revenue, 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 the condensed consolidated financial statements, in line with the consolidated financial statements at December 31, 2014, the use of estimates involved the same situations in which estimates were employed during the preparation of the annual financial statements. For a more extensive discussion of the most significant assessment processes of the Group, please see the section "Use of estimates and management judgments" in note 2 of the consolidated financial statements at December 31, 2014.

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. Similarly, the performance of hydroelectric generation is strongest in the winter and early spring as a result of the seasonal increase in water resources. In view of the small impact these variations have on performance, further mitigated by the fact that Group operations are distributed across both of the globe's hemispheres, which tends to smooth the impact weather over the course of the year, no additional disclosure (required under IAS 34.21) for developments in the twelve months ended September 30, 2015 is provided.

2. Restatement of comparative disclosures

As a result of the application, starting from January 1, 2015 with retrospective effect, of the new standard "IFRIC 21 - *Levies*", under which a tax liability is recognized when the obligating event giving rise to the liability to pay the levy, as set out in the applicable law, occurs, a number of indirect taxes on real estate held in Spain were recognized in the full amount at the start of the period and no longer deferred over the course of the year.
In the first nine months of 2014, this change led to a €15 million increase in "Other operating expenses", and the recognition of a corresponding tax benefit of €4 million recognized under "Income taxes". This change cause the "Net income for the period" for the first nine months of 2014 to fall by €11 million compared with the figure reported in the Interim Financial Report at September 30, 2014. The impact is fully ascribable to the Iberian Peninsula Region. Specifically, out of the €15 million mentioned above, €14 million are attributable to generation plants and €1 million to network infrastructure.
Since the change in the comparative balances prompted by the first-time application of IFRIC 21 simply involves the redistribution of the expenses among the various interim periods, the effect of the restatement on the performance figures for the end of the year will be equal to zero.
For this reason, the first-time application of IFRIC 21 does not give rise to any restatement effect on the comparative balance-sheet figures, as those all refer to December 31, 2014.

In addition, a number of changes (specifically, concerning purchases of electricity and raw materials, and gains or losses on derivatives) were made to the income statement for the first nine months of 2014 in order to harmonize it with the representation adopted in the Annual Report. In addition, as regards the structure of "cash flows from operating activities" in the consolidated statement of cash flows, whose overall value was unchanged, the items that compose flows of working capital from operating activities have been reported in greater detail, which led to the corresponding reclassification of certain items for the first nine months of 2014 in order to ensure the comparability of the figures.

As from the 2015 financial year, the new organizational model of the Enel Group can be considered fully operational. The future adoption of the model was first announced on July 31, 2014, at the time of the presentation of the new organizational structure.
The new organization, based on a matrix that comprises Divisions (Global Generation, Global Infrastructure and Networks, Renewable Energy, Global Trading, and Upstream Gas) and Regions and Countries (Italy, Iberian Peninsula, Latin America, Eastern Europe), will, from this year, also represent the basis of planning, reporting and assessment of the financial performance of the Group, both internally by top management and in relations with the financial community.
In view of these developments, it has also become necessary to review disclosures under "IFRS 8 - *Operating segments*", as reported in note 4 below, which have also been supplemented with restated comparative figures to ensure full comparability.
For more information on the procedures for aggregating segment results under the new and old models, please see the appropriate section of the notes to the condensed consolidated financial statements.

3. Main changes in the scope of consolidation

At September 30, 2015, the scope of consolidation had changed with respect to that at September 30, 2014, and December 31, 2014, as a result of the following main transactions.

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, on April 22, 2014, of 50% of Inversiones Gas Atacama, a company operating in the natural gas transport and electricity generation sector in Chile in which the Group already held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;
> acquisition, on May 12, 2014, of 26% of Buffalo Dunes Wind Project, a company operating in the wind generation sector in the United States in which the Group already held 49%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting.
> acquisition, on July 22, 2014, of the remaining 50% of Enel Green Power Solar Energy, an Italian company operating in the development, design, construction and operation of photovoltaic plants, in which the Group had previously held 50%; therefore, the company is now consolidated on a line-by-line basis rather than using equity method accounting;
> acquisition, on September 17, 2014, of 100% of Osage Wind LLC, a company that owns a 150 MW wind development project in the United States. In October 2014, a stake of 50% in the company was sold. Consequently, the company, held under joint control, began to be accounted for using the equity method;
> disposal in December 2014 of the entire stake (36.2%) held in LaGeo, a geothermal generation company in El Salvador;
> disposal in December 2014 of 100% of Enel Green Power France, a renewables generator in France.

In addition, following the internal reorganization of the Group designed to restructure the holdings of the Iberia and Latin America Division, there were a number of changes in non-controlling interests in a number of subsidiaries:

> acquisition, through a public tender offer open between January 14, 2014 and May 16, 2014, of an additional 15.18% of Coelce, an electricity distribution company in Brazil, which was already controlled by the Group;
> acquisition, on September 4, 2014, of the remaining 39% of Generandes Perú (previously controlled through a stake of 61%), a company that controls, with an interest of 54.20%, Edegel, a company operating in the power generation sector in Peru;
> disposal, on October 23, 2014, by Endesa (of which the Group holds 92.06%) of 100% of Endesa Latinoamérica (an investment holding company that owned 40.32% of Enersis) and 20.3% of Enersis, the parent company for operations in Latin America, to Enel Energy Europe, now Enel Iberoamérica (a wholly-owned subsidiary). The operation increased the Group's stake in Enersis by 4.81%;
> disposal, on November 21, 2014, of 21.92% of Endesa in a public offering.

2015

- Disposal, on January 29, 2015, of SF Energy, a hydroelectric generation company in Italy;
- acquisition, on March 6, 2015, of the share not previously held by the Group, amounting to 66.7%, of 3Sun, a photovoltaic firm. Through this acquisition, the Group obtained control of the company, which is now consolidated on a line-by-line basis;
- disposal, on April 15, 2015, of SE Hydropower, a hydroelectric generation company in Italy;
- acquisition, on September 24, 2015, acting through the subsidiary Enel Green Power, of a controlling interest of 68% in BLP Energy ("BLP"), a company operating in the renewables sector in India;
- acquisition, in September 2015, of the remaining 60% of the ENEOP Group, identified in a split agreement with the other participants in the venture, with the acquisition being settled with the concomitant transfer of the 40% that Enel Green Power held in the other two portfolios transferred to the other partners in the consortium.

In addition to the above changes in the scope of consolidation, the period also saw the following transactions, which although they do not represent transactions involving the acquisition or loss of control gave rise to a change in the interest held by the Group in the investees:

- disposal, on March 31, 2015, of 49% di EGPNA Renewable Energy Partners, an electricity generation company in the United States. Since the Group has maintained control of the company, the transaction is one involving a non-controlling interest.
- acquisition, on April 8, 2015, of the remaining 49% of Energia Eolica, a wind generation company operating in Italy in which the Group already held an interest of 51%.

Acquisition of 3Sun

On March 6, 2015, Enel Green Power completed the acquisition of an additional 66.7% stake in 3Sun from STM and Sharp as provided for under the agreement signed between the parties in July 2014. Therefore, as a result of this acquisition, the Group has full ownership of 3Sun, and the company is now consolidated on a line-by-line basis rather than using the equity method.

As provided for under IFRS 3 Revised, the transaction qualifies as a step acquisition and, therefore, the fair value adjustments of the part of the net assets already held were recognized through profit or loss for the period. The process of allocating the purchase price to the fair value of the assets acquired and the liabilities and contingent liabilities assumed is not yet definitive.

Effects of the transaction

Millions of euro	
Net assets acquired	**130**
Value of the business combination:	
- carrying amount of interest previously held	(2)
- fair value remeasurement of the interest previously held	45
- cost of acquisition made in 2015	-
Total	**43**
Negative goodwill	(87)

Pending the completion of the purchase price allocation process, the following table reports the provisional fair values of the assets acquired and liabilities and contingent liabilities assumed at the acquisition date:

Millions of euro	Provisional amounts recognized at the acquisition date
Property, plant and equipment	122
Intangible assets	7
Deferred tax assets	99
Other current and non-current assets	93
Total assets	**321**
Shareholders' equity attributable to the shareholders of the Parent Company	130
Financial debt	140
Trade payables	25
Deferred tax liabilities and other liabilities	26
Total liabilities and shareholders' equity	**321**

Disposal of interest in EGPNA Renewable Energy Partners

On March 31, 2015, the Group, acting through its subsidiary Enel Green Power North America, entered into an agreement for the sale of a 49% stake in a newly created company, EGPNA Renewable Energy Partners, whose portfolio contains a number of operating companies in the wind and hydroelectric power sector.

The Group will continue to indirectly own 51% of the company, which will be consolidated on a line-by-line basis, and will continue to be responsible for the administration, operation and maintenance of EGPNA Renewable Energy Partners assets.

The disposal generated proceeds of €352 million, which, excluding transaction costs of €8 million, amounted to a total of €344 million, taking into account the value assigned to certain projects subject to conditions that had not yet been entirely met as of the date of this Report.

The gain on the transaction, calculated as the difference between the net sale price and the percentage of shareholders' equity sold to non-controlling interests, is equal to €30 million and was allocated to an equity reserve for transactions in non-controlling interests, since the Group has maintained control over the company.

Effects of the transaction

Millions of euro	
Value of the transaction [1]	344
Net assets transferred	314
Reserve for transactions in non-controlling interests	30
- of which attributable to the shareholders of the Parent Company	20
- of which attributable to non-controlling shareholders	10

(1) Net of transaction costs.

Acquisition of 68% of BLP Energy

On September 24, 2015 the Group. acting through Enel Green Power, acquired a controlling stake of 68% in BLP Energy (“BLP”), a company operating in the renewables industry in India, which owns wind plants with a total installed capacity of 172 MW, generating a total of about 340 GWh per year. The transaction qualifies as a business combination and was accounted for in accordance with the provisions of IFRS 3 Revised.

The definitive fair value of the assets acquired and the liabilities and contingent liabilities assumed will be determined within 12 months of the acquisition date.

Effect of the transaction

Millions of euro	
Property, plant and equipment	76
Cash and cash equivalents	15
Goodwill	3
Other current and non-current assets	4
Total assets	**98**
Financial debt	62
Other current and non-current liabilities	3
Total liabilities	**65**
Non-controlling interests	10
Total net assets	**23**
Goodwill	6
Value of the transaction	29
Cash and cash equivalents	15
Cash flow impact	14

Reallocation of assets to shareholders of the ENEOP consortium

In 2015, Enel Green Power (“EGP”), acting through its Spanish and Portuguese subsidiaries, initiated an operation to split the assets of the ENEOP consortium, in which it held a stake of 40%. In September 2015, EGP signed an agreement with the other consortium members with which each acquired control of a specific portfolio of plants already identified in a split agreement through the acquisition of the residual interest held in that portfolio by the other parties in exchange for the company’s holding in the other portfolios. More specifically, the assets allocated to EGP have a net installed capacity of about 445 MW. EGP España then acquired the additional portion of the 60% pertaining to its portfolio (with a fair value of €96 million), with the consequent acquisition of control in a step acquisition, with the transfer of the 40% held in the assets of the other consortium members (with a fair value of about €80 million) and cash compensation to rebalance the weights of the various portfolios.

The following table reports the provisional fair values of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition of the portfolio.

Effect of the transaction

Millions of euro	Carrying amounts at the acquisition date	Fair value adjustments and cash compensation	Values recognized at the acquisition date
Property, plant and equipment	442	-	442
Intangible assets	18	-	18
Goodwill	25	15	40
Cash and cash equivalents	128	-	128
Other current and non-current assets (1)	34	41	75
Total assets	**647**	**56**	**703**
Loans	518	(28)	490
Other current and non-current liabilities	52	-	52
Total liabilities	**570**	**(28)**	**542**
Total net assets	**77**	**84**	**161**
Net assets acquired (60%)	**47**	**49**	**96**

(1) Of which €41 million in cash compensation.

Net of transaction costs, the transaction had a total impact on profit or loss of about €29 million as a result of the remeasurement at fair value (pursuant to IFRS 3 Revised) of the interest held previously. The completion of the split of ENEOP meets the condition precedent for the closing of the agreement signed in September 2015 with First State Wind Energy Investments for the sale of all assets held in Portugal (of which the assets from the ENEOP transaction are a component). On this basis, the latter have been classified as "held for sale".

4. Segment information

The representation of performance and financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods being compared. For more information on the developments in performance and financial position that characterized this period, please see the appropriate section of this Interim Financial Report.

Performance by business area

First nine months of 2015 (1)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	27,573	15,089	7,951	3,308	2,066	11	55,998
Revenue from transactions with other segments	857	103	23	233	192	(1,408)	-
Total revenue	**28,430**	**15,192**	**7,974**	**3,541**	**2,258**	**(1,397)**	**55,998**
Total costs	23,992	12,384	5,678	2,400	772	(1,311)	43,915
Net income/(expense) from commodity contracts measured at fair value	120	(11)	(4)	(16)	(16)	5	78
Depreciation and amortization	1,111	1,124	661	227	505	21	3,649
Impairment losses	349	248	51	1,499	214	-	2,361
Reversals of impairment	-	(149)	-	(7)	-	(1)	(157)
Operating income	**3,098**	**1,574**	**1,580**	**(594)**	**751**	**(101)**	**6,308**
Capital expenditure	**957** (2)	**575**	**1,289**	**135** (3)	**1,700**	**24**	**4,680**

(1) Segment revenue includes both revenue from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the period.
(2) Does not include €1 million regarding units classified as "held for sale".
(3) Does not include €400 million regarding units classified as "held for sale".

First nine months of 2014 restated (1)(2)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	Total
Revenue from third parties	26,553	15,021	6,883	3,687	1,840	91	54,075
Revenue from transactions with other segments	476	84	2	245	176	(983)	-
Total revenue	**27,029**	**15,105**	**6,885**	**3,932**	**2,016**	**(892)**	**54,075**
Total costs	21,939	12,606	4,858	3,152	772	(938)	42,389
Net income/(expense) from commodity contracts measured at fair value	(155)	(4)	(1)	3	68	(4)	(93)
Depreciation and amortization	1,204	1,258	648	298	424	22	3,854
Impairment losses	407	299	40	38	3	-	787
Reversals of impairment	-	(151)	-	(37)	-	-	(188)
Operating income	**3,324**	**1,089**	**1,338**	**484**	**885**	**20**	**7,140**
Capital expenditure	**915**	**513**	**911**	**598**	**1,060**	**15**	**4,012**

(1) Segment revenue includes both revenue 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 introduction, with retrospective effect, of "IFRIC 21 - *Levies*". For further information please see note 2 of the notes to the condensed consolidated financial statements.

Financial position by business area

At September 30, 2015

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	Total
Property, plant and equipment	22,321	23,350	11,549	5,669	13,695	147	76,731
Intangible assets	994	14,790	10,092	899	2,265	75	29,115
Trade receivables	7,965	2,535	1,736	293	528	(610)	12,447
Other	4,064	1,646	464	595	536	(256)	7,049
Operating assets	**35,344** (1)	**42,321**	**23,841**	**7,456** (2)	**17,024** (4)	**(644)**	**125,342**
Trade payables	6,105	2,031	1,541	582	879	(798)	10,340
Sundry provisions	3,209	3,895	829	2,106	192	451	10,682
Other	7,067	2,217	1,158	1,321	443	(347)	11,859
Operating liabilities	**16,381**	**8,143**	**3,528**	**4,009** (3)	**1,514** (5)	**(694)**	**32,881**

(1) Of which €6 million regarding units classified as "held for sale".
(2) Of which €4,078 million regarding units classified as "held for sale".
(3) Of which €2,257 million regarding units classified as "held for sale".
(4) Of which €899 million regarding units classified as "held for sale".
(5) Of which €25 million regarding units classified as "held for sale".

At December 31, 2014 restated

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	22,528	23,865	11,950	6,702	11,765	161	76,971
Intangible assets	1,241	14,817	11,572	912	2,248	72	30,862
Trade receivables	8,010	2,185	1,656	409	440	(598)	12,102
Other	3,951	1,488	800	501	599	(340)	6,999
Operating assets	**35,730** (1)	**42,355** (3)	**25,978** (4)	**8,524** (5)	**15,052**	**(705)**	**126,934**
Trade payables	8,276	2,467	2,181	747	892	(853)	13,710
Sundry provisions	3,417	3,979	766	2,572	193	413	11,340
Other	6,088	2,517	1,318	1,304	560	(276)	11,511
Operating liabilities	**17,781** (2)	**8,963**	**4,265**	**4,623** (6)	**1,645**	**(716)**	**36,561**

(1) Of which €347 million regarding units classified as "held for sale".
(2) Of which €22 million regarding units classified as "held for sale".
(3) Of which €4 million regarding units classified as "held for sale".
(4) Of which €10 million regarding units classified as "held for sale".
(5) Of which €4,255 million regarding units classified as "held for sale".
(6) Of which €2,790 million regarding units classified as "held for sale".

The following table reconciles segment assets and liabilities and the consolidated figures.

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014
Total assets	**160,363**	**166,634**
Equity investments accounted for using the equity method	675	872
Other non-current financial assets	5,333	4,980
Long-term tax receivables included in "Other non-current assets"	499	501
Current financial assets	9,005	9,484
Cash and cash equivalents	8,309	13,088
Deferred tax assets	7,130	7,067
Tax receivables	1,649	1,547
Financial and tax assets of "Assets held for sale"	2,421	2,161
Segment assets	**125,342**	**126,934**
Total liabilities	**109,088**	**115,489**
Long-term borrowings	44,514	48,655
Non-current financial liabilities	1,696	2,441
Short-term borrowings	2,653	3,252
Current portion of long-term borrowings	5,401	5,125
Current financial liabilities	7,350	6,618
Deferred tax liabilities	8,752	9,220
Income tax payable	1,144	253
Other tax payables	1,326	887
Financial and tax liabilities of "Liabilities held for sale"	3,371	2,477
Segment liabilities	**32,881**	**36,561**

5. Information on the Condensed Consolidated Income Statement

5.a Revenue - *€55,998 million*

Millions of euro	First nine months			
	2015	2014 restated	Change	
Revenue from the sale of electricity	34,979	35,434	(455)	-1.3%
Revenue from the transport of electricity	6,993	6,971	22	0.3%
Fees from network operators	597	560	37	6.6%
Transfers from the Electricity Equalization Fund and similar bodies	935	1,004	(69)	-6.9%
Revenue from the sale of gas	2,875	2,599	276	10.6%
Revenue from the transport of gas	358	323	35	10.8%
Remeasurement at fair value after changes in control	74	82	(8)	-9.8%
Gains on the disposal of assets	184	88	96	-
Other services, sales and revenue	9,003	7,014	1,989	28.4%
Total	**55,998**	**54,075**	**1,923**	**3.6%**

In the first nine months of 2015 **revenue from the sale of electricity** amounted to €34,979 million, down €455 million on the corresponding period of 2014 (-1.3%). This decrease in mainly due to the following factors:

> a reduction of €700 million in wholesale electricity sales, mainly due to a decline in revenue from sales in Russia as a result of the depreciation of the ruble with respect to the euro and to a decrease in sales on electricity exchanges;

> an increase of €419 million in revenue from electricity sales to end users, essentially attributable to higher revenue from regulated markets in Latin America (particularly in Brazil and Chile as a result of the combination of higher volumes sold and favorable Chilean peso exchange rates), partially offset by a decrease in revenue in Italy. More specifically, revenue on regulated markets and on free markets increased by €304 million and €115 million, respectively, in the first nine months of 2015;

> a decrease of €174 million in revenue from electricity trading, reflecting a decline in volumes handled.

Revenue from the transport of electricity amounted to €6,993 million in the first nine months of 2015, an increase of €22 million, essentially attributable to a rise in volumes transported to end users.

Revenue from **transfers from the Electricity Equalization Fund and similar bodies** came to €935 million in the first nine months of 2015, down €69 million compared with the same period of the previous year. More specifically, the reduction is mainly concentrated in extra-peninsular areas of Spain, where the impact of the lower grants for the period associated with higher sales and the drop in fuel prices more than offset the effects of the decline in grants recognized in the first nine months of 2014 due to adjustments arising from legislative and regulatory changes that also had an impact on 2012 and 2013.

Revenue from the sale of gas in the first nine months of 2015 came to €2,875 million, an increase of €276 million (+10.6%) compared with the same period of the previous year, mainly due to the increase in sales to end users in the Iberian Peninsula.

Revenue from the transport of gas amounted to €358 million in the first nine months of 2015, an increase of €35 million (+10.8%), following a similar pattern to that for sales of gas.

Gains from **remeasurement at fair value after changes in control** in the first nine months of 2015 came to €74 million (€82 million in the first nine months of 2014). More specifically, the gains for 2015 refer to the adjustment to their current value of assets and liabilities pertaining to the Group already held by Enel prior to the acquisition of full control of 3Sun (€45 million) and the ENEOP consortium (€29 million). In the corresponding period of 2014 this item referred to the adjustment to their fair value of assets and liabilities pertaining to the Group (i) following the loss of control, as from January 1, 2014, of SE Hydropower as a result of changes in governance arrangements (€50 million) and (ii) held by Enel prior to the acquisition of full control of Inversiones Gas Atacama (€29 million) and Buffalo Dunes Wind Project (€3 million).

Gains on the disposal of assets in the first nine months of 2015 totaled €184 million (€88 million in the first nine months of 2014), mainly relating to the disposals of SF Energy and SE Hydropower (€156 million). In the first nine months of 2014, the item primarily regarded the price adjustment on the sale of Artic Russia (€82 million) following satisfaction of the conditions provided for in the earn-out clause of the agreements with the buyer prior to completion of the sale.

Revenue under **other services, sales and revenue** amounted to €9,003 million in the first nine months of 2015 (€7,014 million in the same period of the previous year) for an increase of €1,989 million (+28.4%). The rise is mainly attributable to the following:

> an increase of €1,409 million in revenue from fuel sales for trading*,* including revenue for shipping services*,* essentially due to the increase in volumes sold in international markets for such commodities;

> a net increase of €257 million resulting from a rise in revenue from the sale of environmental certificates offset by a decrease in the relevant grants received;

> to the regulatory changes in Argentina introduced by *Resolución* no. 32/2015 concerning the recognition of revenue and the *Mecanismo de Monitoreo de Costos*, which increased revenue by €260 million compared with the first nine months of 2014;

> €87 million in negative goodwill on the acquisition of 3Sun.

5.b Costs - *€49,768 million*

Millions of euro	First nine months			
	2015	2014 restated	Change	
Electricity purchases	16,505	16,915	(410)	-2.4%
Consumption of fuel for electricity generation	4,339	4,358	(19)	-0.4%
Fuel for trading and gas for sale to end users	7,345	5,345	2,000	37.4%
Materials	864	808	56	6.9%
Personnel	3,464	3,377	87	2.6%
Services, leases and rentals	11,025	10,791	234	2.2%
Depreciation, amortization and impairment losses	5,853	4,453	1,400	31.4%
Costs of environmental certificates	535	390	145	37.2%
Other operating expenses	830	1,415	(585)	-41.3%
Capitalized costs	(992)	(1,010)	18	-1.8%
Total	**49,768**	**46,842**	**2,926**	**6.2%**

Costs for **electricity purchases** in the first nine months of 2015 fell by €410 million compared with the same period of 2014, representing a contraction of 2.4%. This development mainly reflects the impact of the decline in purchases through bilateral contracts (€205 million) and a reduction in costs for purchases of electricity on domestic and foreign markets (also €205 million).

Costs for the **consumption of fuel for electricity generation** amounted to €4,339 million in the first nine months of 2015, down €19 million (-0.4%) on the same period of the previous year, reflecting the lower average unit costs of the fuels, which more than offset the increase in volumes of thermal generation.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €7,345 million in the first nine months of 2015, an increase of €2,000 million. The change mainly reflects the trading on commodity markets mentioned above in the discussion of revenue, as well as the need to cover the increase in volumes for sale to end users.

Costs for **materials** in the first nine months of 2015 amounted to €864 million, an increase of €56 million on the corresponding period of 2014. The increase in the first nine months is mainly attributable to the increase in provisioning of EUAs and CERs, largely concentrated in the 1st Quarter of 2015.

Personnel costs in the first nine months of 2015 totaled €3,464 million, an increase of €87 million (+2.6%) on the corresponding period of 2014. The change essentially refers to:

> an increase in costs in Latin America associated with larger average workforces and the increase in average unit costs. The rise was particularly large in Argentina due to the renewal of the local collective bargaining agreement;

> a reduction in the average workforces in Italy and Spain, in part attributable to the early retirement incentives introduced in previous years.

The Enel Group workforce at September 30, 2015 numbered 68,384, of which 35,166 abroad. The Group workforce fell by 577 during the first nine months of 2015, reflecting the negative balance between new hires and terminations (-880 employees) and the change in the scope of consolidation (+303 employees), the latter mainly attributable to the acquisition of an additional 66% of 3Sun, which gave the Group full control of the company, and the acquisition of a majority stake in the Indian company BLP Energy.
The overall change compared with December 31, 2014 breaks down as follows:

Balance at December 31, 2014	**68,961**
Hirings	1,971
Terminations	(2,851)
Change in scope of consolidation	303
Balance at September 30, 2015	**68,384**

Costs for **services, leases and rentals** in the first nine months of 2015 amounted to €11,025 million, an increase of €234 million compared with the corresponding period of 2014. The change during the period essentially reflects a rise in network access costs (€102 million in the first nine months of 2015).

Depreciation, amortization and impairment losses in the first nine months of 2015 amounted to €5,853 million, an increase of €1,400 million. The increase in the first nine months of 2015 is mainly attributable to:

> impairment losses of €919 million with respect to Russian generation assets given the persistent adverse market and regulatory conditions in that country;
> the writedown in the value (to estimated realizable value net of transaction costs, as established by IFRS 5) of €531 million in relation to the assets of Slovenské elektrárne classified as held for sale;
> impairment losses of €155 million on the residual goodwill and property, plant and equipment of EGP Romania as a result of the unfavorable market and regulatory conditions in that country's renewable energy sector;
> the rise in net writedowns of trade receivables of €88 million;
> the decrease in depreciation as a result of the significant impairment losses on generation plants in Italy, Russia and Slovakia recognized at the end of 2014, the effects of which were only partially offset by new plants and infrastructure entering service (thereby triggering the start of the depreciation period).

Costs of environmental certificates came to €535 million in the first nine months of 2015, up €145 million on the same period of 2014. This increase is essentially attributable to regulatory changes introduced by the Authority for Electricity, Gas and the Water System (the Authority) Resolution no. 13/2014, which introduced a new reimbursement mechanism.

Other operating expenses in the first nine months of 2015 amounted to €830 million, down €585 million compared with the same period of the previous year. The decrease during the period mainly reflects:

> the partial reversal of the provision for the costs of nuclear fuel disposal in Slovakia in the amount of €550 million, performed as a result of the study conducted by independent experts in light of the new regulations introduced in July 2015 by the Slovakian government, which approved a new back-end strategy for spent nuclear fuel, including postponing the implementation of permanent storage for such waste from 2037 to 2065;
> the decrease in expenses associated with the *Bono Social* charged in Spain following the issue of Ministerial Order no. 350/2014 (€40 million).

This was partly offset by the reversal of provisions for risks and charges (€63 million) recognized in the first nine months of 2014 following the settlement agreement between Enel Distribuzione, A2A and A2A Reti Elettriche.

In the first nine months of 2015, **capitalized costs** came to €992 million, essentially in line with the corresponding period of 2014.

5.c Net income/(expense) from commodity contracts measured at fair value - *€78 million*

Net income/(expense) from commodity contracts measured at fair value showed net income of €78 million in the first nine months of 2015 (net expense of €93 million in the first nine months of 2014). More specifically, the net income for the first nine months of 2015 was essentially attributable to net realized income in the period totaling €72 million (€27 million in the first nine months of 2014) and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €6 million (net expense of €120 million in the first nine months of 2014).

5.d Net financial expense - *€1,998 million*

Net financial expense declined by €506 million compared with the year-earlier period.

More specifically, financial income in the first nine months of 2015 amounted to €2,924 million, an increase of €630 million on the same period of the previous year. This change is attributable to:

- an increase in income from derivatives (+€510 million), entered into mainly to hedge the risk of fluctuations in exchange rates on financing denominated in foreign currencies;
- a decrease in interest and other income from financial assets in the amount of €70 million;
- an increase in exchange rate gains of €30 million;
- an increase in other financial income of €160 million, essentially regarding regulatory items associated with electricity distribution in Argentina as a result of the changes to the CAMMESA remuneration mechanism introduced by Resolutions no. 476/2015 and no. 1208/2015 and of the effects of a number of changes to the calculation basis for financial assets associated with services provided under concession arrangements introduced by the Brazilian regulator for distribution companies.

Financial expense in the first nine months of 2015 amounted to €4,922 million, an increase of €124 million on the first nine months of 2014. This increase is attributable to:

- an increase of €516 million in expenses on derivatives, essentially due to the hedging of exchange rate risk on new loans;
- a decrease of €36 million in interest and other expense on financial debt;
- a decrease in exchange rate losses of €116 million;
- a decrease of €240 million in other financial expense, €140 million of which is associated with the adjustment of financial assets recognized with respect to the services provided under service concession arrangements by the Brazilian companies Ampla and Coelce following rate revisions, as well as about €73 million in financial income due to the cancellation of interest expense of Edesur in respect of Cammesa following the issue of Resolution no. 1208/2105 by Argentina's Undersecretariat for Electricity and the remainder attributable to higher capitalized interest expense as a result of the increase in investments made during the period, as well as the decline in interest expense through the discounting of early retirement incentives provisions.

5.e Share of income/(expense) from equity investments accounted for using the equity method - *€36 million*

The **share of income/(expense) from equity investments accounted for using the equity method** in the first nine months of 2015 showed net income of €36 million.

5.f Income taxes - *€1,424 million*

Income taxes in the first nine months of 2015 amounted to €1,424 million, equal to 32.8% of taxable income (compared with 44.2% in the first nine months of 2014). The decrease in the effective tax rate in the first nine months of 2015 compared with the same period of 2014 is mainly attributable to:

- in Italy, the benefit deriving from the ruling at the end of 2014 that the application of the IRES surtax (the so-called "Robin Hood Tax") is unconstitutional, the positive effects of changes in IRAP concerning the deductibility of personnel costs, as well as the virtual exemption of the gain on the disposal of SE Hydropower and San Floriano Energy from taxation;
- the reduction in the tax rate in Spain from 30% to 28%;
- the negative effects, amounting to €280 million in the 3rd Quarter of 2014, of the rise in tax rates (from 20% to 27% implemented gradually through 2018) under the tax reform in Chile, which led to an adjustment in net deferred tax assets and liabilities.

These effects were only partially offset by the increase in current income taxes due to the increase in tax rates imposed in Chile and Colombia.

6. Information on the Condensed Consolidated Balance Sheet

6.a Non-current assets - *€115,624 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €87,676 million at September 30, 2015, a decrease of €2,168 million. The change is mainly accounted for by exchange rate losses (€2,384 million, essentially referring to Latin America), depreciation, amortization and impairment losses on those assets (totaling €4,694 million) and to management's decision to reclassify the property, plant and equipment and intangible assets of the Portuguese companies in the Renewable Energy Division to "assets held for sale" (€144 million) in accordance with IFRS 5. These factors were only partially offset by investments in the period (€4,680 million) and changes in the scope of consolidation (€207 million), referring mainly to the acquisitions of 3Sun and BLP Energy.

Goodwill, amounting to €13,815 million, declined by €212 million compared with December 31, 2014. This decrease is due essentially the reclassification of the goodwill of the Portuguese companies in the Renewable Energy Division to "assets held for sale" (€245 million) and impairment losses recognized by Enel Green Power Romania (€13 million). This decrease was partially offset by the positive impact of the adjustment of goodwill denominated in foreign currencies at current exchange rates, as well as the recognition of €12 million in goodwill in connection with the acquisition of control of a number of minor companies in India and Mexico in the Renewable Energy Division.

Equity investments accounted for using the equity method amounted to €675 million, a decrease of €197 million compared with the end of the previous year, essentially due to dividends distributed and to the acquisition of control of Portuguese company ENEOP, which had previously been recognized under that item and which is now consolidated on a line-by-line basis and classified among assets held for sale. These effects were only partially offset by the portion of the net income reported by companies accounted for using the equity method attributable to the Group.

Other non-current assets totaled €13,458 million and include:

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014	Change	
Deferred tax assets	7,130	7,067	63	0.9%
Receivables and securities included in net financial debt	2,188	2,701	(513)	-19.0%
Other non-current financial assets	3,145	2,279	866	38.0%
Receivables due from the Electricity Equalization Fund and similar bodies	129	59	70	-
Other long-term receivables	866	826	40	4.8%
Total	**13,458**	**12,932**	**526**	**4.1%**

The increase of €526 million for the period is essentially due to:

> the increase in other non-current financial assets of €866 million, mainly attributable to the increase in the fair value of financial derivatives (+€945 million, essentially associated with exchange rate risk hedges) and other equity investments (+€37 million, including the equity investment in Bayan

Resources, among others). These were only partly offset by the decrease in financial assets related to services under concession arrangements (-€131 million);

> an increase of €70 million in net receivables due from the Electricity Equalization Fund and similar bodies, mainly due to the recognition of energy efficiency certificates in the first nine months of 2015;
> a decrease of €513 million in receivables and securities included in net financial debt, mainly as a result of the reduction in short-term financial receivables of a portion of the amount due from the Electricity Equalization Fund for the recapitalization of the Electrical Worker Pension Fund, as well as the decrease in receivables of the Argentine generation companies in respect of the wholesale electricity market deposited with the FONINVEMEM.

6.b Current assets - *€37,335 million*

Inventories totaled €3,491 million, up €157 million, mainly associated with the increase in CO_2 emission allowances and material and equipment. This rise was only partially offset by the decrease in inventories of green certificates and inventories of gas and other fuels.

Trade receivables amounted to €12,412 million, up €390 million, essentially the result of a decrease in assignements to factoring companies in the 3rd Quarter of 2015.

Other current assets, which totaled €13,123 million, break down as follows:

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014	Change	
Current financial assets included in debt	2,714	3,860	(1,146)	-29.7%
Other current financial assets	6,291	5,624	667	11.9%
Tax receivables	1,649	1,547	102	6.6%
Receivables due from the Electricity Equalization Fund and similar bodies	1,046	1,010	36	3.6%
Other short-term receivables	1,423	1,696	(273)	-16.1%
Total	**13,123**	**13,737**	**(614)**	**-4.5%**

The decrease of €614 million in the period is largely due to:

> a decrease €1,146 million in current financial assets included in debt, mainly associated with the change in the financial receivable in respect of the deficit of the Spanish electricity system for €476 million (which reflects amounts received in the first nine months of 2015 totaling €1,137 million) and the reduction of €427 million in cash collateral paid;
> an increase of €667 million of other current financial assets, connected with the rise in the fair value of derivatives (+€694 million, mainly to hedge electricity commodity prices), only partially offset by the decrease in accrued financial income and prepaid financial expense (-€27 million);
> an increase of €102 million in tax receivables, essentially due to the increase in income tax receivables as a result of the first payment on account of IRES and IRAP for 2015 for the Italian companies, net of the settlement of taxes for 2014. This effect was only partially offset by the reduction in receivables for surtaxes on electricity and gas consumption

6.c Assets held for sale - *€7,404 million*

The item mainly includes assets, valued at their estimated realizable value, of the Portuguese companies in the Renewable Energy Division and Slovenské elektrárne that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification under this item. In addition to the reclassification of the Portuguese companies (including the assets of ENEOP acquired through the change in control in 2015) mentioned above, the change during the period mainly reflects the disposals of SF Energy and SE Hydropower in the 1st Half of 2015.

6.d Equity attributable to the shareholders of the Parent Company - *€32,152 million*

The change of €646 million in the first nine months of 2015 in equity attributable to the shareholders of the Parent Company mainly reflects the recognition of net income for the period (€2,089 million), the effect of which was only partially offset by dividends authorized and distributed during the period (€1,316 million) and the net loss recognized directly in equity (-€144 million).

6.e Non-current liabilities - *€64,025 million*

Long-term borrowings, totaling €44,514 million (€48,655 million at December 31, 2014), consists of bonds in the amount of €35,957 million (€39,749 million at December 31, 2014) and bank debt and other borrowings in the amount of €8,557 million (€8,906 million at December 31, 2014). The decrease during the period reflects repayments made and reclassifications to short term, which more than offset new borrowing.

Provisions and deferred tax liabilities came to €16,181 million at September 30, 2015 (€16,958 million at December 31, 2014) and include:

> post-employment and other employee benefits totaling €3,585 million, down €102 million compared with December 31, 2014, essentially due to the development in exchange rates and outlays during the period;

> provisions for risks and charges amounting to €3,844 million (€4,051 million at December 31, 2014). More specifically, the €207 million decrease on the end of the 2014 is mainly attributable to the provision for legal disputes, as well as uses of the early retirement incentive provision in Spain and Italy;

> deferred tax liabilities, totaling €8,752 million (€9,220 million at December 31, 2014), which decreased largely as a result of depreciation of the foreign currencies used by subsidiaries and the uses made with respect to depreciation and amortization.

Other non-current liabilities, amounting to €3,330 million (€3,905 million at December 31, 2014), fell by €575 million, essentially due to the change in the fair value of financial derivatives, only partially offset by the increase in other liabilities towards CAMMESA with respect to the Argentine regulatory mechanism.

6.f Current liabilities - *€39,410 million*

Short-term borrowings and current portion of long-term borrowings fell by €323 million, going from €8,377 million at the end of 2014 to €8,054 million at September 30, 2015. This change takes into account the decrease in commercial paper of €1,963 million, which was only partially offset by the rise in other short-term borrowing of €1,092 million, short-term bank borrowings of €166 million and the short-term portion of bonds of €382 million.

Trade payables, amounting to €10,110 million (€13,419 million at December 31, 2014), declined by €3,309 million.

Other current liabilities, totaling €21,246 million, break down as follows:

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014	Change	
Payables due to customers	1,647	1,599	48	3.0%
Payables due to the Electricity Equalization Fund and similar bodies	4,984	4,005	979	24.4%
Current financial liabilities	7,350	6,618	732	11.1%
Social security contributions payable and payables to employees	545	711	(166)	-23.3%
Tax payables	2,470	1,140	1,330	-
Other	4,250	4,812	(562)	-11.7%
Total	**21,246**	**18,885**	**2,361**	**12.5%**

The increase of €2,361 million is essentially due to:

> an increase of €732 million in current financial liabilities, largely due to the increase in the fair value of financial derivatives (€1,082 million), partially offset by the decrease in accrued financial expense (€353 million);

> an increase of €1,330 million in tax payables, attributed essentially to the estimate for income taxes for the period net of income taxes paid and the increase in VAT and payables for surtaxes on electricity and gas consumption;

> an increase of €979 million in payables due to the Electricity Equalization Fund and similar bodies, mainly the result of Authority Resolution no. 268/2015 (the "Grid Code"), which establishes a different methodology for calculating the service and system components of rates (components A and UC);

> a decrease of €562 million in other payables, primarily in respect of the payments of liabilities for dividends to be distributed, recognized in 2014.

6.g Liabilities held for sale - *€5,653 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 September 30, 2015 and December 31, 2014, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Sept. 30, 2015	at Dec. 31, 2014	Change	
Cash and cash equivalents on hand	476	758	(282)	-37.2%
Bank and post office deposits	7,833	12,330	(4,497)	-36.5%
Securities	1	140	(139)	-
Liquidity	**8,310**	**13,228**	**(4,918)**	**-37.2%**
Short-term financial receivables	1,515	1,977	(462)	-23.4%
Factoring receivables	109	177	(68)	-38.4%
Current portion of long-term financial receivables	1,089	1,566	(477)	-30.5%
Current financial receivables	**2,713**	**3,720**	**(1,007)**	**-27.1%**
Bank debt	(293)	(30)	(263)	-
Commercial paper	(636)	(2,599)	1,963	75.5%
Current portion of long-term bank borrowings	(727)	(824)	97	11.8%
Bonds issued (current portion)	(4,438)	(4,056)	(382)	-9.4%
Other borrowings (current portion)	(236)	(245)	9	3.7%
Other short-term financial payables	(1,724)	(623)	(1,101)	-
Total current financial debt	**(8,054)**	**(8,377)**	**323**	**3.9%**
Net current financial position	**2,969**	**8,571**	**(5,602)**	**-65.4%**
Debt to banks and financing entities	(6,949)	(7,022)	73	1.0%
Bonds	(35,957)	(39,749)	3,792	9.5%
Other borrowings	(1,608)	(1,884)	276	14.6%
Non-current financial position	**(44,514)**	**(48,655)**	**4,141**	**8.5%**
NET FINANCIAL POSITION as per CONSOB instructions	**(41,545)**	**(40,084)**	**(1,461)**	**-3.6%**
Long-term financial receivables and securities	**2,188**	**2,701**	**(513)**	**-19.0%**
NET FINANCIAL DEBT	**(39,357)**	**(37,383)**	**(1,974)**	**-5.3%**

None of these items involve 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 electricity for own use
EMO - Energy Markets Operator	Fully controlled (indirectly) by the Ministry for the Economy and Finance	Sale of electricity on the Power Exchange Purchase of electricity on the Power Exchange for pumping and plant planning Sale of electricity for own use
ESO - Energy Services Operator	Fully controlled (directly) by the Ministry for the Economy and Finance	Sale of subsidized electricity Payment of A3 component for renewable resource incentives Sale of electricity for own use
Terna	Indirectly controlled by the Ministry for the Economy and Finance	Sale of electricity on the Ancillary Services Market Purchase of transport, dispatching and metering services Sale of electricity for own use
Eni Group	Directly controlled by the Ministry for the Economy and Finance	Sale of electricity transport services Purchase of fuels for generation plants, storage services and natural gas distribution
Finmeccanica Group	Directly controlled by the Ministry for the Economy and Finance	Purchase of IT services and supply of goods Sale of electricity for own use
Italian Post Office	Fully controlled (directly) by the Ministry for the Economy and Finance	Purchase of postal services Sale of electricity for own use

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

The following tables summarize transactions with related parties, associated companies and joint arrangements outstanding at September 30, 2015 and carried out during the period.

Millions of euro

	Single Buyer	EMO	Terna	Eni	ESO	Italian Post Office	Other	**Total**	Associates and joint arrangements	**Overall total**	**Total in financial statements**	**% of total**
Income statement												
Revenue from sales and services	-	1,910	871	1,097	161	28	56	**4,123**	62	**4,185**	**54,367**	**7.7%**
Other revenue and income	-	-	3	-	216	-	12	**231**	1	**232**	**1,631**	**14.2%**
Financial income	-	-	-	-	-	-	-	**-**	15	**15**	**2,924**	**0.5%**
Electricity, gas and fuel purchases	2,823	1,143	80	1,139	3	-	26	**5,214**	202	**5,416**	**28,008**	**19.3%**
Services and other materials	1	64	1,458	87	3	83	34	**1,730**	77	**1,807**	**12,070**	**15.0%**
Other operating expenses	2	-	3	34	-	-	-	**39**	-	**39**	**1,365**	**2.9%**
Net income/(expense) from commodity contracts measured at fair value	-	-	7	-	-	-	-	**7**	-	**7**	**78**	**9.0%**
Financial expense	-	-	-	-	-	-	-	**-**	22	**22**	**4,922**	**0.4%**

Millions of euro

	Single Buyer	EMO	Terna	Eni	ESO	Italian Post Office	Other	**Total**	Associates and joint arrangements	**Overall total**	**Total in financial statements**	**% of total**
Balance sheet												
Trade receivables	-	216	555	55	110	5	22	**963**	19	**982**	**12,412**	**7.9%**
Other current assets	-	6	6	8	55	-	4	**79**	25	**104**	**13,123**	**0.8%**
Other non-current liabilities	-	-	-	-	-	-	1	**1**	-	**1**	**3,330**	**-**
Trade payables	593	280	550	151	1,498	39	22	**3,133**	42	**3,175**	**10,110**	**31.4%**
Other current liabilities	-	-	8	-	-	-	1	**9**	-	**9**	**21,246**	**-**
Other information												
Guarantees given	-	280	220	-	-	-	1	**501**	-	**501**		
Guarantees received	-	-	-	150	-	10	26	**186**	-	**186**		
Commitments	-	-	2	31	-	13	9	**55**	-	**55**		

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 (available at http://www.enel.com/it-it/governance/rules/related_parties) in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the first nine months of 2015, 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 Sept. 30, 2015	at Dec. 31, 2014	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	5,760	4,304	1,456
Commitments to suppliers for:			
- electricity purchases	53,710	54,384	(674)
- fuel purchases	58,347	63,605	(5,258)
- various supplies	2,056	1,782	274
- tenders	1,902	1,785	117
- other	3,393	2,345	1,048
Total	**119,408**	**123,901**	**(4,493)**
TOTAL COMMITMENTS AND GUARANTEES	**125,168**	**128,205**	**(3,037)**

Commitments for electricity amounted to €53,710 million at September 30, 2015, of which €18,549 million refer to the period October 1, 2015-2019, €13,390 million to the period 2020-2024, €8,266 million to the period 2025-2029 and the remaining €13,505 million beyond 2029.
Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at September 30, 2015 amounted to €58,347 million, of which €31,112 million refer to the period October 1, 2015-2019, €15,715 million to the period 2020-2024, €8,531 million to the period 2025-2029 and the remaining €2,989 million beyond 2029.

10. Contingent liabilities and assets

Porto Tolle thermal plant - Air pollution - Criminal proceedings against Enel directors and employees

In February 2015, Enel lodged an appeal with the Court of Cassation against the July 10, 2014 ruling of the Court of Appeal of Venice.

Litigation and out-of-court disputes connected with the blackout of September 28, 2003

Cattolica lodged an appeal with the Rome Court of Appeal seeking to overturn the ruling of the trial court of October 21, 2013. The proceeding was adjourned until a hearing scheduled for February 23, 2018 for final arguments and rejoinders.

BEG litigation

With regard to the suit lodged by Albania BEG Ambient Shpk in the State of New York (USA), on April 27, 2015, Enel SpA and Enelpower SpA asked for the case to be transferred from the New York state courts to the federal courts. Enel is awaiting a decision on jurisdiction, taking account of the opposition of Albania BEG Ambient Shpk on the matter.

The proceedings in Ireland and Luxembourg are continuing. That in Ireland in particular is in its initial stages and no rulings have been issued.

As regards the proceeding in Italy, the period saw the completion of the first level of the suit filed by Enel SpA and Enelpower SpA with the Court of Rome to ascertain BEG SpA's liability for having avoided complying with the arbitration ruling issued in Italy in favor of Enelpower SpA through the action noted above by the subsidiary Albania BEG Ambient Shpk. Enelpower SpA and Enel SpA asked the court to order BEG SpA to indemnify Enel SpA and Enelpower SpA for any amount they might be required to pay to Albania BEG Ambient Shpk in the event of the execution of the sentence of the Albanian courts. In a ruling of June 16, 2015, the Court of Rome ruled that BEG SpA did not have standing to be sued, or alternatively, that the request was not admissible for lack of an interest for Enel SpA and Enelpower SpA to sue, as the Albanian ruling had not yet been declared enforceable in any court. The Court ordered the setting off of court costs.

Violations of Legislative Decree 231/2001

While two other cases are pending for alleged violations of Legislative Decree 231/2001 concerning the administrative liability of legal persons for omission of accident prevention measures, we report the following updates:

- for a fatal accident involving an employee of a subcontractor at the Enel plant at Termini Imerese in 2008, on July 23, 2015 the court acquitted Enel Produzione and its employees, finding that no offense had been committed. Publication of the full ruling of the court is pending;
- for a fatal accident involving an employee of a subcontractor at the Enel Federico II plant at Brindisi in 2008, at the hearing of October 2, 2015 the court acquitted Enel Produzione and its employees, finding that they had not committed the offense, instead convicting the contractor. Publication of the full ruling of the court is pending.

Basilus litigation (formerly Meridional) - Brazil

The appeal lodged by Basilus with the *Tribunal Superior de Justiça* in Brasilia was denied. Basilus may appeal this latter decision before the competent courts.

CIEN litigation - Brazil

The claims advanced by Furnas were rejected by the trial court in August 2014.
Furnas lodged an appeal against the latter decision and the proceeding is under way.

Cibran litigation - Brazil

In another pending case, on June 1, 2015, the courts issued a ruling ordering Ampla to pay 80,000 Brazilian reais (about €23,042) in non-pecuniary damages as well as 96,465,103 Brazilian reais (about €28 million) in pecuniary damages on the basis of an expert appraisal, plus interest. Ampla has appealed the decision.

El Quimbo - Colombia

A number of legal actions ("*acciones de grupo*" and "*acciones populares*") brought by residents and fishermen in the affected area are pending with regard to the El Quimbo project. More specifically, the first *acción de grupo*, currently in the preliminary stage, was brought by around 1,140 residents of the municipality of Garzón, who claim that the construction of the plant would reduce their business revenues by 30%. A second action was brought, between August 2011 and December 2012, by residents and businesses/associations of five municipalities of Huila claiming damages related to the closing of a bridge (Paso El Colegio). With regard to *acciones populares*, or class action lawsuits, in 2008 a suit was filed by a number of residents of the area demanding, among other things, that the environmental permit be suspended. Another *acción popular* was brought by a number of fish farming companies over the alleged impact that filling the Quimbo basin would have on fishing in the Betania basin downstream from Quimbo. In February 2015, the Court ordered the precautionary suspension of filling operations until a number of specific requirements have been met.
The precautionary suspension was subsequently modified to permit filling to proceed, which began on June 30, 2015. However, on July 3, 2015 CAM (the regional environmental authority) issued a measure ("*medida preventiva"*) again ordering filling operations to be suspended temporarily.
In view of the technical impossibility of suspending filling operations, on July 17, 2015 Emgesa received a notice modifying the precautionary measure to prohibit generation activities until ANLA (the national environmental authority) certifies that the company removed the biomass and forest waste from the Quimbo reservoir basin.
In September 2015, ANLA issued two reports which in general confirm that the company has fulfilled the requirements. Consequently, on September 21, 2015 the company asked the court to lift the precautionary suspension. A decision has not been issued yet. Pending the ruling, as an energy emergency has been declared, the Ministry of Energy issued a decree authorizing Emgesa to begin generation.

Nivel de Tensión Uno proceedings - Colombia

This dispute involves an "*acción de grupo*" brought by Centro Médico de la Sabana hospital and other parties against Codensa seeking restitution of allegedly excess fees paid. The action is based upon the alleged failure of Codensa to apply a subsidized rate that they claim the users should have paid as *Tensión Uno* category users (voltage of less than 1 kV) and owners of infrastructure, as established in

Resolution no. 82/2002, as amended by Resolution no. 97/2008. The suit is at a preliminary stage. The estimated value of the proceeding is about 337,626,840,000 Colombian pesos (about €131 million).

SAPE (formerly Electrica) arbitration - Romania

The hearing in the arbitration proceeding concerning damages sought for alleged violations of specific clauses of the Privatization Agreement is under way. The hearing was held in the first week of June 2015 and a ruling is expected by the end of the year.

Gabčíkovo litigation - Slovakia

Slovenské elektrárne ("SE") lodged an extraordinary appeal against the decision of March 9, 2015 with which the Court of Appeal overturned the ruling of the court of first instance and voided the contract, and the request for arbitration with the Vienna International Arbitral Centre ("VIAC") under the VEG Indemnity Agreement. Under that accord, which had been signed as part of the privatization between the National Property Fund of the Slovak Republic and SE, the latter is entitled to an indemnity in the event of the early termination of the VEG Operation Agreement for reasons not attributable to SE.
In April 2015, SE had also received a notice from the Vodohospodárska Výstavba Štátny Podnik ("VV") demanding payment of about €490 million for alleged unjustified enrichment from the operation of the plant in 2006-2015. SE rejected the demand.
Finally, VV lodged a further suit with the District Court of Bratislava seeking restitution of the fees paid by VV to SE for the transfer of the assets in the privatization.

LaGeo arbitration

Under the framework agreement, the full effectiveness of the final settlement of the dispute with the Republic of El Salvador and the termination of the ICSID arbitration proceeding are subject to a number of specific conditions (termination of the pending local litigation against Enel Green Power and its representatives) that were to occur within six months. On September 14, 2015, following satisfaction of those conditions, the arbitration board, acting at the request of the parties, issued a ruling declaring the settlement of the dispute.

11. Subsequent events

Enel starts production at El Quimbo

On October 13, 2015, Emgesa started production at the El Quimbo hydropower plant in Colombia. With an installed capacity of 400 MW, the facility is located in the region of Huila, about 350 kilometers southwest of Bogota, and is fed by the Magdalena, the country's largest river. The filling of the reservoir began in late June after the completion of the principal civil works, which then led to the entry into service of the first of the plant's two units. Ahead of the start of commercial operations, trials were carried out at the plant for around 20 days. With the commissioning of the second unit the facility will be able to produce about 2.2 TWh per year, enough to meet around 4% of the country's electricity demand and reducing the impact of El Niño, which has caused drought conditions, on the supply of electricity in the country.

Enel Green Power and F2i sign agreement for the creation of photovoltaic joint venture in Italy

On October 16, Enel Green Power ("EGP") and F2i SGR SpA ("F2i"), acting on behalf of F2i - Fondo italiano per le infrastrutture, together with their respective subsidiaries Enel Green Power Solar Energy Srl and F2i Energie Rinnovabili Srl, announced they had finalized an agreement to form an equal joint venture.

Under the agreement, EGP will form a new company, to which it will contribute, through its subsidiary Altomonte FV, 105 MW of photovoltaic assets. F2i will in turn contribute an additional 105 MW of photovoltaic assets currently held by F2i Solare 1 and F2i Solare 3 , subsidiaries of F2i Energie Rinnovabili.

The enterprise value of the EGP assets is €230 million, while that of the F2i assets is €285 million. The equity value of the EGP assets is €88 million net of minorities, while that of the F2i assets is €106 million. In order to guarantee equal shareholdings in the joint venture, EGP will also make an €18 million cash contribution at the time of the transfer of Altomonte FV's investment. The value adjustment customary for this kind of transaction is expected to be carried out in 2016.

The joint venture aims to take advantage of the consolidation currently under way in the Italian photovoltaic market by bringing together operating photovoltaic plants owned by different financial institutions and private operators. Enel Green Power plans to use the joint venture to create value by:

- reducing operating expenses by implementing the programmes already in place for existing photovoltaic plants;
- optimizing energy management with the proactive management of EGP's assets, leveraging the company's expertise;
- optimizing debt to seize new financing opportunities in a new market environment of low interest rates.

EGP has an option to acquire an additional 2.5% of the joint venture, which would give it control. The agreement also gives F2i the possibility of contributing by 2016 an additional 58 MW of capacity, with EGP making an additional cash injection to maintain the two partners' equal stakes in the joint venture.

The transaction, which is expected to close by the end of 2015, is subject to the approval of the EU antitrust authority and other standard conditions precedent.

Enel confirmed in STOXX Global ESG Leaders Index

On October 26, 2015, the Enel Group was admitted to the STOXX Global ESG Leaders Index for the second year in a row. The index measures the performance of companies' environmental, social and governance (ESG) practices based on an assessment carried out by Sustainalytics, a leading sustainability rating agency.

Sale of the Porto Marghera site

On November 2, 2015, the sale of Enel's Porto Marghera site was completed. The coal-fired Giuseppe Volpi thermal power station, which has been largely inactive for the past three years, has been sold together with the surrounding area, to three companies already operating in the port logistics, structural metalworking and plant engineering industries: Porto Invest Srl, Simic SpA and CITI Srl. This is the first plant that Enel has disposed of within the Futur-e project, which envisages the redevelopment of 23 thermoelectric plants, many of which are no longer operational. Two of the three buyers (CITI and Simic) will develop new industrial facilities on the site, while the third (Porto Invest) will expand the logistics operations that it already carries out nearby, operating directly and through associated companies. The investments associated with these initiatives will have a major positive impact on economic activity and employment in the Porto Marghera area, both in the construction phase and in the operation of the new industrial activities.

Agreement for sustainable wind power renewal

On November 3, 2015, E2i, Enel Green Power, ERG Renew, Falck Renewables and IVPC, together with Legambiente and ANCI, signed the Charter for Sustainable Wind Power Renewal. The goal of the document is to specify operational rules, application criteria, standards, procedures and best practices that will ensure the effectiveness and transparency of projects for the renewal of Italy's existing wind power park in order to create a sustainability roadmap. Through the upgrading of the plants and the use of modern technology, it is possible today to reduce the number of wind turbines and generate more "green" electricity without reducing installed capacity, while offering the electricity network more technical flexibility. The Charter is founded on four key principles: the protection and making the most of natural resources in existing sites; the optimal use of each territory's resources, maximizing the use of existing infrastructure; the containment and mitigation of environmental impacts at each stage of the process; and continuity and transparency in the relationship with the area, institutions and local communities.

Reorganization of Enel operations in Chile and other Latin American countries

On November 6, 2015, Enel SpA announced that the boards of directors of its Chilean subsidiaries Enersis, Endesa Chile and Chilectra had agreed that the corporate restructuring aimed at separating electricity generation and distribution operations in Chile from those in other Latin American countries was in the interest of their respective companies.

The boards of directors of Enersis, Endesa Chile and Chilectra will meet again to discuss upon the convening of their respective extraordinary shareholders' meetings to approve the overall corporate reorganization and launch the first phase of the transaction involving the partial demergers of Enersis, Endesa Chile and Chilectra. In view of the final phase of the corporate reorganization, which provides for the merger of Endesa Americas and Chilectra Americas into Enersis Americas, the boards of directors of Enersis, Endesa Chile and Chilectra also agreed, acting on the basis of the opinions of financial advisors and independent experts on the valuations of the companies that will be involved in that merger, an indicative exchange ratio falling within a range of between:

- a minimum of 2.3 and a maximum of 2.8 shares of Enersis Americas for each share of Endesa Americas;
- a minimum of 4.1 and a maximum of 5.4 shares of Enersis Americas for each share of Chilectra Americas.

The documentation used by the boards of Enersis, Endesa Chile and Chilectra as the basis of their approval of the reorganization is available to the public on the websites of the companies involved (www.enersis.cl, www.endesa.cl and www.chilectra.cl).

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, Alberto De Paoli, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in the Interim Financial Report at September 30, 2015 corresponds with that contained in the accounting documentation, books and records.

Disclaimer

This Report issued in Italian
has been translated into
English solely for the convenience
of international readers

Enel
Società per azioni
Registered office in Rome, Italy
Viale Regina Margherita, 137