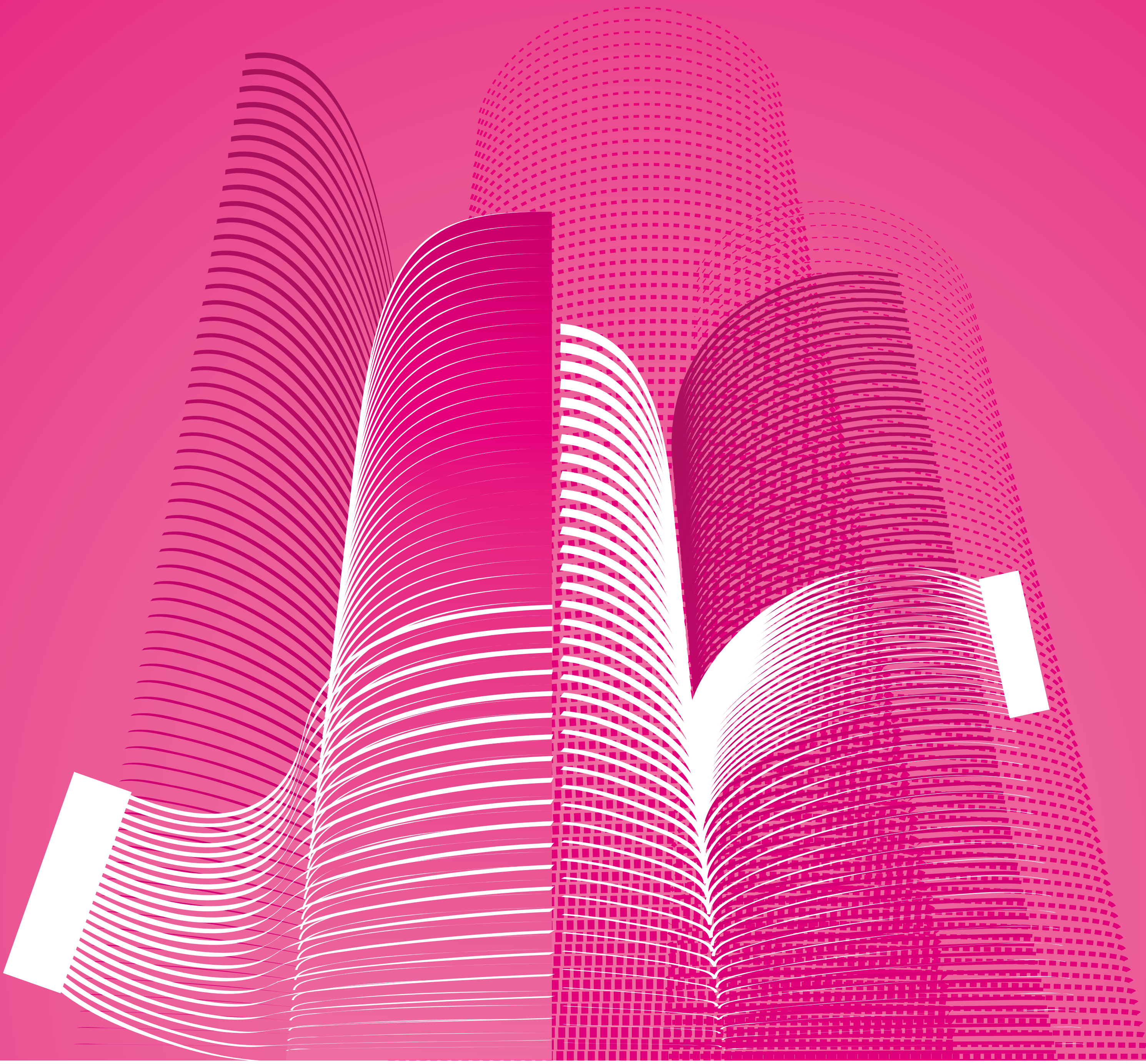
INTERIM FINANCIAL REPORT AT MARCH 31, 2016



Interim Financial Report at March 31, 2016

Contents

MISSION 2025

OPEN ENERGY TO MORE PEOPLE.

We will use and extend our global reach and scale to connect more people to secure and sustainable energy, with a special focus on Latin America and Africa.

OPEN ENERGY TO NEW TECHNOLOGIES.

We will lead development and deployment of technologies to generate and distribute energy more sustainably, with a special focus on renewables and smart grids.

OPEN UP NEW WAYS OF MANAGING ENERGY FOR PEOPLE.

We will develop more services built around people's needs to help them use and manage energy more efficiently, with a focus on smart meters and digitisation.

OPEN UP ENERGY TO NEW USES.

We will develop new services that use energy to tackle global challenges, with a focus on connectivity and e-mobility.

OPEN UP TO MORE PARTNERSHIPS.

We will unite a network of collaborators in research, technology, product development, and marketing to build new solutions together.

Foreword

The Interim Financial Report at March 31, 2016 has been prepared in compliance with Article 154-*ter*, paragraph 5, of Legislative Decree 58 of February 24, 1998, and in conformity with the recognition and measurement criteria set out in the international accounting standards (*International Accounting Standards* - IAS and *International Financial Reporting Standards* - IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the period. For a more thorough discussion of the accounting policies and measurement criteria, please refer to note 1 of the notes to the condensed consolidated quarterly financial statements.

Article 154-*ter*, paragraph 5, of the Consolidated Financial Intermediation Act, as recently amended by Legislative Decree 25/2016, no longer requires issuers to publish an interim financial report at the close of the 1st and 3rd Quarters of the year. The new rules give Consob the power to issue a regulation requiring issuers, following an impact analysis, to publish periodic financial information in addition to the annual and semi-annual financial reports. In view of the foregoing, pending a possible modification of the regulatory framework by Consob, Enel intends to continue voluntarily publishing an interim financial report at the close of the 1st and 3rd Quarters of each year in order to satisfy investor expectations and conform to consolidated best practice in the main financial markets, while also taking due account of the quarterly reporting requirements of a number of major listed subsidiaries.

Definition of performance indicators

In order to facilitate the assessment of the Group's performance and financial position, this Interim Financial Report at March 31, 2016 uses a number of "alternative performance indicators" not envisaged in the IFRS-EU accounting standards. In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used to calculate these indicators are described below.

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

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

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

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

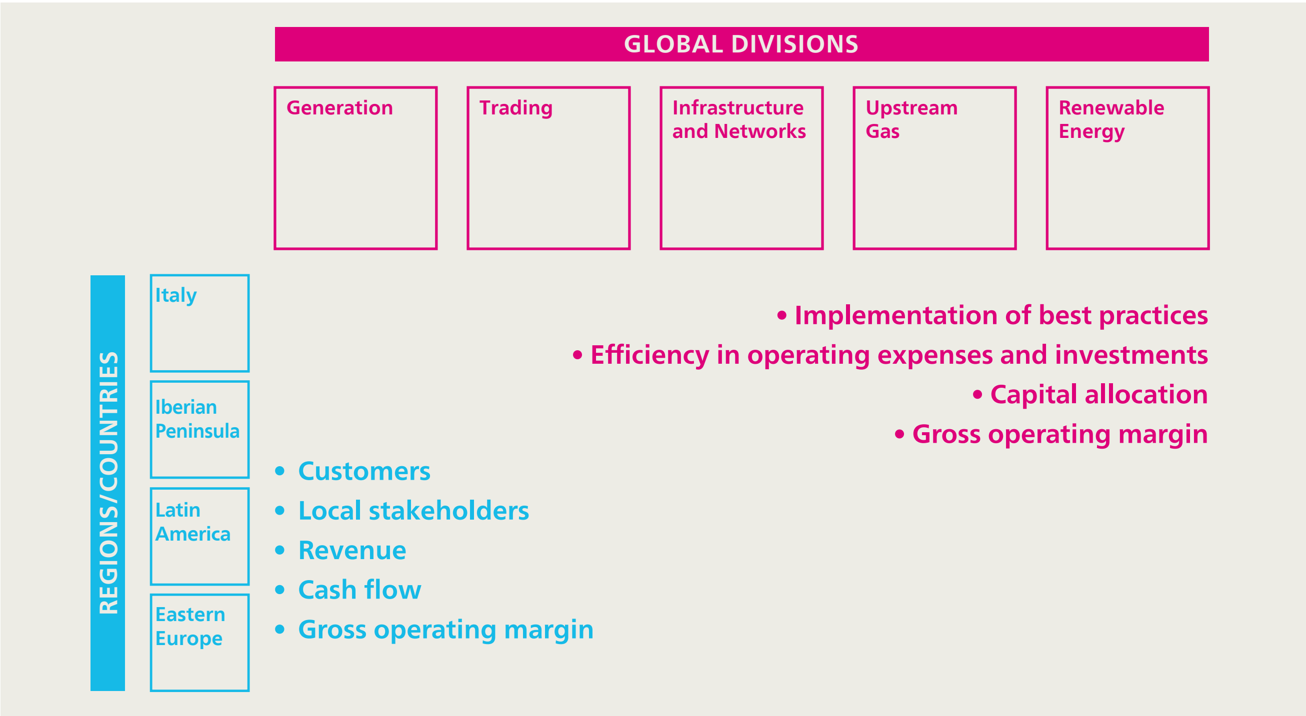
Enel organizational model

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, 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.

The organizational structure was modified on April 8, 2016, partly in relation to the integration of Enel Green Power. More specifically, the main organizational changes include:

- the reorganization of the Group's geographical presence, with a focus on the countries that represent new business opportunities around the world and in which the Group's presence was established through Enel Green Power. The Group has therefore shifted from a matrix of four geographical areas to one with six such areas. The structure retains the Country "Italy" and the areas "Iberian Peninsula" and "Latin America", while the Eastern Europe area has been expanded into the "Europe and North Africa" area. Two new geographical areas have also been created: "North and Central America" and "Sub-Saharan Africa and Asia". These six areas will continue to maintain a presence and integrate businesses at the local level, seeking to foster the development of all segments of the value chain. At the geographical level, in countries in which the Group operates in both the conventional and renewable generation businesses, the position of Country Manager will be unified;
- the convergence of the entire hydroelectric business within the Renewable Energy business line;
- the integrated management of dispatching of all renewable and thermal generation plants by Energy Management at the Country level in accordance with the guidelines established by the Global Trading Division.

In the coming months, the new organization will be implemented progressively in the Group's Countries, beginning with Italy, with the consequent adjustment of operating segment reporting.

Summary of results

Performance and financial position

Millions of euro	1st Quarter	
	2016	2015
Revenue	17,872	19,970
Gross operating margin	4,017	4,023
Operating income	2,670	2,625
Net income attributable to the shareholders of the Parent Company and non-controlling interests	1,305	1,179
Net income attributable to the shareholders of the Parent Company	939	810
Group net income per share in circulation at period-end (euro)	0.10	0.09
Net capital employed	88,836	89,296 (1)
Net financial debt	36,644	37,545 (1)
Shareholders' equity (including non-controlling interests)	52,216	51,751 (1)
Group shareholders' equity per share in circulation at period-end (euro)	3.70	3.44 (1)
Cash flows from operating activities	1,567	476
Capital expenditure on tangible and intangible assets (2)	1,547	1,253

(1) At December 31, 2015.
(2) Does not include €103 million regarding units classified as "held for sale" at March 31, 2016 (€87 million at March 31, 2015).

Revenue in the first three months of 2016 amounted to €17,872 million, a decrease of €2,098 million (-10.5%) compared with the same period of 2015. The decrease is largely attributable to a decline in sales of electricity in mature markets, a decrease in electricity trading activities and exchange rate effects, which had an especially significant impact in the Latin American countries. These factors were accompanied by a decrease in revenue from trading in environmental certificates and the recognition in the 1st Quarter of 2015 of a number of grants in Argentina under *Resolución* no. 32/2015. Revenue in the 1st Quarter of 2016 include a non-recurring gain from the disposal of Hydro Dolomiti Enel in the amount of €146 million.

Millions of euro	1st Quarter			
	2016	2015	Change	
Italy	9,170	10,324	(1,154)	-11.2%
Iberian Peninsula	4,697	5,358	(661)	-12.3%
Latin America	2,452	2,670	(218)	-8.2%
Eastern Europe	1,169	1,239	(70)	-5.6%
Renewable Energy	705	812	(107)	-13.2%
Other, eliminations and adjustments	(321)	(433)	112	-25.9%
Total	**17,872**	**19,970**	**(2,098)**	**-10.5%**

The **gross operating margin** in the 1st Quarter of 2016 amounted to €4,017 million, a decrease of €6 million (-0.1%)

compared with the same period of 2015. Excluding the gain on the disposal of Hydro Dolomiti Enel, the gross operating margin declined by €152 million, sharply affected by exchange rate losses of €194 million as a result of the translation to the euro of amounts in local functional currencies, notably in Latin America and in Russia. The decrease in the gross operating margin posted in the Iberian Peninsula and the Renewable Energy Division was partly offset by the increase in the margin in the end-user markets in Italy and Spain and the generation margin in Chile.

Millions of euro	1st Quarter			
	2016	2015	Change	
Italy	1,775	1,554	221	14.2%
Iberian Peninsula	794	977	(183)	-18.7%
Latin America	800	736	64	8.7%
Eastern Europe	197	233	(36)	-15.5%
Renewable Energy	462	536	(74)	-13.8%
Other, eliminations and adjustments	(11)	(13)	2	-15.4%
Total	**4,017**	**4,023**	**(6)**	**-0.1%**

Operating income in the 1st Quarter of 2016 amounted to €2,670 million, an increase of €45 million (+1.7%) compared with the same period of 2015, attributable to a decrease of €51 million in depreciation, amortization and impairment losses.

Millions of euro	1st Quarter			
	2016	2015	Change	
Italy	1,290	1,064	226	21.2%
Iberian Peninsula	395	582	(187)	-32.1%
Latin America	585	491	94	19.1%
Eastern Europe	139	139	-	-
Renewable Energy	284	370	(86)	-23.2%
Other, eliminations and adjustments	(23)	(21)	(2)	-9.5%
Total	**2,670**	**2,625**	**45**	**1.7%**

Group net income in the 1st Quarter of 2016 amounted to €939 million, an increase of €129 million (+15.9%) compared with the same period of 2015. In addition to the improvement in operating income noted above, the rise was due mainly to a decline in the tax liability compared with the same period of 2015, only partly offset by an increase in financial expense, mainly attributable to non-recurring items in Argentina and the charges associated with the repurchase of a number of bonds issued by Enel SpA. More specifically, the reduction in the tax rate mainly reflects the exemption of most of the gain on disposal noted earlier and a decrease in current taxes in Spain following the reduction of the tax rate to 25%, as well as the positive impact of the application of the monetary correction, for tax purposes only, in Chile.

Net financial debt at March 31, 2016 amounted to €36,644 million, a decrease of €901 million on December 31, 2015, benefiting from the improvement in operating cash flow and the positive impact of changes in the exchange rates of a number of currencies (mainly the US dollar) in which part of financial debt is denominated. At March 31, 2016, the debt-to-equity ratio was 0.70 (0.73 at December 31, 2015).

Capital expenditure amounted to €1,547 million in the 1st Quarter of 2016, an increase of 23.5%, largely attributable to the Renewable Energy Division.

Millions of euro	1st Quarter			
	2016	2015	Change	
Italy	298	257 (2)	41	16.0 %
Iberian Peninsula	170	154	16	10.4 %
Latin America	227	320	(93)	-29.1%
Eastern Europe	47 (1)	36 (3)	11	30.6%
Renewable Energy	800	475	325	68.4%
Other, eliminations and adjustments	5	11	(6)	-54.5%
Total	**1,547**	**1,253**	**294**	**23.5%**

(1) Does not include €103 million regarding units classified as "held for sale".
(2) Does not include €1 million regarding units classified as "held for sale".
(3) Does not include €86 million regarding units classified as "held for sale".

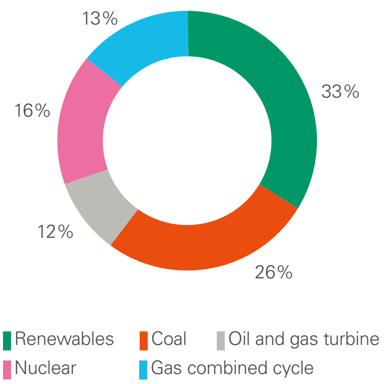
Operations

	1st Quarter					
	Italy	Abroad	**Total**	Italy	Abroad	**Total**
	2016			2015		
Net electricity generated by Enel (TWh)	14.7	51.3	**66.0**	17.3	54.6	**71.9**
Electricity transported on the Enel distribution network (TWh)	56.3	49.3	**105.6**	56.4	49.7	**106.1**
Electricity sold by Enel (TWh) (1)	24.2	43.8	**68.0**	22.4	44.1	**66.5**
Gas sales to end users (billions of m^3)	2.0	1.8	**3.8**	1.9	1.4	**3.3**
Employees at period-end (no.) (2) (3)	33,027	34,931	**67,958**	33,040	34,874	**67,914**

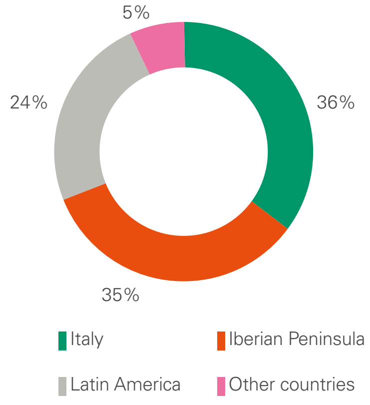
(1) Excluding sales to resellers.
(2) Of which 4,405 in units classified as "held for sale" at March 31, 2016 (4,301 at December 31, 2015).
(3) Comparative figures at December 31, 2015.

Net electricity generated by Enel in the 1st Quarter of 2016 totaled 66.0 TWh, down 8.2% compared with the same period of 2015. The change is due to the reduction in amounts generated abroad (-3.3 TWh) and in Italy (-2.6 TWh). As regards the technology mix, thermal generation fell substantially (-4.3 TWh), owing to the decrease in the use of coal-fired and combined-cycle plants in Italy and abroad. Hydroelectric generation declined by 2.1 TWh, mainly as a result of a deterioration in water conditions in all countries except Chile.

Net electricity generation by source
(1st Quarter of 2016)



Electricity sold by geographical area
(1st Quarter of 2016)



Electricity transported on the Enel distribution network in the 1st Quarter of 2016 came to 105.6 TWh, a decrease of 0.5 TWh (-0.5%), reflecting the decline in electricity demand in Italy and the Iberian Peninsula.

Electricity sold by Enel in the 1st Quarter of 2016 amounted to 68.0 TWh, an increase of 1.5 TWh (+2.3%), attributable to an increase in sales in Italy (+1.8 TWh) thanks to an expansionary commercial policy in the "business" segment, only partly offset by a decline in amounts sold abroad (-0.3 TWh).

Gas sales in the 1st Quarter of 2016 amounted to 3.8 billion cubic meters, up 0.5 billion cubic meters compared with the same period of the previous year.

At March 31, 2016, Enel Group **employees** numbered 67,958, of whom 51.4% employed in Group companies headquartered abroad. The change for the quarter (+44) is entirely attributable to the net balance of new hires and terminations.

No.

	at March 31, 2016	at December 31, 2015
Italy	28,756	28,774
Iberian Peninsula	9,887	10,001
Latin America	12,173	12,211
Eastern Europe (1)	10,332	10,200
Renewable Energy	4,444	4,309
Other, eliminations and adjustments	2,366	2,419
Total	**67,958**	**67,914**

(1) Of which 4,405 in units classified as "held for sale" at March 31, 2016 (4,301 at December 31, 2015).

Group performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Total revenue	17,872	19,970	(2,098)	-10.5%
Total costs	13,775	16,029	(2,254)	-14.1%
Net income/(expense) from commodity contracts measured at fair value	(80)	82	(162)	-
Gross operating margin	**4,017**	**4,023**	**(6)**	**-0.1%**
Depreciation, amortization and impairment losses	1,347	1,398	(51)	-3.6%
Operating income	**2,670**	**2,625**	**45**	**1.7%**
Financial income	1,592	1,946	(354)	-18.2%
Financial expense	2,444	2,713	(269)	-9.9%
Total net financial income/(expense)	**(852)**	**(767)**	**(85)**	**-11.1%**
Share of income/(losses) of equity investments accounted for using the equity method	**35**	**24**	**11**	**45.8%**
Income before taxes	**1,853**	**1,882**	**(29)**	**-1.5%**
Income taxes	548	703	(155)	-22.0%
Net income from continuing operations	**1,305**	**1,179**	**126**	**10.7%**
Net income from discontinued operations	**-**	**-**	**-**	**-**
Net income (Group and non-controlling interests)	**1,305**	**1,179**	**126**	**10.7%**
Net income attributable to shareholders of Parent Company	939	810	129	15.9%
Net income attributable to non-controlling interests	366	369	(3)	-0.8%

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Sale of electricity	10,478	11,938	(1,460)	-12.2%
Transport of electricity	2,308	2,381	(73)	-3.1%
Fees from network operators	120	185	(65)	-35.1%
Transfers from institutional market operators	259	285	(26)	-9.1%
Sale of gas	1,508	1,550	(42)	-2.7%
Transport of gas	235	216	19	8.8%
Remeasurement at fair value after changes in control	-	12	(12)	-
Gains on the disposal of assets	166	18	148	-
Other sales, services and revenue	2,798	3,385	(587)	-17.3%
Total	**17,872**	**19,970**	**(2,098)**	**-10.5%**

In the 1st Quarter of 2016 revenue from the **sale of electricity** amounted to €10,478 million, a decrease of €1,460 million compared with the year-earlier period (-12.2%). This decrease is mainly due to the following factors:

> a decrease of €544 million in revenue from electricity sales to end users, mainly attributable to the decline in average sales prices and the adverse impact of exchange rate developments, the effects of which were only partially offset by an increase in amounts sold, especially on the free market in Italy;
> a reduction of €457 million in wholesale electricity sales, mainly in Italy;
> a decrease of €459 million in revenue from electricity trading, reflecting a decline in volumes handled and lower average prices.

Revenue from the **transport of electricity** amounted to €2,308 million in the 1st Quarter of 2016, a decrease of €73 million, mainly due to the reduction of distribution rates in Italy.

Revenue from **transfers from institutional market operators** totaled €259 million in the 1st Quarter of 2016, down €26 million on the 1st Quarter of 2015, essentially reflecting the effects of an increase in sales and a decline in prices of fuels in the extra-peninsular area of Spain.

Revenue from the **sale of gas** in the 1st Quarter of 2016 amounted to €1,508 million, a decrease of €42 million (-2.7%) compared with the year-earlier period, the result of lower sales prices, which offset the impact of the increase in quantities sold.

Revenue from the **transport of gas** in the 1st Quarter of 2016 amounted to €235 million, an increase of €19 million (+8.8%), following an analogous pattern to developments in sales of gas.

Gains on the disposal of assets in the 1st Quarter of 2016 amounted to €166 million (€18 million in the 1st Quarter of 2015) and are largely accounted for by the disposal of Hydro Dolomiti Enel (€146 million).

Revenue under **other sales, services and revenue** amounted to €2,798 million in the 1st Quarter of 2016 (€3,385 million the previous year), a decrease of €587 million compared with the same period of 2015 (-17.3%). The change mainly reflects:

> a decrease of €442 million in revenue from the sale of environmental certificates, mainly due to the decline in trading of environmental certificates in the 1st Quarter of 2016 and the effect of the recognition in the 1st Quarter of 2015 of revenue from the sale and measurement at fair value of environmental certificates (€173 million) under the provisions of Regulation no. 389/2013;
> a decrease of €123 million in revenue attributable to the effect of grants received in the 1st Quarter of 2015 in Argentina following the adoption of *Resolución* no. 32/2015.

Costs

Millions of euro	1st Quarter			
	2016	2015	Change	
Electricity purchases	4,559	5,766	(1,207)	-20.9%
Consumption of fuel for electricity generation	1,070	1,312	(242)	-18.4%
Fuel for trading and gas for sale to end users	2,712	3,079	(367)	-11.9%
Materials	245	492	(247)	-50.2%
Personnel	1,078	1,155	(77)	-6.7%
Services, leases and rentals	3,770	3,793	(23)	-0.6%
Other operating expenses	639	698	(59)	-8.5%
Capitalized costs	(298)	(266)	(32)	-12.0%
Total	**13,775**	**16,029**	**(2,254)**	**-14.1%**

Costs for **electricity purchases** in the 1st Quarter of 2016 fell by €1,207 million compared with the same period of 2015, a decrease of 20.9%. This development mainly reflects the impact of the decline in purchases to meet market requirements on both electricity exchanges (€213 million), especially on the Italian Power Exchange, and through bilateral contracts (€618 million), as well as lower spot purchases on foreign and domestic markets (€398 million).

Costs for the **consumption of fuel for electricity generation** for 1st Quarter of 2016 amounted to €1,070 million, a decrease of €242 million (-18.4%) on the previous year. The decrease was mainly attributable to the reduction in thermal electricity generation and the use of fuels with a lower average unit cost.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €2,712 million in the 1st Quarter of 2016, a decrease of €367 million on 2015. The change mainly reflects the lower average cost of the commodity, as well as the effect of a contraction in purchases, largely attributable to a decline in the volume of gas handled for trading operations.

Costs for **materials** the 1st Quarter of 2016 amounted to €245 million, a decrease of €247 million on the 1st Quarter of 2015, essentially due to a decrease in costs for the purchase of environmental certificates.

Personnel costs in the 1st Quarter of 2016 came to €1,078 million, a decrease of 6.7% on the same period of 2015. The change reflects the contraction in the average workforce on the same period of 2015 (-987), the change in the generational composition of staff in Italy and exchange rate gains recognized in Latin America and Russia.
The Enel Group workforce at March 31, 2016 numbered 67,958, of whom 34,931 abroad. The Group workforce increased by 44 in the 1st Quarter of 2016, the balance between new hires and terminations in the period.
The overall change compared with December 31, 2015 breaks down as follows.

Balance at December 31, 2015	**67,914**
Hirings	742
Terminations	(698)
Balance at March 31, 2016	**67,958**

Costs for **services, leases and rentals** in the 1st Quarter 2016 amounted to €3,770 million, a decrease of €23 million on the 1st Quarter of 2015, mainly due to the decrease in wheeling costs as a result of the contraction in volumes of electricity traded.

Other operating expenses in the 1st Quarter of 2016 amounted to €639 million, a decrease of €59 million compared with the 1st Quarter of 2015, largely reflecting the reduction in taxes on thermal generation in Spain (mainly due to Law 15/2012) as a result of the contraction in generation.

In the 1st Quarter of 2016 **capitalized costs** amounted to €298 million, essentially in line with developments in capital expenditure.

Net income/(expense) from commodity contracts measured at fair value in the 1st Quarter of 2016 showed net expense of €80 million (net income of €82 million in the corresponding period of 2015). More specifically, net expense in the 1st Quarter of 2016 reflected net realized expense in the period in the amount of €98 million (€44 million in the 1st Quarter of 2015) and net income from the fair value measurement of derivatives positions open at the end of the period totaling €18 million (€38 million in the 1st Quarter or 2015).

Depreciation, amortization and impairment losses in the first three months of 2016 amounted to €1,347 million, a decrease of €51 million, mainly a reduction of €17 million in depreciation and amortization (reflecting the impairment losses on the Russian and Slovakian generation assets recognized in the 2nd Half of 2015) and a reduction in net adjustments of trade receivables in the amount of €29 million, with the largest reduction coming in Eastern Europe.

Operating income in the 1st Quarter of 2016 amounted to €2,670 million, an increase of €45 million.

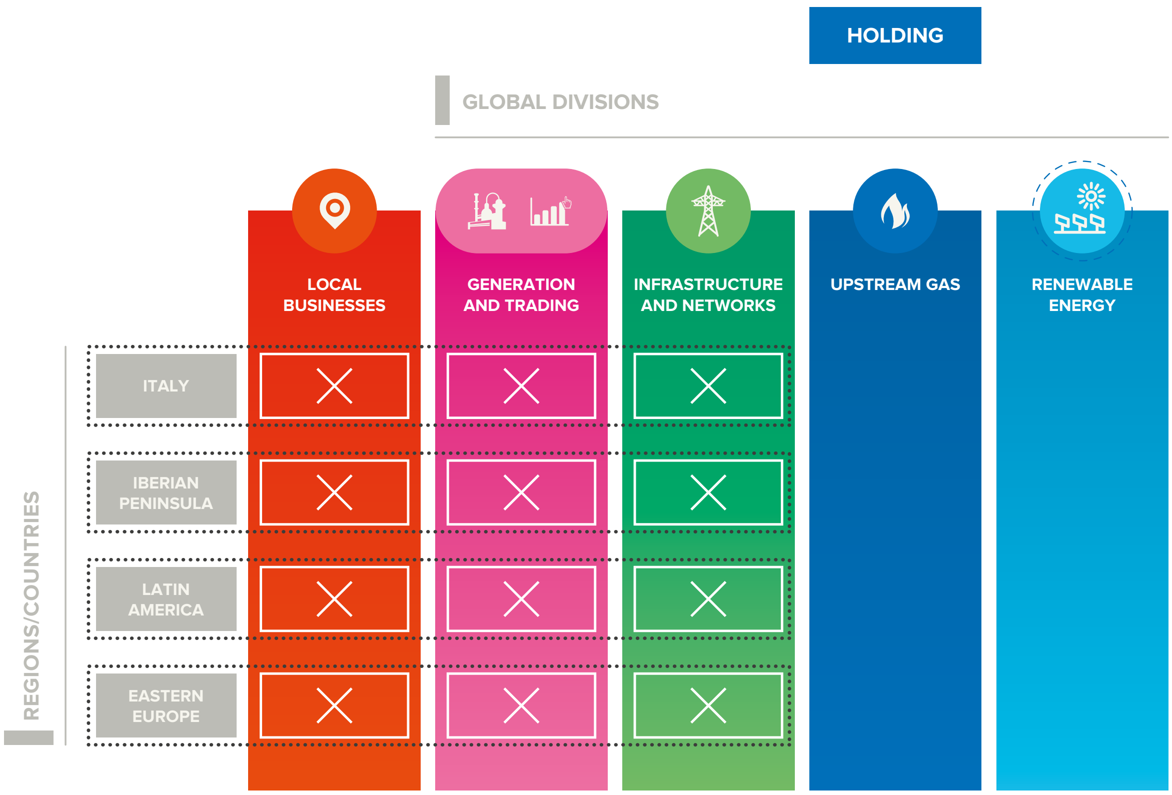
Net financial expense amounted to €852 million in the 1st Quarter 2016, an increase of €85 million that mainly reflected (€63 million) the discounting of fines on service quality in Argentina following the regulatory changes introduced by ENRE at the start of 2016.

The **share of income/(losses) from equity investments accounted for using the equity method** in the 1st Quarter of 2016 showed net income of €35 million, an increase of €11 million compared with the same period of the previous year.

Income taxes for the first three months of 2016 amounted to €548 million, equal to 29.6% of taxable income, a decrease of €155 million compared with the year-earlier period. The reduction in the effective tax rate is largely attributable to the exemption of most of the gain on the disposal of Hydro Dolomiti Enel, the reduction in the nominal tax rate in Spain from 28% to 25% and the monetary correction of the value of assets and liabilities as determined for tax purposes for the change in the consumer price index in Chile, with a resulting benefit of €31 million.

Results by business area

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



The organizational structure was modified on April 8, 2016, partly in relation to the integration of Enel Green Power. In the coming months, the new organization will be implemented progressively in the Group's Countries, beginning with Italy, with the consequent adjustment of operating segment reporting.

Results by business area for the 1st Quarter of 2016 and 2015

1st Quarter of 2016 (1)

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	8,984	4,694	2,426	1,109	635	24	17,872
Revenue from transactions with other segments	186	3	26	60	70	(345)	-
Total revenue	**9,170**	**4,697**	**2,452**	**1,169**	**705**	**(321)**	**17,872**
Net income/(expense) from commodity contracts measured at fair value	(42)	(50)	2	(8)	17	1	(80)
Gross operating margin	**1,775**	**794**	**800**	**197**	**462**	**(11)**	**4,017**
Depreciation, amortization and impairment losses	485	399	215	58	178	12	1,347
Operating income	**1,290**	**395**	**585**	**139**	**284**	**(23)**	**2,670**
Capital expenditure	**298**	**170**	**227**	**47** (2)	**800**	**5**	**1,547**

(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 €103 million regarding units classified as "held for sale".

1st 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	10,059	5,337	2,670	1,139	763	2	19,970
Revenue from transactions with other segments	265	21	-	100	49	(435)	-
Total revenue	**10,324**	**5,358**	**2,670**	**1,239**	**812**	**(433)**	**19,970**
Net income/(expense) from commodity contracts measured at fair value	55	29	(3)	3	(1)	(1)	82
Gross operating margin	**1,554**	**977**	**736**	**233**	**536**	**(13)**	**4,023**
Depreciation, amortization and impairment losses	490	395	245	94	166	8	1,398
Operating income	**1,064**	**582**	**491**	**139**	**370**	**(21)**	**2,625**
Capital expenditure	**257** (2)	**154**	**320**	**36** (3)	**475**	**11**	**1,253**

(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 €86 million regarding units classified as "held for sale".

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

	Local businesses						Global Divisions		
Millions of euro	End-user markets			Services			Generation and Trading		
	Q1 2016	Q1 2015	Change	**Q1 2016**	Q1 2015	Change	**Q1 2016**	Q1 2015	Change
Italy	560	414	146	21	30	(9)	305	213	92
Iberian Peninsula	140	117	23	(16)	11	(27)	192	407	(215)
Latin America	-	-	-	(23)	(23)	-	504	385	119
Eastern Europe	10	8	2	(2)	-	(2)	144	170	(26)
Renewable Energy	-	-	-	-	-	-	-	-	-
Other, eliminations and adjustments	-	-	-	-	-	-	(5)	(3)	(2)
Total	**710**	**539**	**171**	**(20)**	**18**	**(38)**	**1,140**	**1,172**	**(32)**

Infrastructure and Networks			Renewable Energy			Other, eliminations and adjustments			Total		
Q1 2016	Q1 2015	Change	**Q1 2016**	Q1 2015	Change	**Q1 2016**	Q1 2015	Change	**Q1 2016**	Q1 2015	Change
889	897	(8)	-	-	-	-	-	-	1,775	1,554	221
478	442	36	-	-	-	-	-	-	794	977	(183)
319	374	(55)	-	-	-	-	-	-	800	736	64
45	55	(10)	-	-	-	-	-	-	197	233	(36)
-	-	-	462	536	(74)	-	-	-	462	536	(74)
3	-	3	-	-	-	(9)	(10)	1	(11)	(13)	2
1,734	**1,768**	**(34)**	**462**	**536**	**(74)**	**(9)**	**(10)**	**1**	**4,017**	**4,023**	**(6)**

Italy

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2016	2015	Change	
Thermal	9,325	10,864	(1,539)	-14.2%
Hydroelectric	2,318	3,044	(726)	-23.9%
Other sources	-	2	(2)	-
Total net generation	**11,643**	**13,910**	**(2,267)**	**-16.3%**

In the 1st Quarter of 2016, net electricity generation totaled 11,643 million kWh, a decline of 16.3% from the same period of 2015 (down 2,267 million kWh).
This change between the two periods reflects the decrease in thermal generation (down 1,539 million kWh) following the reduced use of nearly all plants, particularly the Brindisi Sud plant due to maintenance, and the decline in hydroelectric generation (down 726 million kWh) as a result of poorer water conditions compared with the same period of the prior year.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2016		2015		Change	
Fuel oil	28	0.3%	69	0.6%	(41)	-59.4%
Natural gas	1,895	18.8%	1,721	14.6%	174	10.1%
Coal	8,018	79.6%	9,817	83.6%	(1,799)	-18.3%
Other fuels	126	1.3%	142	1.2%	(16)	-11.3%
Total	**10,067**	**100.0%**	**11,749**	**100.0%**	**(1,682)**	**-14.3%**

Gross thermal generation for the 1st Quarter of 2016 amounted to 10,067 million kWh, a reduction of 1,682 million kWh (-14.3%) compared with the 1st Quarter of 2015. This decrease concerned nearly all types of fuel (with the sole exception of natural gas), coal in particular, following the downtime of the Brindisi Sud plant due to maintenance noted above.

Transport of electricity

Millions of kWh	1st Quarter			
	2016	2015	Change	
Electricity transported on Enel's distribution network (1)	56,262	56,449	(188)	-0.3%

(1) The figure for 2015 reflects a more accurate calculation of quantities transported.

Electricity transported on Enel's network in Italy in the 1st Quarter of 2016 decreased by 188 million kWh (-0.3%), going from 56,449 million kWh in the 1st Quarter of 2015 to 56,262 million kWh in the 1st Quarter of 2016. The change is essentially in line with the decrease in electricity demand in Italy.

Electricity sales

Millions of kWh	1st Quarter			
	2016	2015	Change	
Free market:				
- mass-market customers	6,721	6,504	217	3.3%
- business customers [(1)]	4,443	2,488	1,955	78.6%
- safeguard-market customers	633	348	285	81.9%
Total free market	**11,797**	**9,340**	**2,457**	**26.3%**
Regulated market:				
- enhanced protection market customers	12,410	13,080	(670)	-5.1%
TOTAL	**24,207**	**22,420**	**1,787**	**8.0%**

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

Energy sold in the 1st Quarter of 2016 came to 24,207 million kWh, an increase of 1,787 million kWh compared with the same period of the prior year. This trend reflects the greater quantities sold on the free market due to a substantial increase in business customers as a result of new commercial policies and the gradual transition of customers from the regulated markets to the free market.

Gas sales

Millions of m^3	1st Quarter			
	2016	2015	Change	
Mass-market customers [(1)]	1,370	1,740	(370)	-21.3%
Business customers	639	182	457	251.1%
Total	**2,009**	**1,922**	**87**	**4.5%**

(1) Includes residential and microbusinesses.

Gas sales in the 1st Quarter of 2016 totaled 2,009 million cubic meters, an increase of 87 million cubic meters compared with the same period of the previous year, essentially attributable to sales to business customers.

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue	9,170	10,324	(1,154)	-11.2%
Gross operating margin	1,775	1,554	221	14.2%
Operating income	1,290	1,064	226	21.2%
Capital expenditure	298	257 [(1)]	41	16.0%

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

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	5,183	6,237	(1,054)	-16.9%
Infrastructure and Networks	1,759	1,765	(6)	-0.3%
End-user markets	4,185	4,312	(127)	-2.9%
Services	218	227	(9)	-4.0%
Eliminations and adjustments	(2,175)	(2,217)	42	-1.9%
Total	**9,170**	**10,324**	**(1,154)**	**-11.2%**

Revenue for the 1st Quarter of 2016 amounted to €9,170 million, down €1,154 million compared with the 1st Quarter of 2015 (-11.2%) due primarily to the following factors:

> a €1,054 million decline (-16.9%) in revenue from **Generation and Trading**. This reduction is mainly attributable to:
  - a €460 million decline in revenue from trading on international energy markets due, essentially, to a reduction in quantities handled (-8.3 TWh) as well as to declining prices;
  - a €331 million decline in revenue from the sale of electricity essentially related to the lower quantities generated. More specifically, the change is mainly attributable to the reduction in revenue from sales on the Power Exchange (down €239 million) and lower revenue from electricity sales to other national resellers (down €111 million), which were only partially offset by increased sales of electricity to other companies of the Group;
  - a decrease of €377 million in revenue from the sale of CO_2 emissions allowances, owing to lower volumes handled;
  - a €131 million increase in extraordinary income related mainly to the gain on the sale of the equity investment in Hydro Dolomiti Enel (€146 million), which was only partially offset by the gain on the sale of the company SF Energy in the 1st Quarter of 2015 (€15 million);

> a decrease of €6 million (-0.3%) in revenue from **Infrastructure and Networks** operations, largely reflecting:
  - a €66 million decline in rate revenue attributable mainly to the reduction in transmission rates, which was only partially offset by the increase in revenue related to the change introduced with Authority for Electricity, Gas and the Water System (the Authority) Regulation no. 655/14 to eliminate "regulatory lag";
  - the increase in transfers from the Energy & Environmental Services Fund (formerly the Electricity Equalization Fund) for white certificates (in the amount of €53 million) due to the increase in volumes purchased and in the per-unit transfer;
  - an increase in revenue from the sale of electronic meters to companies on the Iberian Peninsula (€12 million);

> a decline of €127 million (-2.9%) in revenue from **End-user markets** for electricity, essentially reflecting:
  - a decline of €277 million in revenue on the regulated energy market due to a decrease in quantities sold (-0.7 TWh) and in the number of customers served (-4.0%);
  - an increase of €137 million in revenue on the free energy market related mainly to the increase in quantities sold (+2.5 TWh), which was only partially offset by price effects;
  - an increase of €16 million in revenue from the sale of natural gas to end users related mainly to the increase in non-recurring items, which was only partially offset by a decline in revenue from the sale of gas.

Gross operating margin

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	305	213	92	43.2%
Infrastructure and Networks	889	897	(8)	-0.9%
End-user markets	560	414	146	35.3%
Services	21	30	(9)	-30.0%
Total	**1,775**	**1,554**	**221**	**14.2%**

The **gross operating margin** in the 1st Quarter of 2016 amounted to €1,775 million, for an increase of €221 million (+14.2%) compared with €1,554 million posted for 1st Quarter of 2015. This increase is essentially attributable to:

> the €92 million increase in margin from **Generation and Trading**, which is essentially attributable to the difference in gains on disposals in the two periods as described above; net of these items, there would have been a decline of €39 million due to:
  - a decline of €146 million in the generation margin, which reflects a deterioration in market conditions and a contraction in coal and hydroelectric generation;
  - an increase of €79 million in the margin on gas trading;

> a reduction of €8 million in the margin from **Infrastructure and Networks** operations (-0.9%), largely due to:
  - a decrease of €62 million in the margin on electricity transport, primarily reflecting the reduction in rates noted earlier;
  - a reduction of €30 million in operating costs;
  - a decline of €5 million in the margin on white certificates;
  - an increase in revenue from the sale of electronic meters to companies on the Iberian Peninsula;

> an increase of €146 million in the margin from **End-user markets** (+35.3%), mainly attributable to:
  - an increase of €122 million in the margin on the free markets for electricity and gas (€92 million of which attributable to the margin on electricity) due to the increase in quantities sold for both commodities;
  - an increase of €21 million in the margin on the regulated electricity market related mainly to lower costs to purchase electricity due to a reduction in the number of customers served and a decrease in the average prices on electricity purchases.

Operating income

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	228	134	94	70.1%
Infrastructure and Networks	640	653	(13)	-2.0%
End-user markets	414	260	154	59.2%
Services	8	17	(9)	-52.9%
Total	**1,290**	**1,064**	**226**	**21.2%**

Operating income came to €1,290 million for an increase of €226 million (+21.2%), including a decline of €5 million in depreciation, amortization, and impairment losses, compared with the €1,064 million in operating income recognized during the same period of 2015.

Capital expenditure

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	28	17 (1)	11	64.7%
Infrastructure and Networks	264	216	48	22.2%
End-user markets	2	4	(2)	-50.0%
Services	4	20	(16)	-80.0%
Total	**298**	**257**	**41**	**16.0%**

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

Capital expenditure in the 1st Quarter of 2016 amounted to €298 million, up €41 million on the year-earlier period. More specifically, the change is attributable to:

> an increase of €48 million in investment in **Infrastructure and Networks**, primarily in work to improve and maintain service-quality standards;

> an increase of €11 million in investment in **Generation and Trading**;

> a decrease of €16 million related to **Services** due essentially to the increase in capital expenditures recognized during the same period of 2015 related to the development of software.

Iberian Peninsula

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2016	2015	Change	
Thermal	6,569	8,560	(1,991)	-23.3%
Nuclear	6,460	7,103	(643)	-9.1%
Hydroelectric	2,333	2,356	(23)	-1.0%
Total net generation	**15,362**	**18,019**	**(2,657)**	**-14.7%**

Net electricity generation for the 1st Quarter of 2016 amounted to 15,362 million kWh, a decrease of 2,657 million kWh compared with the same period of 2015 due mainly to a reduction in thermal generation as a result of the increase in imports from France following development of the interconnections between the two countries and a decline in demand on the end-user market.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2016		2015		Change	
High-sulfur fuel oil (S>0.25%)	1,545	11.3%	1,365	8.4%	180	13.2%
Natural gas	721	5.3%	1,024	6.3%	(303)	-29.6%
Coal	3,815	28.0%	5,643	34.5%	(1,828)	-32.4%
Nuclear fuel	6,709	49.1%	7,364	45.1%	(655)	-8.9%
Other fuels	862	6.3%	936	5.7%	(74)	-7.9%
Total	**13,652**	**100.0%**	**16,332**	**100.0%**	**(2,680)**	**-16.4%**

Gross thermal generation for the 1st Quarter of 2016 was 13,652 million kWh, a decline of 2,680 million kWh compared with the same period of the prior year due essentially to a reduction in the use of coal.

Transport of electricity

Millions of kWh	1st Quarter			
	2016	2015	Change	
Electricity transported on Enel's network (1)	25,724	26,005	(281)	-1.1%

(1) The figure for the 1st Quarter of 2015 reflects a more accurate calculation of quantities transported.

Energy transported in the 1st Quarter of 2016 came to 25,724 million kWh, a decline of 281 million kWh. This reduction was essentially attributable to the decline in demand for electricity.

Electricity sales

Millions of kWh	1st Quarter			
	2016	2015	Change	
Energy sold by Enel	23,677	23,594	83	0.4%

Electricity sales to end users for the 1st Quarter of 2016 totaled 23,677 million kWh, an increase of 83 million kWh over the same period of 2015.

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue	4,697	5,358	(661)	-12.3%
Gross operating margin	794	977	(183)	-18.7%
Operating income	395	582	(187)	-32.1%
Capital expenditure	170	154	16	10.4%

The following tables break down performance by type of business.

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	1,160	1,623	(463)	-28.5%
Infrastructure and Networks	621	662	(41)	-6.2%
End-user markets	3,558	4,134	(576)	-13.9%
Services	55	66	(11)	-16.7%
Eliminations and adjustments	(697)	(1,127)	430	-38.2%
Total	**4,697**	**5,358**	**(661)**	**-12.3%**

Revenue for the 1st Quarter of 2016 decreased by €661 million due to:

> a decrease of €463 million in revenue from **Generation and Trading** operations, primarily associated with:
  - a €176 million reduction in revenue from the sale of electricity by the power generation companies related to a decline both in quantities sold and in average sales prices. However, it should be noted that, because this includes a €318 million reduction in intercompany sales, the decrease is largely offset by changes in "eliminations and adjustments";
  - the effects of the decrease of €173 million in the trading of environmental certificates;
  - the €99 million reduction in revenue in the extra-pe-

ninsular area, due in particular to the sharp decline in prices on the Canary Islands and the drop in demand on the Balearic Islands for a total of €45 million, as well as the reduction in grants related to the decline in fuel costs (about €54 million);

> a decrease of €576 million in revenue on **End-user markets** due, essentially, to the trend in sales prices for both energy and gas, in addition to a sharp drop in consumption related exclusively to the regulated market;

> a decrease in revenue from **Infrastructure and Networks** operations, primarily reflecting the reduction in quantities transported.

Gross operating margin

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	192	407	(215)	-52.8%
Infrastructure and Networks	478	442	36	8.1%
End-user markets	140	117	23	19.7%
Services	(16)	11	(27)	-
Total	**794**	**977**	**(183)**	**-18.7%**

The **gross operating margin** amounted to €794 million, a decrease of €183 million (-18.7%) compared with the same period of 2015, reflecting:

> the reduction of €215 million in gross operating margin from **Generation and Trading**, which is almost entirely attributable to activities in the peninsular area due to the decrease in margins on environmental certificates and the reduction in the generation margin, which reflects the decline in nuclear generation and the downward trend in prices;

> an increase of €36 million in the margin on **Infrastructure and Networks** operations due mainly to the reduction in personnel expenses as a result of a decline in the average workforce;

> the improvement in the gross operating margin on **End-user markets**, which was essentially due to the significant reduction in costs for the provisioning of electricity and gas.

Operating income

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	6	227	(221)	-97.4%
Infrastructure and Networks	293	259	34	13.1%
End-user markets	114	88	26	29.5%
Services	(18)	8	(26)	-
Total	**395**	**582**	**(187)**	**-32.1%**

Operating income for the 1st Quarter of 2016 totaled €395 million, including €399 million in depreciation, amortization and impairment losses (€395 million in the 1st Quarter of 2015), a decrease of €187 million from the same period of 2015.

Capital expenditure

Millions of euro	1st Quarter			
	2016	2015	Change	
Generation and Trading	51	41	10	24.4%
Infrastructure and Networks	109	108	1	0.9%
End-user markets	8	5	3	60.0%
Services	2	-	2	-
Total	**170**	**154**	**16**	**10.4%**

Capital expenditure came to €170 million, up €16 million over the same period of the previous year. Capital expenditure for the 1st Quarter of 2016 concerned, in particular, work on the distribution network, especially for substations and transformers, as well as work on lines and the replacement of metering equipment.

Latin America

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2016	2015	Change	
Thermal	7,139	7,109	30	0.4%
Hydroelectric	7,269	7,732	(463)	-6.0%
Other sources	23	22	1	4.5%
Total net generation	**14,431**	**14,863**	**(432)**	**-2.9%**
- of which Argentina	*3,438*	*3,940*	*(502)*	*-12.7%*
- of which Brazil	*902*	*1,207*	*(305)*	*-25.3%*
- of which Chile	*4,573*	*4,272*	*301*	*7.0%*
- of which Colombia	*3,252*	*3,196*	*56*	*1.8%*
- of which Peru	*2,266*	*2,248*	*18*	*0.8%*

Net electricity generation for the 1st Quarter of 2016 was 14,431 million kWh, a decrease of 432 million kWh from the same period of 2015 due mainly to the reduction in hydroelectric generation, which was particularly evident in Colombia, Brazil and Peru as a result of the poorer water conditions that characterized the countries of the area (with the exception of Chile) during the period under review. In these countries, the decline in hydroelectric generation was offset by an increase in thermal generation, although there was a reduction in this segment in Argentina due to the downtime of the Dock Sud and Costanera plants for maintenance.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2016		2015		Change	
High-sulfur fuel oil (S>0.25%)	524	7.1%	279	3.8%	245	87.8%
Natural gas	5,091	69.0%	6,107	83.1%	(1,016)	-16.6%
Coal	1,450	19.7%	574	7.8%	876	-
Other fuels	313	4.2%	393	5.3%	(80)	-20.4%
Total	**7,378**	**100.0%**	**7,353**	**100.0%**	**25**	**0.3%**

Gross thermal generation for the 1st Quarter of 2016 was 7,378 million kWh, an increase of 25 million kWh attributable to all fuel types, with the exception of natural gas, which saw reduced use in Argentina, Chile and Brazil.

Transport of electricity

Millions of kWh	1st Quarter			
	2016	2015	Change	
Electricity transported on Enel's network (1)	**19,837**	**19,911**	**(74)**	**-0.4%**
- of which Argentina	*4,701*	*4,751*	*(50)*	*-1.1%*
- of which Brazil	*5,844*	*5,998*	*(154)*	*-2.6%*
- of which Chile	*3,863*	*3,841*	*22*	*0.6%*
- of which Colombia	*3,421*	*3,395*	*26*	*0.8%*
- of which Peru	*2,008*	*1,926*	*82*	*4.3%*

(1) The figure for the 1st Quarter of 2015 reflects a more accurate calculation of quantities transported.

Energy transported in the 1st Quarter of 2016 came to 19,837 million kWh, a decline of 74 million kWh, which is in line with the trend in energy demand, particularly in Brazil.

Electricity sales

Millions of kWh	1st Quarter			
	2016	2015	Change	
Free market	**1,605**	**1,600**	**5**	**0.3%**
Regulated market	**14,808**	**14,696**	**112**	**0.8%**
Total	**16,413**	**16,296**	**117**	**0.7%**
- of which Argentina	*3,966*	*3,967*	*(1)*	*-*
- of which Brazil	*5,282*	*5,271*	*11*	*0.2%*
- of which Chile	*3,310*	*3,275*	*35*	*1.1%*
- of which Colombia	*2,076*	*2,064*	*12*	*0.6%*
- of which Peru	*1,779*	*1,719*	*60*	*3.5%*

Energy sold during the 1st Quarter of 2016 came to 16,413 million kWh for an increase of 117 million kWh due, essentially, to an increase in sales of the regulated market.

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue	2,452	2,670	(218)	-8.2%
Gross operating margin	800	736	64	8.7%
Operating income	585	491	94	19.1%
Capital expenditure	227	320	(93)	-29.1%

The following tables show a breakdown of performance by country.

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Argentina	264	306	(42)	-13.7%
Brazil	498	751	(253)	-33.7%
Chile	823	817	6	0.7%
Colombia	543	506	37	7.3%
Peru	324	290	34	11.7%
Total	**2,452**	**2,670**	**(218)**	**-8.2%**

Revenue for the 1st Quarter of 2016 posted a decrease of €218 million due mainly to:

> a decrease of €253 million in revenue in Brazil, which is essentially attributable to the weakening of the local currency along with the effect of a decline in volumes and certain regulatory measures put into place to finance Brazil's electrical system;

> a reduction of €42 million in revenue in Argentina related essentially to exchange rate effects and to the recognition, in the 1st Quarter of 2015, of a number of contributions (to offset the failure to update rates) in accordance with *Resolución* no. 32/2015. These effects were only partially offset by the effects of the rates reform introduced by Argentina's government by way of *Resolución* ENRE no. 1/2016, which resulted in a significant increase in rates on sales;

> an increase of €37 million in revenue in Colombia due essentially to the increase in volumes and average sales prices on the regulated market, which more than offset the unfavorable trend in exchange rates between the local currency and the euro;

> an increase of €34 million in revenue in Peru, primarily due to an increase in quantities transported and sold, which was only partially offset by the unfavorable developments in exchange rates.

Gross operating margin

Millions of euro	1st Quarter			
	2016	2015	Change	
Argentina	58	67	(9)	-13.4%
Brazil	132	172	(40)	-23.3%
Chile	244	146	98	67.1%
Colombia	235	236	(1)	-0.4%
Peru	131	115	16	13.9%
Total	**800**	**736**	**64**	**8.7%**

Gross operating margin amounted to €800 million, an increase of €64 million (+8.7%) compared with the same period of 2015, reflecting:

- an increase of €98 million in gross operating margin in Chile following an improvement in the generation margin, which was facilitated by the greater use of hydroelectric plants, more than offsetting the negative impact of exchange rate developments (€25 million);
- an increase of €16 million in the gross operating margin in Peru, primarily owing to greater volumes sold;
- a reduction of €40 million in the margin in Brazil, which reflects the weakening of the local currency, the worsening of water conditions that penalized the generation mix, and a number of unfavorable regulatory measures;
- a decrease of €9 million in gross operating margin in Argentina due to the regulatory changes noted earlier, the effects of which were only partially offset by the reduction in operating costs, particularly with regard to personnel expenses, which were affected in the 1st Quarter of 2015 by the renewal of the collective bargaining agreement;
- virtually no change in the margin in Colombia (-€1 million), where the positive impact of the greater quantities generated and increasing prices was almost entirely offset by the increase in operating costs.

Operating income

Millions of euro	1st Quarter			
	2016	2015	Change	
Argentina	43	51	(8)	-15.7%
Brazil	54	72	(18)	-25.0%
Chile	187	90	97	-
Colombia	201	196	5	2.6%
Peru	100	82	18	22.0%
Total	**585**	**491**	**94**	**19.1%**

Operating income for the 1st Quarter of 2016 totaled €585 million, including €215 million in depreciation, amortization and impairment losses (€245 million in the 1st Quarter of 2015), an increase of €94 million over the same period of 2015. The reduction in depreciation, amortization and impairment losses (down €30 million) reflected changes in exchange rates, particularly in Brazil.

Capital expenditure

Millions of euro	1st Quarter			
	2016	2015	Change	
Argentina	41	94	(53)	-56.4%
Brazil	71	62	9	14.5%
Chile	49	37	12	32.4%
Colombia	42	87	(45)	-51.7%
Peru	24	40	(16)	-40.0%
Total	**227**	**320**	**(93)**	**-29.1%**

Capital expenditure came to €227 million, down €93 million compared with the same period of the previous year due essentially to the completion of the El Quimbo project in Colombia. Capital expenditure during the 1st Quarter of 2016 particularly concerned work on the distribution network and on thermal plants in Argentina and Chile.

Eastern Europe

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2016	2015	Change	
Thermal	10,806	11,637	(831)	-7.1%
Nuclear	3,787	3,712	75	2.0%
Hydroelectric	593	1,049	(456)	-43.5%
Other sources	3	12	(9)	-75.0%
Total net generation	**15,189**	**16,410**	**(1,221)**	**-7.4%**
- of which Russia	*10,071*	*10,807*	*(736)*	*-6.8%*
- of which Slovakia	*4,819*	*5,291*	*(472)*	*-8.9%*
- of which Belgium	*299*	*312*	*(13)*	*-*

In the 1st Quarter of 2016, net electricity generation amounted to 15,189 million kWh, a decrease of 1,221 million kWh on the same period of 2015. This change was mainly related to the reduction in generation in Russia due to a fault at the Nevinnomisskaya combined-cycle plant (down 835 million kWh), which was only partially offset by an increase in generation with the restart of the Reftinskaya plant (up 151 million kWh). In Slovakia, nuclear generation increased by 2.0% from the year-earlier period, whereas hydroelectric generation declined significantly due, essentially, to the early termination of the management contract for the Gabčíkovo plant.

Contribution to gross thermal generation

Millions of kWh	1st Quarter					
	2016		2015		Change	
Natural gas	5,999	38.6%	6,914	42.4%	(915)	-13.2%
Coal	5,475	35.2%	5,398	33.1%	77	1.4%
Nuclear fuel	4,066	26.2%	3,985	24.5%	81	2.0%
Total	**15,540**	**100.0%**	**16,297**	**100.0%**	**(757)**	**-4.6%**

Gross thermal generation for the 1st Quarter of 2016 posted a decrease of 757 million kWh to 15,540 million kWh. The reduction for the period, which mainly concerned the reduced generation from natural gas in Russia, was only partially offset by the increase in generation for the other segments.

Transport of electricity

Millions of kWh	1st Quarter			
	2016	2015	Change	
Electricity transported on Enel's distribution network	3,780	3,744	36	1.0%

Electricity transported, which was concentrated entirely in Romania, posted an increase of 36 million kWh (+1.0%), going from 3,744 million kWh to 3,780 million kWh during the 1st Quarter of 2016. This increase was mainly the result of new grid connections, which reflected the development of the country's power grid.

Electricity sales

Millions of kWh	1st Quarter			
	2016	2015	Change	
Free market	2,350	2,757	(407)	-14.8%
Regulated market	1,342	1,486	(144)	-9.7%
Total	**3,692**	**4,243**	**(551)**	**-13.0%**
- of which Romania	*2,012*	*2,111*	*(99)*	*-4.7%*
- of which France	*644*	*1,066*	*(422)*	*-39.6%*
- of which Slovakia	*1,036*	*1,066*	*(30)*	*-2.8%*

Electricity sales in the 1st Quarter of 2016 decreased by 551 million kWh, going from 4,243 million kWh to 3,692 million kWh. This reduction can be attributed to:

> a decrease of 442 million kWh in quantities sold in France due to a reduction in volumes handled;

> the decrease of 99 million kWh in sales on the Romanian market, mainly the result of the gradual liberalization of the market;

> the 30 million kWh decline in sales by the Slovakian companies.

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue	1,169	1,239	(70)	-5.6%
Gross operating margin	197	233	(36)	-15.5%
Operating income	139	139	-	-
Capital expenditure	47 (1)	36 (2)	11	30.6%

(1) Does not include €103 million regarding units classified as "held for sale".
(2) Does not include €86 million regarding units classified as "held for sale".

The following tables show a breakdown of performance by country.

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Romania	252	265	(13)	-4.9%
Russia	213	274	(61)	-22.3%
Slovakia	604	611	(7)	-1.1%
Other countries	100	89	11	12.4%
Total	**1,169**	**1,239**	**(70)**	**-5.6%**

Revenue in the 1st Quarter of 2016 totaled €1,169 million, down €70 million (-5.6%) compared with the same period of the previous year. The performance was related to the following factors:

> the reduction of €61 million in revenue in Russia related largely to the decrease in power generation at the Nevinnomisskaya plant and the weakening of the local currency against the euro (€35 million);

> the decrease of €13 million in revenue in Romania, which is essentially attributable to the market liberalization for business customers, as this resulted in lower sales volumes. This reduction was only partially offset by the increase in quantities transported and by the increase in grid connections;

> the decrease of €7 million in revenue in Slovakia due to a reduction in quantities sold;

- the increase of €11 million in revenue in other countries, which mainly concerned Belgium, where revenue increased by €46 million, partially offset by a reduction of €35 million in revenue in France.

Gross operating margin

Millions of euro	1st Quarter			
	2016	2015	Change	
Romania	54	64	(10)	-15.6%
Russia	37	66	(29)	-43.9%
Slovakia	109	103	6	5.8%
Other countries	(3)	-	(3)	-
Total	**197**	**233**	**(36)**	**-15.5%**

The **gross operating margin** amounted to €197 million, a decrease of €36 million compared with the 1st Quarter of 2015. The change is attributable to:

- a decrease of €29 million in the gross operating margin in Russia due mainly to the reduction in power generation at the Nevinnomisskaya plant and the negative impact of exchange rates in the amount of €6 million;
- a reduction of €10 million in the gross operating margin in Romania, which essentially reflects the decline in revenue.

The positive impact on the margin registered in Slovakia only partially offset the decreases posted in the other countries of Eastern Europe.

Operating income

Millions of euro	1st Quarter			
	2016	2015	Change	
Romania	32	37	(5)	-13.5%
Russia	27	38	(11)	-28.9%
Slovakia	84	65	19	29.2%
Other countries	(4)	(1)	(3)	-
Total	**139**	**139**	**-**	**-**

Operating income for the 1st Quarter of 2016 totaled €139 million, in line with the same period of 2015. This performance reflects the reduction in depreciation and amortization, particularly in Russia and Slovakia, as a result of impairment losses recognized in the 2nd Half of 2015, which effectively reduced the value of the related assets. These effects were accompanied by a reduction in net writedowns of the estimated realizable value of trade receivables.

Capital expenditure

Millions of euro	1st Quarter			
	2016	2015	Change	
Romania	21	17	4	23.5%
Russia	26	19	7	36.8%
Total	**47** (1)	**36** (2)	**11**	**30.6%**

(1) Does not include €103 million regarding units classified as “held for sale”.
(2) Does not include €86 million regarding units classified as “held for sale”.

Capital expenditure came to €47 million, up €11 million over the same period of the previous year. The change is mainly attributable to plant maintenance in Russia.

Renewable Energy

Operations

Net electricity generation

Millions of kWh	1st Quarter			
	2016	2015	Change	
Hydroelectric	2,272	2,675	(403)	-15.1%
Geothermal	1,596	1,553	43	2.8%
Wind	5,243	4,253	990	23.3%
Other sources	228	189	39	20.6%
Total	**9,339**	**8,670**	**669**	**7.7%**
- of which Italy	*3,045*	*3,373*	*(328)*	*-9.7%*
- of which the Iberian Peninsula	*1,310*	*1,291*	*19*	*1.5%*
- of which Greece	*164*	*152*	*12*	*7.9%*
- of which Romania and Bulgaria	*406*	*460*	*(54)*	*-11.7%*
- of which United States and Canada	*2,591*	*1,785*	*806*	*45.2%*
- of which Panama, Mexico, Guatemala and Costa Rica	*980*	*1,044*	*(64)*	*-6.1%*
- of which Brazil, Chile and Uruguay	*794*	*561*	*233*	*41.5%*
- of which other countries	*49*	*4*	*45*	*-*

Net electricity generation amounted to 9,339 million kWh, an increase of 669 million kWh on the same period of 2015. This increase can be attributed to the increase of 997 million kWh in power generation abroad due mainly to increases in wind generation (up 985 million kWh) in North and Latin America as a result of the increase in installed capacity and to the increase in solar power in Chile (up 54 million kWh). These effects were only partially offset by a reduction in quantities generated by hydroelectric plants in Panama (down 123 million kWh) as a result of poorer water conditions and by a reduction in wind power in Romania (down 54 million kWh).

Net electricity generation in Italy for the 1st Quarter of 2016 decreased by 328 million kWh from the same period of 2015, which mainly reflects the decline in hydroelectric output (down 359 million kWh) due to less favorable water conditions and in solar generation (down 17 million kWh). This decline was only partially offset by the increase in geothermal generation (up 40 million kWh) as a result of the greater availability of this resource.

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue	705	812	(107)	-13.2%
Gross operating margin	462	536	(74)	-13.8%
Operating income	284	370	(86)	-23.2%
Capital expenditure	800	475	325	68.4%

The following tables show a breakdown of performance by geographic area.

Revenue

Millions of euro	1st Quarter			
	2016	2015	Change	
Europe	372	514	(142)	-27.6%
Latin America	160	164	(4)	-2.4%
North America	170	134	36	26.9%
Sub-Saharan Africa and Asia	3	-	3	-
Total	**705**	**812**	**(107)**	**-13.2%**

Revenue for the 1st Quarter of 2016 declined by €107 million (-13.2%), going from €812 million to €705 million. This trend can be attributed to the following main factors:

> a reduction of €142 million in revenue in Europe due largely to the decline in hydroelectric and solar generation in Italy. To this effect, we can add that of the recognition, in the 1st Quarter of 2015, of the badwill and fair value measurement related to the 3Sun acquisition (for a total of €38 million) and an indemnity required under the agreements with STM (€12 million);
> a decrease of €4 million in revenue in Latin America, essentially related to the reduction in revenue on electricity sales in Panama due to the worsening of water conditions (down €13 million), as well as in Brazil (down €10 million) and in Costa Rica (down €4 million). These effects were partially offset by the increase in revenue, in line with the increase in generation, primarily in Chile (€16 million) and Mexico (€8 million);
> an increase of €36 million in revenue in North America due mainly to the €20 million increase in tax-partnership income and to the increase in volumes owing to greater wind generation.

Gross operating margin

Millions of euro	1st Quarter			
	2016	2015	Change	
Europe	235	356	(121)	-34.0%
Latin America	101	87	14	16.1%
North America	128	94	34	36.2%
Sub-Saharan Africa and Asia	(2)	(1)	(1)	-
Total	**462**	**536**	**(74)**	**-13.8%**

The **gross operating margin** amounted to €462 million, a decrease of €74 million (-13.8%) compared with the same period of 2015. The causes of this change are the same as those described above for revenue.

Operating income

Millions of euro	1st Quarter			
	2016	2015	Change	
Europe	137	253	(116)	-45.8%
Latin America	68	67	1	1.5%
North America	82	51	31	60.8%
Sub-Saharan Africa and Asia	(3)	(1)	(2)	-
Total	**284**	**370**	**(86)**	**-23.2%**

Operating income totaled €284 million, a decline of €86 million taking account of an increase of €12 million in depreciation, amortization and impairment losses, which reflects the increase in installed capacity in North and Latin America.

Capital expenditure

Millions of euro	1st Quarter			
	2016	2015	Change	
Europe	57	57	-	-
Latin America	429	276	153	55.4%
North America	225	33	192	-
Sub-Saharan Africa and Asia	89	109	(20)	-18.3%
Total	**800**	**475**	**325**	**68.4%**

Capital expenditure came to €800 million for the 1st Quarter of 2016, up €325 million over the same period of the previous year.

Capital expenditure mainly concerned the wind segment in Latin America (€197 million), North America (€195 million) and in Europe (€44 million); the solar segment in Chile (€72 million), in Brazil (€30 million) and in Europe (€59 million); the hydroelectric segment in Latin America (€80 million) and in Italy (€15 million); and the geothermal segment in Chile (€41 million) and in Italy (€17 million).

Other, eliminations and adjustments

Performance

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue (net of eliminations)	191	198	(7)	-3.5%
Gross operating margin	(11)	(13)	2	-15.4%
Operating income	(23)	(21)	(2)	-9.5%
Capital expenditure	5	11	(6)	-54.5%

Revenue, net of eliminations, in the 1st Quarter of 2016 came to €191 million, a decrease of €7 million (-3.5%) compared with the same period of the previous year.
This change was essentially due to the following factors:

> a decrease in engineering revenue (€17 million) as a result of a reduction in such activities in the 1st Quarter of 2016 compared with the same period of 2015 (including the Mochovce nuclear plant) due, in part, to the gradual reduction in investment by the Group in traditional generation technologies. This trend was only partially offset by the increase in revenue resulting from the environmental-improvement work done at the coal plant in Litoral de Almeria, Spain;

> a reduction in revenue from corporate and support services provided by the holding company;

> a gain on the disposal of Compostilla Re amounting to €19 million.

The **gross operating margin** for the 1st Quarter of 2016, a loss of €11 million, improved by €2 million, mainly owing to the gain noted above. Excluding the gain, the gross operating margin deteriorated by €17 million, essentially as a result of lower unit margins on certain services provided to the other Group divisions.

The **operating loss** for the 1st Quarter of 2016 came to €23 million, a decline in performance of €2 million compared with the same period of the previous year, a result which takes account of an increase of €4 million in depreciation, amortization and impairment losses.

Capital expenditure

Capital expenditure for the 1st Quarter of 2016 totaled €5 million, a decrease of €6 million compared with the 1st Quarter of 2015.

Analysis of the Group's financial position

Net capital employed and related funding

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

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Net non-current assets:				
- property, plant and equipment and intangible assets	89,077	88,686	391	0.4%
- goodwill	13,807	13,824	(17)	-0.1%
- equity investments accounted for using the equity method	613	607	6	1.0%
- other net non-current assets/(liabilities)	(378)	1,092	(1,470)	-
Total net non-current assets	**103,119**	**104,209**	**(1,090)**	**-1.0%**
Net current assets:				
- trade receivables	14,034	12,797	1,237	9.7%
- inventories	2,678	2,904	(226)	-7.8%
- net receivables due from equalization funds, market operators and energy services operators	(3,946)	(4,114)	168	-4.1%
- other net current assets/(liabilities)	(5,794)	(5,518)	(276)	-5.0%
- trade payables	(11,883)	(11,775)	(108)	0.9%
Total net current assets	**(4,911)**	**(5,706)**	**795**	**13.9%**
Gross capital employed	**98,208**	**98,503**	**(295)**	**-0.3%**
Provisions:				
- post-employment and other employee benefits	(2,297)	(2,284)	(13)	0.6%
- provisions for risks and charges and net deferred taxes	(8,258)	(8,413)	155	-1.8%
Total provisions	**(10,555)**	**(10,697)**	**142**	**-1.3%**
Net assets held for sale	**1,183**	**1,490**	**(307)**	**-20.6%**
Net capital employed	**88,836**	**89,296**	**(460)**	**-0.5%**
Total shareholders' equity	**52,192**	**51,751**	**441**	**0.9%**
Net financial debt	**36,644**	**37,545**	**(901)**	**-2.4%**

Net capital employed at March 31, 2016 amounted to €88,836 million and is funded by equity attributable to the shareholders of the Parent Company and non-controlling interests in the amount of €52,192 million and net financial debt of €36,644 million. The debt-to-equity ratio at March 31, 2016, came to 0.70 (0.73 at December 31, 2015).

Analysis of the Group’s financial structure

Net financial debt

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

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Long-term debt:				
- bank borrowings	7,367	6,863	504	7.3%
- bonds	34,543	35,987	(1,444)	-4.0%
- other borrowings	1,779	2,022	(243)	-12.0%
Long-term debt	*43,689*	*44,872*	*(1,183)*	*-2.6%*
Long-term financial receivables and securities	(2,554)	(2,335)	(219)	-9.4%
Net long-term debt	**41,135**	**42,537**	**(1,402)**	**-**
Short-term debt				
Bank borrowings:				
- short-term portion of long-term bank borrowings	920	844	76	9.0%
- other short-term bank borrowings	334	180	154	85.6%
Short-term bank borrowings	*1,254*	*1,024*	*230*	*22.5%*
Bonds (short-term portion)	1,705	4,570	(2,865)	-62.7%
Other borrowings (short-term portion)	272	319	(47)	-14.7%
Commercial paper	107	213	(106)	-49.8%
Cash collateral and other financing on derivatives	1,066	1,698	(632)	-37.2%
Other short-term financial payables	90	64	26	40.6%
Other short-term debt	*3,240*	*6,864*	*(3,624)*	*-52.8%*
Long-term financial receivables (short-term portion)	(672)	(769)	97	12.6%
Factoring receivables	(138)	(147)	9	6.1%
Financial receivables and cash collateral	(1,663)	(1,020)	(643)	-63.0%
Other short-term financial receivables	(204)	(304)	100	32.9%
Cash and cash equivalents with banks and short term securities	(6,308)	(10,640)	4,332	40.7%
Cash and cash equivalents and short-term financial receivables	*(8,985)*	*(12,880)*	*3,895*	*30.2%*
Net short-term debt	**(4,491)**	**(4,992)**	**501**	**-10.0%**
NET FINANCIAL DEBT	**36,644**	**37,545**	**(901)**	**-2.4%**
Net financial debt of “Assets held for sale”	**1,147**	**841**	**306**	**36.4%**

Net financial debt amounted to €36,644 million at March 31, 2016, a decrease of €901 million compared with December 31, 2015.

Net long-term debt decreased by €1,402 million, reflecting an increase in long-term financial receivables in the amount of €219 million and a decrease in gross long-term debt of €1,183 million, of which €750 million attributable to exchange rate effects. More specifically:

- bank borrowings amounted to €7,367 million, an increase of €504 million;
- bonds amounted to €34,543 million, a decrease of €1,444 million compared with December 31, 2015. The change is primarily attributable to the reclassification to short term of a bond issued by Enel Finance International in the amount of €1,081 million, maturing in September 2016. In addition, in January 2016, Enel SpA repurchased bonds it had issued in the total amount of €750 million;
- other borrowings amounted to €1,779 million at March 31, 2016, a decrease of €243 million compared with December 31, 2015, mainly attributable to the reclassification of the current portion.

Net short-term debt showed a creditor position of €4,491 million at March 31, 2016, a decrease of €501 million on the end of 2015. The change was the result of an increase in short-term bank borrowings in the amount of €230 million, a decrease in other short-term debt in the amount of €3,624 million and a decrease in cash and cash equivalents and short-term financial receivables in the amount of €3,895 million.

In the 1st Quarter of 2016, the following bond repayments were carried out, which made a substantial contribution to the decrease in gross short-term debt:

- €1,000 million in respect of a floating-rate bond issued by Enel SpA maturing in February 2016;
- €2,000 million in respect of a fixed-rate bond issued by Enel SpA maturing in February 2016.

Other short-term debt, totaling € 3,240 million, includes commercial paper issued by International Endesa BV amounting to €107 million, as well as bonds maturing within 12 months amounting to €1,705 million. The commercial paper program of Enel Finance International has not been used.

Finally, cash collateral paid to counterparties in over-the-counter derivatives transactions on interest rates, exchange rates and commodities totaled €1,663 million, while cash collateral received from such counterparties amounted to €1,066 million.

Cash and cash equivalents and short-term financial receivables came to €8,985 million, down €3,895 million compared with the end of 2015, mainly due to the decrease in cash with banks and short-term securities in the amount of €4,332 million and in other short-term financial receivables in the amount of €100 million.

Cash flows

Cash flows from operating activities in the 1st Quarter of 2016 were a positive €1,567 million, an improvement of €1,091 million over the same period of the previous year. The change was mainly attributable to a reduction in the use of cash in connection with the change in net current assets in the two periods, in particular in relation to the increase in trade payables in respect of a number of institutional items regarding Italian distribution operations.

Cash flows from investing/disinvesting activities in the 1st Quarter of 2016 absorbed funds in the amount of €1,301 million, while in the first three months of 2015 they had absorbed liquidity totaling €1,258 million.
More specifically, cash requirements in respect of investments in property, plant and equipment and in intangible assets in the 1st Quarter of 2016 amounted to € 1,650 million, up €310 million compared with the same period of 2015, mainly due to increased activity in the renewable energy sector.
Cash flows generated by other investing/disinvesting activities in the 1st Quarter of 2016 were a positive €23 million, essentially attributable to fewer disposals during the period.

Cash flows from financing activities absorbed liquidity in the amount of €4,768 million. In the first three months of 2015 they had absorbed liquidity totaling €2,270 million. The flow in the 1st Quarter of 2016 was essentially associated with the reduction of net financial debt (the net balance of repayments and new borrowing) in the amount of €4,336 million and the payment of dividends totaling €236 million. These effects were accompanied by the cash outlays for transactions in non-controlling interests in the amount of €196 million, of which €169 million for the payment (for taxes) of a number of incidental expenses associated with the capital transactions under way in Latin America and €27 million for the purchase of the Enel Green Power shares for which pre-emption rights were not exercised or for which the right of withdrawal had been exercised as part of the partial non-proportional demerger of Enel Green Power, which gave Enel SpA full control over that company.

Thus, in the first three months of 2016, cash flows generated by operating activities amounted to €1,567 million, which only partly financed the requirements of investing activities totaling €1,301 million and financing activities in the amount of €4,768 million. The negative difference is reflected in the decrease in cash and cash equivalents, which at March 31, 2016 amounted to €6,324 million, compared with €10,790 million at the start of 2016. The decrease includes the impact (€36 million) of the appreciation of the various local currencies against the euro.

Significant events in the 1st Quarter of 2016

Integration with Enel Green Power

On January 11, 2016, the Extraordinary Shareholders' Meeting of Enel SpA ("Enel") approved the partial non-proportional demerger of Enel Green Power SpA ("EGP") into Enel (the "Demerger"). Prior to the Enel Meeting on the same date, the Extraordinary Shareholders' Meeting of EGP also approved the Demerger. More specifically, the Extraordinary Shareholders' Meeting of Enel approved, without amendment or addition, the demerger project, which envisages:

> the assignment by EGP to Enel of the demerged assets, essentially represented by (i) the 100% stake held by EGP in Enel Green Power International, a Dutch holding company that holds investments in companies operating in the renewable energy sector in North, Central and South America, Europe, South Africa and India; and (ii) the assets, liabilities, contracts and other legal relationships associated with those investments; and

> the retention by EGP of all remaining assets and liabilities other than those that are part of the demerged assets (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involved a non-proportional demerger, it envisaged that:

> shareholders of EGP other than Enel may exchange all the shares they hold in EGP with Enel shares; and

> Enel will exchange the shares corresponding to its stake in the demerged assets with Enel shares, which will be immediately cancelled in accordance with Article 2504-*ter*, paragraph 2, and Article 2506-*ter*, paragraph 5, of the Italian Civil Code.

The demerger instrument was executed on March 25, 2016, taking effect at the final moment of March 31, 2016.

The shareholders of EGP that did not approve the Demerger were entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, letter a) of the Italian Civil Code (the "Right of Withdrawal"), or the right to have their EGP shares purchased by Enel pursuant to Article 2506-*bis*, paragraph 4, of the Italian Civil Code (the "Right of Sale"). The Right of Withdrawal and the Right of Sale can be exercised at the unit settlement value for EGP shares, determined in accordance with Article 2437-*ter*, paragraph 3, of the Italian Civil Code, which is equal to €1.780 per EGP share. At the end of the offer period, those rights had been validly exercised for 16,428,393 ordinary shares of EGP for an aggregate amount of about €29.2 million (of which 14,951,772 shares were acquired by Enel for €26.6 million). The total value of the shares involved is therefore below the threshold of €300 million, set as a condition for the completion of the Demerger.

Upon completion of the Demerger, all the 1,570,621,711 EGP ordinary shares held by EGP shareholders other than Enel were cancelled and exchanged with newly issued Enel ordinary shares, on the basis of the exchange ratio of 0.486 Enel shares for each EGP share in exchange, with no cash adjustments. A total of 1,005,717,849 Enel ordinary shares were allotted to Enel – with simultaneous cancellation of the shares, pursuant to the prohibition provided for under Article 2504-*ter*, paragraph 2, of the Italian Civil Code, as cited in Article 2506-*ter*, paragraph 5, of the Italian Civil Code – in exchange for the cancellation, at the time of exchange, of a total of 2,069,378,289 EGP ordinary shares held by Enel associated with the demerged assets. Therefore, following the issuance of 763,322,151 new Enel ordinary shares to be allotted to EGP shareholders other than Enel, the share capital of Enel was increased by a total nominal amount of €763,322,151 and is therefore equal to €10,166,679,946, fully subscribed and paid-up, represented by 10,166,679,946 ordinary shares with a par value of €1.00 each.

EGP shares were traded on the Italian market until the market close of March 31, 2016, and on the Spanish markets until market close of March 30, 2016, while trading in the newly issued Enel shares began on the Italian market on April 1, 2016.

Bond buy-back

On January 14, 2016, within the framework of its program to optimize its liability structure through active management of maturities and the cost of funding, Enel launched a non-binding voluntary offer to repurchase in cash up to a nominal €500,000,000 of two series of bonds previously issued by Enel itself. At the end of the offer period (January 20, 2016) Enel decided to exercise the option envisaged in the offer documentation to increase the original nominal amount involved in the buy-back and so decided to purchase:

- a nominal €591,088,000 of bonds maturing on June 20, 2017, following the application of the allotment ratio of 92.5715%;
- a nominal €158,919,000 of bonds maturing on June 12, 2018, following the application of the allotment ratio of 100%.

The settlement date of the offer was January 25, 2016.

Framework agreement with Bank of China and SINOSURE

On January 20, 2016, Enel, Bank of China (a leader in the Chinese banking sector as well as the most internationalized and diversified bank in China), and the China Export & Credit Insurance Corporation ("SINOSURE") signed a non-binding framework agreement to promote the development by Enel Group companies, in particular Enel Green Power, of projects on a worldwide basis with the participation of Chinese companies acting as engineering, procurement and construction contractors and/or suppliers. Under the agreement, Bank of China will provide Enel and its subsidiaries with a credit line of up to $1 billion backed by SINOSURE. The framework agreement, which provides the main terms and conditions of the facilities that can be granted, will remain in force for a period of five years, with the possibility of extension if mutually agreed by the parties.

Enel's new corporate identity

On January 26, 2016, the Group's new corporate identity was unveiled at the headquarters of the Endesa subsidiary in Madrid. On the same occasion, the new logos of Enel Green Power and Endesa were also revealed within the context of the new identity.

The new identity represents the pursuit of the "Open Power" strategy announced last November in London on the occasion of Enel's Capital Markets Day. It is founded on openness as the keystone of the strategic and operational approach of the Group. More specifically, "Open Power" seeks to:

- open access to electricity for more people;
- open the world of energy to new technology;
- open energy management to individuals;
- open power to new uses;
- open up to new partnerships.

The new brand strategy transmits the image of Enel as a modern, open, flexible, responsive utility capable of leading the energy transition. The Group has introduced a colorful new visual system – which includes the logos – that reflects the flexible and dynamic principles of "Open Power". The new visual identity and the new logo are composed of a rich palette of color to reflect the variety of the energy spectrum, the multifaceted nature of a Group present in more than 30 countries and the growing diversification of the services we offer in a global energy system.

The brand renewal also included the unveiling of the new website Enel.com, a site focused on users and access via mobile applications. During 2016, the updating of the Group's entire online presence will be completed.

Start-up program in Israel

On February 10, 2016, Enel announced the launch of a technological support program for start-ups in Israel, a country with such a high concentration of innovative tech companies that it boasts its own version of Silicon Valley, called Silicon Wadi. As part of the program, Enel will create a company to support start-ups, acting as a business incubator headquartered in Tel Aviv. It is scheduled to open its doors in May. Each year, up to eight start-ups will be selected from among key local companies, which will be able to benefit from a customized support program in collaboration with Enel.
One of the program's objectives – in addition to developing individual start-ups – is to establish a presence in Israel's innovation ecosystem, one of the most advanced in the world, leveraging venture capital funds, universities and a collaboration with the Office of the "Chief Scientist" of Israel's Ministry of the Economy.
The support company with select the start-ups using public tenders for projects based on Enel's broad range of technological priorities. Once selected the start-ups will have access to Enel engineers and technology experts, who will help them develop their business and their technology, using company facilities for testing and leveraging the Group's commercial and technological experience. Each project will receive support for at least six months.

Memorandum of understanding between architects and Enel Energia

On February 17, 2016, Enel Energia signed a memorandum of understanding with the National Council of Architects, Planners, Landscape Architects and Conservators. The memorandum is intended to promote the energy upgrading of buildings and the architectural quality of the solutions. It also seeks to foster joint policies and actions and propose legislation to raise the quality of the installation of efficient technologies, ensure environmental benefits and dignity and, at the same time, generate savings for the public. The memorandum sets out a collaborative program to encourage and develop approaches to integration and cooperation. Enel Energia will provide Italian architects with permanent ongoing training initiatives – compliant with the rules governing life-long training of the National Council of Architects – in order to keep them up to date on innovation in efficient residential technologies, their characteristics, benefits and key installation and permitting issues. The underlying principle of the agreement is that training and research are priority strategic factors for growth and progress, and so it is necessary to invest in the sector in a manner adequate to the needs of the society and economy of local communities.

Enel Green Power wins renewables tender in Peru

On February 18, 2016, EGP, acting through its subsidiary Enel Green Power Perú, was awarded the right to sign 20-year energy supply contracts for 126 MW wind power, 180 MW solar PV and 20 MW of hydro capacity following the renewable tender launched by the Peruvian government through the energy regulator OSINERGMIN. With 326 MW awarded in the tender, EGP will become by 2018 the main renewable player in Peru and the only company operating plants of three different renewable technologies in the country.
EGP will be investing about $400 million in the construction of the renewables facilities, which are expected to enter into operation by 2018, in line with the investments outlined in the company's current strategic plan. The 20-year supply contracts awarded to EGP provide for the sale of specified volumes of energy generated by the plants. Nazca wind project will be built in the Marcona district, which is located in Peru's southern coastal area, more specifically in the Ica department, an area blessed by high level of wind resources. This project, with a total installed capacity of 126 MW, once up and running, will generate about 600 GWh per year, while avoiding the emission of around 370,000 metric tons of CO_2 into the atmosphere. The 180 MW Rubi photovoltaic project

will be built in the Moquegua district, which is located in Peru's southern area, more specifically in the Moquegua department, an area which enjoys high levels of solar radiation. Once up and running, the solar facility will generate approximately 440 GWh per year, avoiding the emission of around 270,000 metric tons of CO_2 into the atmosphere. The hydro project Ayanunga, whose capacity amounts to an approximate 20 MW, will be built in the Monzón district, which is located in Peru's central area, more specifically in the Huánuco department. Once up and running, the hydro plant will generate annually about 140 GWh, while avoiding the emission of around 109,000 metric tons of CO_2 into the atmosphere.

Disposal of Hydro Dolomiti Enel

On February 29, 2016, the sale by the subsidiary Enel Produzione entire 49% stake in Hydro Dolomiti Enel Srl ("HDE") to Fedaia Holdings Sàrl ("Fedaia"), a Luxembourg-based subsidiary of Macquarie European Infrastructure Fund 4 ("MEIF4"), was completed. The price for the sale was finalized at €335.4 million, in line with the agreement signed on November 13, 2015 between Enel Produzione and Fedaia. Enel Produzione's stake in HDE was sold to the Italian company Fedaia Investments Srl, which was designated as the purchaser by Fedaia and is also controlled by MEIF4. The completion of the transaction follows clearance from the EU Antitrust Authority, which was the final outstanding condition precedent provided for in the sale agreement.

Enel Green Power wins preferred bidder status in Morocco

On March 10, 2016, Enel Green Power ("EGP"), in consortium with the Moroccan energy company Nareva Holding ("Nareva") and the German wind turbine manufacturer Siemens Wind Power, was awarded preferred bidder status in the "2nd phase of the wind integrated project" tender held by the Moroccan utility ONEE (*Office National de l'Electricité et de l'Eau Potable*). The consortium was pre-awarded the right to develop, design, finance, build, operate and maintain five wind projects in Morocco with a total capacity of 850 MW. The award will be confirmed following the signing of the purchase agreements for the electricity generated by the plants. Of the five projects, Midelt (150 MW), Tanger (100 MW) and Jbel Lahdid (200 MW) are located in northern Morocco, while Tiskrad (300 MW) and Boujdour (100 MW) are located in the country's south.

EGP and Nareva will establish and own five special purpose vehicles (SPV) holding the projects. Siemens Wind Power will provide the wind turbines, with several components manufactured locally.

The construction of the five plants will require a total investment of approximately €1 billion. EGP will fund the cost of the project corresponding to its 50% shareholding by a mix of equity and debt, the latter through project finance facilities provided by international financial institutions. EGP's investment is in line with the growth targets set out in the company's current strategic plan (2016-2019).

The wind farms are expected to be completed and enter operation between 2017 and 2020. In line with the tender rules, the power generated by the five wind farms will be sold to ONEE under 20-year power purchase agreements.

Enel Open Fiber strategic plan presented

On March 23, 2016, the Board of Directors of Enel examined and discussed the strategic plan of Enel Open Fiber SpA ("EOF"), the company established by Enel in December last year to build and operate ultra-broadband optical fiber infrastructure across Italy.

EOF will operate as a wholesale-only player (i.e. only on the wholesale market) and will build infrastructure for other licensed operators.

The EOF plan, in line with the European Digital Agenda and the Italian strategy for ultra-broadband, provides for EOF to build in through several steps to be released in sequence the optical fiber telecommunications network in 224 Italian municipalities, in successful market areas (known as clusters A and B). This network will be built entirely of optical fiber brought right up to the customer's home, in FTTH mode (fiber to the home).

In the early years of the plan, very high speed connections are expected to reach some 7.5 million homes, helping Italy to bridge its digital divide.

The plan through these phases provides for investment of about €2.5 billion to be gradually approved, with the support of other investors, and aimed at the development of the network.

Enel's Board of Directors also discussed a letter of intent between EOF, Vodafone and Wind, which seeks, in a series of steps, to define a strategic and commercial partnership for the development of the ultra-broadband telecommunications network across Italy.

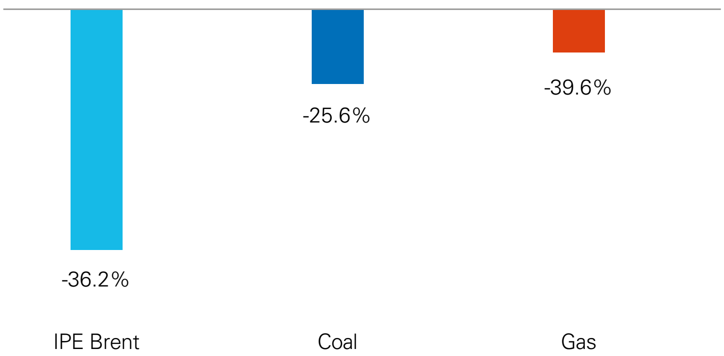
Reference scenario

Developments in the main market indicators

	1st Quarter	
	2016	2015
Market indicators		
Average IPE Brent oil price ($/bbl)	34.4	53.9
Average price of CO_2 (€/ton)	5.7	7.2
Average price of coal ($/t CIF ARA) [1]	45.3	60.9
Average price of gas (€/MWh) [2]	12.9	21.4
Average dollar/euro exchange rate	1.102	1.126
Six-month Euribor (average for the period)	0.10%	0.13%

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

Change in average fuel prices in the 1st Quarter of 2016 compared with the 1st Quarter of 2015



Electricity and natural gas markets

Electricity demand

GWh	1st Quarter		
	2016	2015	Change
Italy	**77,632**	**78,805**	**-1.5%**
Spain	63,846	64,676	-1.3%
Russia	210,898	209,447	0.7%
Slovakia	7,996	7,710	3.7%
Argentina	35,552	34,837	2.1%
Brazil	135,328	141,300	-4.2%
Chile	18,543	17,830	4.0%
Colombia	16,841	15,891	6.0%

Source: national TSOs.

Developments in electricity demand in Western Europe continue to display a decoupling effect, falling in Italy and in Spain, by 1.5% and 1.3% respectively, counter to the trend towards economic recovery. Different conditions prevail in Eastern Europe, where demand is up slightly in Russia (despite the recession) and in Slovakia, where demand grew by 3.7%, in line with GDP growth. In Latin America, demand in Brazil contracted by 4.2%, in line with the recession in that country, while in Argentina, Chile and Colombia demand easily outpaced GDP growth, equal to 2.1%, 4.0% and 6.0% respectively.

Electricity prices

	Average baseload price 1st Quarter of 2016 (€/MWh)	Change in average baseload price 1st Quarter of 2016 - 1st Quarter of 2015	Average peakload price 1st Quarter of 2016 (€/MWh)	Change in average peakload price 1st Quarter of 2016 - 1st Quarter of 2015
Italy	**39.6**	**-23.5%**	**45.2**	**-23.4%**
Spain	30.7	-33.1%	37.1	-31.1%
Russia	14.6	-15.1%	17.1	-14.2%
Brazil	20.4	-83.2%	31.3	-76.0%
Chile	56.2	-53.9%	102.8	-36.8%
Colombia	187.9	178.5%	247.0	179.6%

Natural gas demand

Millions of m^3	1st Quarter			
	2016	2015	Change	
Italy				
Domestic and civil uses	13,012	14,403	(1,391)	-9.7%
Industry and services	3,319	3,519	(200)	-5.7%
Thermal generation	5,395	5,113	282	5.5%
Other (1)	500	546	(46)	-8.4%
Total Italy	**22,225**	**23,581**	**(1,356)**	**-5.7%**
Spain	**7,382**	**9,535**	**(2,153)**	**-22.6%**

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

Natural gas demand in Italy in the 1st Quarter of 2016 amounted to 22,225 million cubic meters, a decrease of 5.7% on the same period of 2015.
The decline was influenced by the decrease in demand for domestic and civil uses, due to warmer weather, and by the contraction in industrial demand. Demand for electricity generation benefited from the greater competitiveness of gas prices, posting an increase of 5.5%.

Italy

Domestic electricity generation and demand

Millions of kWh	1st Quarter			
	2016	2015	Change	
Net electricity generation:				
- thermal	46,175	45,058	1,117	2.5%
- hydroelectric	7,907	9,592	(1,685)	-17.6%
- wind	5,772	5,195	577	11.1%
- geothermal	1,489	1,438	51	3.5%
- photovoltaic	3,966	4,473	(507)	-11.3%
Total net electricity generation	**65,309**	**65,756**	**(447)**	**-0.7%**
Net electricity imports	12,929	13,499	(570)	-4.2%
Electricity delivered to the network	**78,238**	**79,255**	**(1,017)**	**-1.3%**
Consumption for pumping	(606)	(450)	(156)	-34.7%
Electricity demand	**77,632**	**78,805**	**(1,173)**	**-1.5%**

Source: Terna - Rete Elettrica Nazionale (monthly report - March 2016).

Electricity demand in Italy in the 1st Quarter of 2016 decreased slightly (by 1.5%) compared with the year-earlier period, to 77.6 TWh. Of total electricity demand, 83.3% was met by net domestic electricity generation for consumption (82.9% in the 1st Quarter of 2015) with the remaining 16.7% being met by net electricity imports (17.1% in the 1st Quarter of 2015).

Net electricity imports in the 1st Quarter of 2016 decreased by 0.6 TWh, a change of 4.2% compared with the same period of 2015.

Net electricity generation in the 1st Quarter of 2016 declined by 0.7% (-0.4 TWh) to 65.3 TWh. More specifically, the decrease in hydroelectric generation (-1.7 TWh) attributable to poorer water availability and the contraction in photovoltaic output were only partly offset by the rise in thermal generation (+1.1 TWh), as well as in other renewables generation.

Spain

Electricity generation and demand in the peninsular market

Millions of kWh	1st Quarter			
	2016	2015	Change	
Net electricity generation	64,211	67,716	(3,505)	-5.2%
Consumption for pumping	(2,047)	(1,502)	(545)	-36.3%
Net electricity exports [1]	1,682	(1,538)	3,220	-
Electricity demand	**63,846**	**64,676**	**(830)**	**-1.3%**

(1) Includes the balance of trade with the extra-peninsular system.
Source: Red Eléctrica de España (*Estadística diaria* - March 2016 report). The volumes reported for the 1st Quarter of 2015 are updated to January 18, 2016.

Electricity demand in the peninsular market in the 1st Quarter of 2016 fell by 1.3% compared with the same period of 2015, to 63.8 TWh. Of total electricity demand, 97.4% was met by net domestic electricity generation for consumption, while in the corresponding period of 2015 all demand was met by net domestic electricity generation for consumption.

Net electricity exports in the 1st Quarter of 2016 reversed sign compared with the 1st Quarter of 2015, with the balance showing net imports in order to meet national requirements.

Net electricity generation in the 1st Quarter of 2016 decreased by 5.2% (-3.5 TWh), essentially due to the contraction in demand.

Electricity generation and demand in the extra-peninsular market

Millions of kWh	1st Quarter			
	2016	2015	Change	
Net electricity generation	3,213	3,210	3	0.1%
Net electricity imports	292	324	(32)	-9.9%
Electricity demand	**3,505**	**3,534**	**(29)**	**-0.8%**

Source: Red Eléctrica de España (*Estadística diaria* - March 2016 report). The volumes reported for the 1st Quarter of 2015 are updated to January 18, 2016.

Electricity demand in the extra-peninsular market in the 1st Quarter of 2015 decreased by 0.8% compared with the 1st Quarter of 2015, to 3.5 TWh.

Net electricity imports in the 1st Quarter of 2016 amounted to 0.3 TWh and regarded trade with the Iberian peninsula.

Net electricity generation in the 1st Quarter of 2016 rose by 0.1% compared with the same period of the previous year.

Regulatory and rate issues

Compared with the Annual Report 2015, which readers are invited to consult for a more detailed discussion of developments, the following section reports the main changes in the period with regard to regulatory and rate issues in the countries in which Enel operates.

The European regulatory framework

REMIT Reporting

On April 7, 2016 the second phase of REMIT reporting began. As from that date, data on transactions executed outside of organized markets, transmission contracts and usage of LNG and storage plants are transmitted to the Agency for the Cooperation of Energy Regulators (ACER).
The reporting is intended to support market monitoring by ACER and national regulators.

Enquiry into state aid capacity remuneration mechanisms

On April 13, 2016, the European Commission (DG competition) published an interim report on the enquiry launched in April 2015 on capacity mechanisms in Europe. The enquiry involved 11 countries, including Italy, Spain, Portugal, France and Belgium, and analyzed existing and future capacity mechanisms.
With the enquiry, the European Commission is seeking to understand if, and to what extent, capacity mechanisms represent state aid targeted at ensuring the security of electricity supply in the European Union and what capacity mechanism models are most appropriate for this purpose and have the least impact on competition and trade.
The report has been opened for a public consultation involving all stakeholders, with comments to be submitted by July 6, 2016. The final report on the results of the enquiry is expected to be published by the end of the year.

The Italian regulatory framework

With Resolution no. 137/2016/R/com, the Authority for Electricity, Gas and the Water System (the Authority) replaced the Accounting Unbundling Consolidated Text issued with Resolution no. 231/2014/R/com (in force until 2015) with a new text, with consolidated provisions for the water sector (in force as from 2016).

Italy

Distribution

Distribution and metering

With Resolution no. 87/2016/R/eel, the Authority approved the functional requirements for second-generation digital meters. Remuneration criteria will be determined in a subsequent resolution.

Sales

Electricity

Within the Integrated Information System, which manages information flows among electricity and gas market operators, the Authority issued Resolution no. 73/2016/R/eel centralizing a number of activities associated with the signing and termination of dispatching, transmission and distribution contracts.

Gas

With regard to the definition of the price component covering natural gas supply costs, the Authority confirmed the current procedures for the period October 1, 2016 - December 31, 2017, extending its validity by a quarter with respect to the duration of the gas year. These procedures provide for full indexing to spot prices observed on the Dutch hub of the Title Transfer Facility (TTF), pending the development of greater liquidity on Italian wholesale markets.

Iberian Peninsula

Spain

Remuneration of distribution

On March 31, 2016 the Ministry for Industry, Energy and Tourism initiated the procedure for the introduction of a new ministerial order that will establish the remuneration of distribution activities for 2016, in accordance with the provisions of order IET/2735/2015. Temporarily, the remuneration for 2015 will be retained until the new order is approved.

Energy efficiency

Order IET/359/2016 of March 17, 2016 required Endesa to make a contribution to the National Energy Efficiency Fund of €29.7 million, corresponding to the energy savings obligations for 2016.

Eastern Europe

Russia

Capacity mechanisms

On December 30, 2015, a number of amendments were approved of the methods adopted by the Ministry for the Economy to determine the yield on Russian government securities included in the mechanism for determining the capacity payment (DPM). Accordingly, in 2016 additional criteria for the selection of the government securities to be included in the calculation of the DPM were introduced, increasing the yield of the government securities from about 9% to about 11%. This action, which will presumably increase the capacity payment, was prompted by the need to avoid possible errors in setting the DPM for 2016.

Romania

Smart metering

On February 26, 2016, ANRE published a decision approving a new calendar, with the specification of the interim deadlines for the roll-out of smart metering in 2016-2020. On the basis of this calendar, the Enel distribution companies submitted the installation plan for 2016, which was approved by ANRE on April 18. More specifically, 50% of the meters will have to be installed by August 31, 2016, while 100% of the meters for 2016 will have to be installed by October 31. The 2017-2020 plan must be submitted by January 10, 2017 and approved by March 31, 2017.

Recognition of investments in rates

On March 4, 2016, ANRE approved a new procedure for recognizing investments in rates, which will enter force in 2017 and in 2016 will serve as a recommendation for distributors. The procedure establishes (i) no recognition of inefficient investments; (ii) no recognition of costs for the works that exceed 10% of budgeted costs; and (iii) the possibility of modifying the annual investment plan by a maximum of 10% once it has been submitted.

Distribution quality standards

ANRE approved a revision of the standards governing the quality of distribution services, which entered force on April 19, 2016 and will be implemented gradually over the regulatory period. The new rules provide for the specification of new key performance indicators (reduction of the number and duration of interruptions), the establishment by distributors of a contact center and the introduction of new automatic indemnities for customers.

France

Abolition of regulated electricity and gas rates for industrial customers

Law 344/2014 provided for the gradual elimination of regulated electricity and gas rates for industrial customers. For the electricity sector in particular, as from January 1, 2016, regulated rates have been abolished for industrial customers with a consumption of more than 36 kVA and a temporary mechanism provides for the application of a temporary rate (in force until June 30, 2016) for customers who have not yet selected a supplier on the free market. As from July 1, 2016, customers who have not yet selected a free market supplier will be automatically assigned to suppliers of last resort selected through competitive procedures.

National Energy Transition Act

In 2016 the implementing decrees for Law 2015/992 are being enacted. The law sets out the guidelines for the new national energy strategy:

> cutting greenhouse gases by 40% by 2030 compared with 1990 levels;
> achieving a renewable energy target of 32% of overall gross energy consumption by 2030 (around 40% of overall electricity consumption);
> reducing final energy consumption by 50% by 2050, with a focus on the building sector;
> capping nuclear capacity at 63.2 GW and limiting the share of nuclear power to 50% of domestic generation in 2025.

Latin America

Argentina

Rate revision and other regulatory developments

On January 27, 2016, *Resolución* no. 06 of the *Ministerio De Energía y Minería* was published. It approves quarterly summer reprogramming for the February 2016 - April 2017 period for the wholesale electricity market, to be carried out on the basis of new criteria that take account of the management, distribution and calculation of the price, which in turn shall take account of (i) the effective cost of electricity adjusted, with haircuts, for subsidies; (ii) new price schemes that differ for each type of residential customer on the basis of the capacity for consumption savings and (iii) a new social rate. The resolution is an important step towards the reconstruction of the entire value change and the associated payment cycle for the electricity market.

Following that resolution, on January 28, 2016, *Resolución* no. 07 of the *Ministerio De Energía y Minería*, expressly targeted at the distribution companies Edesur SA and Edenor SA, instructs ENRE to exercise its power to increase rates, preliminary to the upcoming *Revisión Tarifaria Integral* (RTI), applying the transitional rate regime for those two distribution companies. In addition, it terminates application of the PUREE and introduces a new social rate for eligible customers. It also establishes a deadline of December 31, 2016 for the definition of the RTI.

The new administration intends to return to the fundamental principles that inspired Law 24065 of 1991 and to normalize the electrical sector as requested by industry operators.

On January 29, 2016, ENRE therefore issued resolutions nos.1 and 2. More specifically, *Resolución* no. 1/2016 contains a new rate framework to apply to each category of customer as from February 1, 2016, and rules governing supply, which now provides for monthly invoicing. *Resolución* no. 2/2016 provides for the closure of the FOCEDE as from January 31, 2012 and establishes a new system for funds received in application of *Resolución* ENRE no. 347/2012, which removes them from trusts and deposits them in a current account held with a banking institution recognized by BCRA.

Brazil

Rate update for Ampla

On March 8, 2016, ANEEL approved a rate update for Ampla to take effect as from March 15, 2016. The adjustment amounted to 7,38% for all Ampla customers (7.15% for low-voltage customers and 7.86% for high-voltage customers).

Renewable Energy

Spain

In the final months of 2015 the criteria for awarding incentives to new renewable energy plants were defined, in line with the new regulatory framework. This voided the moratorium imposed with Royal Decree Law 1/2012. The criteria, which provide for the award to be made through an auction system, had already been envisaged in the new law on electricity supply, although the details of application had not yet been specified. These were defined with Royal Decree 947/2015, Ministerial Decree IET/2212/2015 and the Resolution of November 30 of the Secretary of Energy. The first auction, scheduled for January 14, 2016, involved 500 MW of wind capacity and 200 MW of biomass. For wind projects, the auction was completed successfully without incentives, while for biomass projects the only incentive awarded was that linked to the operating costs of the plants (the Ro component). Enel Green Power España, which participated in the auction for the award of wind capacity, was not awarded any project.

On February 10, 2016, the eligibility tests that renewable energy plants must pass to be considered eligible for participation in system adjustment services were begun.

As part of the discussions under way for the formation of a new Government in Spain, all of the political parties, with the sole exception of the Partido Popular (PP), signed a proposal to reform the regulations governing self-consumption, with the aim of promoting its development in the country. Among the proposed measures, the most important regard the elimination of system costs that are currently charged to the vast majority of consumers and the possibility for consumer to share self-consumption plants. Naturally the success of the proposal depends on the formation of a new Government by the signatories of the accord.

Morocco

In March 2016, Enel Green Power, in consortium with Nareva Holding and Siemens Wind Power, was awarded the right to develop, design, finance, build, operate and maintain five wind plants in Morocco with a total capacity of 850 MW.

In February 2016, the government endorsed bill no. 58 of 2015 amending a number of aspects of Law 09/13. The bill allows renewables generators to also access low-voltage grids. The specific conditions for doing so will be specified and regulated subsequently. The bill also regulates aspects concerning the delivery of excess renewable electricity to the high-voltage grid.

Chile

In February 2016, the regulator – *Comisión Nacional de Energía* – issued a new method for calculating capacity payments for renewables plants. Under the new technical rules, eligible capacity at the system level will be measured ex post in the 52 peak hours of the system, unlike the previous system, in which the hours were established ex ante.

Mexico

In the 1st Quarter of 2016 a number of measures were adopted to complete the reform of the electrical sector. More specifically, on January 27, 2016, the wholesale market officially opened (full operations will begin by the end of 2016) and the unbundling of the former market monopolist, *Comisión Federal de Electricidad* (CFE) was begun. The process, which will lead to the creation of at least 12 different companies, including four generation companies, one distribution company and one transmission company, will be completed by the end of 2017.

As regards the integration of non-fossil-fuel generation, in March the target that all free- and regulated-market customers must achieve by 2019 was set at 6.9%. That target will be the subject of the second long-term auction, which is expected to be held in the 2nd Half of 2016.

Panama

The Government approved the 2015-2050 National Energy Plan. It establishes the guidelines and objectives of the country's energy policy for the next 35 year. The objectives include a renewables generation target of 70% by 2050 (with a focus on solar and wind power), a change in the rules governing auctions for the supply of regulated customers in order to facilitate participation by generators using non-conventional resources and the redefinition of the subsidy system in order to reduce the cost to the state.

Outlook

The strategic plan, an updated version of which was presented in November 2015, is based on:

- an ambitious program to enhance operational efficiency through the reduction of maintenance and operating costs in all global business lines;
- long-term industrial growth, especially in renewables and networks;
- simplification of the Enel Group structure;
- active portfolio management, seeking to create value through the strategic repositioning of the Group;
- increasing attention to shareholder remuneration, thanks to a gradual increase in dividends distributed over the course of the period covered by the plan.

In the 1st Quarter of 2016, significant progress was achieved in the pursuit of each key pillar of the strategic plan. In the reminder of 2016, in line with plan targets, we will:

- made further progress with the efficiency enhancement program for all global business lines;
- increase the contribution of investment commitments to EBITDA already made and to be carried out during the year;
- launch the new generation smart meter installation campaign in Italy and implement the strategic plan of Enel Open Fiber announced last March;
- complete, by the end of the 3rd Quarter of the year, the corporate reorganization in Latin America, which is intended to separate generation and distribution operations in Chile from those in the other Latin American countries;
- complete the first phase of the disposal of Slovenské elektrárne announced last December.

Based on the key pillars outlined above, the following table sets out the performance and financial targets on which the 2016-2019 strategic plan is founded.

		2016	2017	CAGR 2015-2019
Recurring EBITDA	billions of euro	~14.7	~15.5	~4%
Net ordinary income	billions of euro	~3.1	~3.4	~10%
Minimum dividend	euro/share	0.18		~17%
Pay-out	%	55	60	~7%
Operating cash flow/Net financial debt	%	23	26	~6%

Condensed consolidated quarterly financial statements at March 31, 2016

Condensed Consolidated Income Statement

Millions of euro	Notes	1st Quarter	
		2016	2015
Total revenue	4.a	17,872	19,970
Total costs	4.b	15,122	17,427
Net income/(expense) from commodity contracts measured at fair value	4.c	(80)	82
Operating income		**2,670**	**2,625**
Financial income		1,592	1,946
Financial expense		2,444	2,713
Total net financial income/(expense)	4.d	**(852)**	**(767)**
Share of income/(losses) from equity investments accounted for using the equity method	4.e	**35**	**24**
Income before taxes		**1,853**	**1,882**
Income taxes	4.f	548	703
Net income from continuing operations		**1,305**	**1,179**
Net income from discontinued operations		**-**	**-**
Net income for the period (shareholders of the Parent Company and non-controlling interests)		**1,305**	**1,179**
Attributable to shareholders of the Parent Company		939	810
Attributable to non-controlling interests		366	369
Basic earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Diluted earnings/(loss) per share attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Basic earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*
Diluted earnings/(loss) per share from continuing operations attributable to shareholders of the Parent Company (euro)		*0.10*	*0.09*

Statement of Consolidated Comprehensive Income

Millions of euro	1st Quarter	
	2016	2015
Net income for the year	**1,305**	**1,179**
Other comprehensive income recyclable to profit or loss		
Effective portion of change in the fair value of cash flow hedges	(649)	(179)
Share of the other comprehensive income of equity investments accounted for using the equity method	(26)	(6)
Change in the fair value of financial assets available for sale	3	39
Change in translation reserve	83	1,095
Other comprehensive income/(loss) for the period	**(589)**	**949**
Comprehensive income/(loss) for the period	**716**	**2,128**
Attributable to:		
- shareholders of the Parent Company	309	1,204
- non-controlling interests	407	924

Condensed Consolidated Balance Sheet

Millions of euro	Notes	at Mar. 31, 2016	at Dec. 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment and intangible assets		89,077	88,686
Goodwill		13,807	13,824
Equity investments accounted for using the equity method		613	607
Other non-current assets (1)		13,446	13,880
Total non-current assets	5.a	**116,943**	**116,997**
Current assets			
Inventories		2,678	2,904
Trade receivables		14,034	12,797
Cash and cash equivalents		6,279	10,639
Other current assets (2)		11,295	10,988
Total current assets	5.b	**34,286**	**37,328**
Assets held for sale	5.c	**6,824**	**6,854**
TOTAL ASSETS		**158,053**	**161,179**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to the shareholders of the Parent Company	5.d	34,750	32,376
Non-controlling interests		17,442	19,375
Total shareholders' equity		**52,192**	**51,751**
Non-current liabilities			
Long-term borrowings		43,689	44,872
Provisions and deferred tax liabilities		16,267	16,453
Other non-current liabilities		3,915	3,067
Total non-current liabilities	5.e	**63,871**	**64,392**
Current liabilities			
Short-term borrowings and current portion of long-term borrowings		4,458	7,888
Trade payables		11,883	11,775
Other current liabilities (3)		20,008	20,009
Total current liabilities	5.f	**36,349**	**39,672**
Liabilities held for sale	5.g	**5,641**	**5,364**
TOTAL LIABILITIES		**105,861**	**109,428**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**158,053**	**161,179**

(1) Of which long-term financial receivables and other securities at March 31, 2016 equal to €2,103 million (€2,173 million at December 31, 2015) and €451 million (€162 million at December 31, 2015), respectively.
(2) Of which short-term portion of long-term financial receivables, short-term financial receivables and other securities at March 31, 2016 equal to €672 million (€769 million at December 31, 2015), €2,005 million (€1,471 million at December 31, 2015) and €29 million (€1 million at December 31, 2015), respectively.
(3) Of which, short-term financial debt at March 31, 2016 equal to €36 million (€0 million at December 31, 2015).

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 measurement of cash flow hedge financial instruments	Reserve from measurement of financial instruments AFS
At January 1, 2015	**9,403**	**5,292**	**1,881**	**2,262**	**(1,321)**	**(1,806)**	**105**
Dividend distribution	-	-	-	-	-	-	-
Transactions in non-controlling interests	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	505	(146)	39
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	505	(146)	39
- net income/(loss) for the period	-	-	-	-	-	-	-
At March 31, 2015	**9,403**	**5,292**	**1,881**	**2,262**	**(816)**	**(1,952)**	**144**
At January 1, 2016	**9,403**	**5,292**	**1,881**	**2,262**	**(1,956)**	**(1,341)**	**130**
Dividend distribution	-	-	-	-	-	-	-
Capital increase for non-proportional demerger of Enel Green Power	764	2,198	-	-	119	(31)	-
Comprehensive income for the period	-	-	-	-	35	(655)	3
of which:							
- other comprehensive income/(loss) for the period	-	-	-	-	35	(655)	3
- net income/(loss) for the period	-	-	-	-	-	-	-
At March 31, 2016	**10,167**	**7,490**	**1,881**	**2,262**	**(1,802)**	**(2,027)**	**133**

Reserve from equity investments accounted for using the equity method	Reserve from remeasurement of net defined benefit plan liabilities/(assets	Reserve from disposal of equity interests without loss of control	Reserve from transactions in non-controlling interests	Retained earnings and loss carried forward	**Equity attributable to the shareholders of the Parent Company**	**Non-controlling interests**	**Total shareholders' equity**
(74)	**(671)**	**(2,113)**	**(193)**	**18,741**	**31,506**	**19,639**	**51,145**
-	-	-	-	-	**-**	**(76)**	**(76)**
-	-	13	-	-	**13**	**288**	**301**
(4)	-	-	-	810	**1,204**	**924**	**2,128**
(4)	-	-	-	-	**394**	**555**	**949**
-	-	-	-	810	**810**	**369**	**1,179**
(78)	**(671)**	**(2,100)**	**(193)**	**19,551**	**32,723**	**20,775**	**53,498**
(54)	**(551)**	**(2,115)**	**(196)**	**19,621**	**32,376**	**19,375**	**51,751**
-	-	-	-	-	**-**	**(234)**	**(234)**
-	1	-	(974)	(12)	**2,065**	**(2,106)**	**(41)**
(13)	-	-	-	939	**309**	**407**	**716**
(13)	-	-	-	-	**(630)**	**41**	**(589)**
-	-	-	-	939	**939**	**366**	**1,305**
(67)	**(550)**	**(2,115)**	**(1,170)**	**20,548**	**34,750**	**17,442**	**52,192**

Condensed Consolidated Statement of Cash Flows

Millions of euro	1st Quarter	
	2016	2015
Income before taxes	**1,853**	**1,882**
Adjustments for:		
Depreciation, amortization and impairment losses of property, plant and equipment and intangible assets	1,200	1,225
Financial (income)/expense	632	634
Interest and other financial expense and income paid and received	(768)	(1,066)
Exchange rate adjustments of foreign currency assets and liabilities (including cash and cash equivalents)	255	1,074
Changes in net current assets:		
- inventories	183	93
- trade receivables	(1,307)	(1,596)
- trade payables	163	(950)
Other changes	(644)	(820)
Cash flows from operating activities (A)	**1,567**	**476**
Investments in property, plant and equipment and intangible assets	(1,650)	(1,340)
Investments in entities (or business units) less cash and cash equivalents acquired	-	(17)
Disposals of entities (or business units) less cash and cash equivalents sold	326	-
(Increase)/Decrease in other investing activities	23	99
Cash flows from (investing)/disinvesting activities (B)	**(1,301)**	**(1,258)**
New issues of long-term financial debt	827	2,090
Repayments and other changes in net financial debt	(5,163)	(4,383)
Receipts/(Outlays) for disposals/(acquisitions) of non-controlling interests	(196)	301
Dividends and interim dividends paid	(236)	(278)
Cash flows from financing activities (C)	**(4,768)**	**(2,270)**
Impact of exchange rate fluctuations on cash and cash equivalents (D)	**36**	**185**
Increase/(Decrease) in cash and cash equivalents (A+B+C+D)	**(4,466)**	**(2,867)**
Cash and cash equivalents and short-term securities at the beginning of the period (1)	10,790	13,255
Cash and cash equivalents and short-term securities at the end of the period (2)	6,324	10,388

(1) Of which cash and cash equivalents equal to €10,639 million at January 1, 2016 (€13,088 million at January 1, 2015), short-term securities equal to €1 million at January 1, 2016 (€140 million at January 1, 2015) and cash and cash equivalents pertaining to "Assets held for sale" equal to €150 million at January 1, 2016 (€27 million at January 1, 2015).

(2) Of which cash and cash equivalents equal to €6,279 million at March 31, 2016 (€10,349 million at March 31, 2015), short-term securities equal to €29 million at March 31, 2016 (€25 million at March 31, 2015) and cash and cash equivalents pertaining to "Assets held for sale" equal to €16 million at March 31, 2016 (€14 million at March 31, 2015).

Notes to the condensed consolidated quarterly financial statements at March 31, 2016

1

Accounting policies and measurement criteria

The accounting standards adopted and measurement criteria used for the Interim Financial Report at March 31, 2016, which has not been audited, are consistent with those used to prepare the consolidated financial statements at December 31, 2015, to which the reader is referred for more information. This report also applies the following amendments to existing accounting standards adopted for the first time as of January 1, 2016:

> "Amendments to IAS 1 - *Disclosure initiative*", issued in December 2014. The amendments, which form part of a broader initiative to improve presentation and disclosure requirements, including changes in the following areas:
  - materiality: the amendments clarify that the concept of materiality applies to all parts of the financial statements and that the inclusion of immaterial information could undermine the utility of financial disclosures;
  - disaggregation and subtotals: the amendments clarify that the line items in the income statement, the statement of comprehensive income and the balance sheet can be disaggregated. They also introduce new requirements concerning the use of subtotals;
  - the structure of the notes: the amendments clarify that entities have a certain degree of flexibility in the order in which the notes to the financial statements can be presented. They also emphasize that in establishing that order the entity must consider the requirements of understandability and comparability of the financial statements;
  - investments accounted for using the equity method: the entity's share of OCI of investments in equity-accounted associates and joint ventures must be split between the portion recyclable and that not recyclable to profit and loss; such portions must be presented as separate line items in the statement of comprehensive income depending whether they will subsequently be reclassified to profit or loss.

  The amendments did not have an impact on this report.

> "Amendments to IAS 19 - *Defined benefit plans: employees contributions*", issued in November 2013. The amendments are intended to clarify how to recognize contributions from employees within a defined benefit plan. More specifically, contributions linked to service should be recognized as a reduction in service cost:
  - over the periods in which employees render their services, if the amount of the contributions is dependent on the number of years of service; or
  - in the period in which the service is rendered, if the amount of the contributions is independent of the number of years of service.

  The amendments did not have an impact on this report.

> "Amendments to IAS 27 - *Equity method in separate financial statements*", issued in August 2014. The amendments permit the use of the equity method for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments also clarify a number of issues concerning investment entities. Specifically, when an entity ceases to be an investment entity, it must recognize investments in subsidiaries in accordance with IAS 27. Conversely, when an entity becomes and investment entity, it must recognize investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9. As the amendments regard the separate financial statements only, they did not have an impact on the consolidated financial statements.

> "Amendments to IFRS 11 - *Accounting for acquisitions*

of interests in joint operations", issued in May 2014. The amendments clarify the accounting treatment of the acquisition of an interests in a joint operation that is business, pursuant to IFRS 3, requiring the application of all the accounting rules for business combinations under IFRS 3 and other applicable IFRS with the exception of those standards that conflict with the guidance on IFRS 11. Under the amendments, a joint operator that acquires such interests must measure the identifiable assets and liabilities at fair value; expense acquisition-related costs (with the exception of debt or equity issuance costs); recognize deferred taxes; recognize any goodwill or bargain purchase gain; perform impairment tests for the cash generating units to which goodwill has been allocated; and disclose information required for relevant business combinations. The amendments did not have an impact on this report.

> "Amendments to IAS 16 and IAS 38 - *Clarification of acceptable methods of depreciation and amortization*", issued in May 2014. The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. The provisions of IAS 16 have been amended to clarify that a revenue-based depreciation method asset is not appropriate. The provisions of IAS 38 have been amended to introduce a presumption that a revenue-based amortization method is inappropriate. That presumption can be overcome when:
  - the intangible asset is expressed as a measure of revenue;
  - it can be demonstrated that revenue and the consumption of the economic benefit generated by an intangible asset are highly correlated.

  The amendments did not have an impact on this report.

> "Amendments to IAS 16 and IAS 41 - *Bearer plants*", issued in June 2014. The amendments change the accounting treatment of biological assets that meet the definition of "bearer plants", such as fruit trees, that currently fall within the scope of "IAS 16 - *Property, plant and equipment*". As a consequence, they will be subject to all of the provisions of that standard. Accordingly, for measurement subsequent to initial recognition, the entity may choose between the cost model and the revaluation model. The agricultural products produced by the bearer plants (e.g. fruit) will remain within the scope of "IAS 41 - *Agriculture*". The amendments did not have an impact on this report.

> "Annual improvements to IFRSs 2010-2012 cycle", issued in December 2013; the document contains formal modifications and clarifications of existing standards that did not have an impact on this report. More specifically, the following standards were amended:
  - "IFRS 2 - *Share-based payment*"; the amendment separates the definitions of "performance conditions" and "service conditions" from the definition of "vesting conditions" in order to clarify the description of each condition;
  - "IFRS 3 - *Business combinations*"; the amendment clarifies how to classify any contingent consideration agreed in a business combination. Specifically, the amendment establishes that if the contingent consideration meets the definition of financial instrument it shall be classified as a financial liability or equity. In the former case, the liability shall be measured at fair value and changes in fair value shall be recognized in profit or loss in accordance with IFRS 9. Contingent consideration that does not meet the definition of financial instrument shall be measured at fair value and changes in fair value shall be recognized in profit or loss;
  - "IFRS 8 - *Operating segments*"; the amendments introduce new disclosure requirements in order to enable the users of financial statements to understand the judgments adopted by management's in aggregating operating segments and the reasons for such aggregation. The amendments also clarify that the reconciliation of total segment assets and total assets of the Group is required only if provided periodically by management;
  - "IAS 16 - *Property, plant and equipment*"; the amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount of that asset shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated depreciation at the revaluation date shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses;
  - "IAS 24 - *Related party disclosures*"; the amendment clarifies that a management entity, i.e. an entity providing key management personnel services to an entity, is a related party of that entity. Accordingly, in addition to fees for services paid or payable to the management entity, the entity must report other transactions with the management entity, such as loans, within the disclosures required under IAS 24 for related parties.

The amendment also clarifies that if an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to those managers;
- "IAS 38 - *Intangible assets*"; the amendment clarifies that when an intangible asset is revalued, its gross carrying amount shall be adjusted in a manner consistent with the revaluation of the carrying amount of the asset. In addition, it also clarifies that the accumulated amortization at the revaluation date shall be calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses.

"Annual improvements to IFRSs 2010-2012 cycle" amended the Basis for Conclusions of "IFRS 13 - *Fair value measurement*" to clarify that short-term receivables and payables with no stated interest rate to apply to the invoice amount can still be measured without discounting, if the impact of discounting would not be material.

> "Annual improvements to IFRSs 2012-2014 cycle", issued in September 2014; the document contains formal modifications and clarifications of existing standards that did not have an impact on this report. More specifically, the following standards were amended:
- "IFRS 5 - *Non-current assets held for sale and discontinued operations*"; the amendments clarify that the reclassification of an asset (or disposal group) from held for sale to held for distribution should not be considered as a new plan of sale but rather the continuation of the original plan. Accordingly, the reclassification does not give rise to any interruption in the application of the provisions of IFRS 5 or any change in the date of classification;
- "IFRS 7 - *Financial instruments: disclosures*"; as regards disclosures to be provided on any continuing involvement in assets that have been transferred and derecognized in their entirety, the amendments clarify that, for disclosure purposes, a servicing contract that provides for the payment of a fee can represent a continuing involvement in the transferred asset. The entity must assess the nature of the fee and the servicing contract to determine when disclosure is required. The amendments also clarify that disclosures concerning the offsetting of financial assets and liabilities are not required in condensed interim financial statements;
- "IAS 19 - *Employee benefits*"; IAS 19 requires that the discount rate used to discount post-employment benefit obligations shall be determined by reference to market yields on high quality corporate bonds or government bonds where there is not deep market in such high quality corporate bonds. The amendment to IAS 19 clarifies that the depth of the market in high quality corporate bonds must be assessed on the basis of the currency in which the bond is denominated and not the currency of the country in which the bond is issued. If there is no deep market in high quality corporate bonds in that currency, the corresponding market yield on government bonds shall be used;
- "IAS 34 - *Interim financial reporting*"; the amendment establishes that the required disclosures for interim financial reports shall be provided in the interim financial statements or cross-referenced in the interim financial statements by way of a reference to another statement (e.g. a management risk report) that is available on the same terms and at the same time to users of the interim financial statements.

Use of estimates

Preparing the condensed consolidated quarterly 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 quarterly financial statements, in line with the consolidated financial statements at December 31, 2015, 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, 2015.

Seasonality

The turnover and performance of the Group could be impacted, albeit slightly, by developments in weather conditions. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In view of the impact these variations have on performance, which are generally negligible, and the fact that the Group operates in both of the globe's hemispheres, no additional disclosure (as required under IAS 34.21) for developments in the 12 months ended March 31, 2016 is provided.

2

Main changes in the scope of consolidation

2015

> 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;

> 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;

> disposal, on November 26, 2015, of the ENEOP group and other Portuguese companies in which Enel Green Power held an interest;

> full consolidation, following changes in shareholders' agreements, in December 2015, of Osage Wind LLC, a company 50% held by Enel Green Power North America, previously accounted for using the equity method;

> acquisition of a controlling interest of 78.6% in Erdwärme Oberland GmbH, a company specialized in the development of geothermal projects in Germany;

> contribution, on December 31, 2015, of the former wholly-owned subsidiaries Altomonte, Enel Green Power San Gillio and Enel Green Power Strambino Solar to an equally held joint venture (Ultor) with the fund F2i accounted for using the equity method.

2016

> Disposal, completed in early March 2016, of Compostilla Re, which at December 31, 2015 had been classified as "held for sale".

Other changes

In addition to the above changes in the scope of consolidation, 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 January 29, 2015, of SF Energy, a hydroelectric generation company in Italy;

> disposal, on March 31, 2015, of 49% of EGP NA 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;

> disposal, on April 15, 2015, of SE Hydropower, a hydroelectric generation company in Italy;

> 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%;

> disposal, on February 29, 2016, of Hydro Dolomiti Enel, a company operating in the hydroelectric generation sector in Italy;

> on March 31, 2016, the non-proportional demerger of Enel

Green Power took effect, following which – with a capital increase by Enel SpA as part of the demerger – the Group increased its stake in the company from 68.29% to 100%, with the consequent reduction of non-controlling interests.

Enel Green Power integration

Following the execution of the instrument of demerger on March 25, 2016, which took effect at the last moment of March 31, 2016, the partial, non-proportional demerger of Enel Green Power SpA ("EGP") to Enel was completed. The operation involved:

> the assignment by EGP to Enel of the demerged assets represented by the 100% stake held by EGP in Enel Green Power International, a Dutch holding company that holds investments in nearly all companies operating in the renewable energy sector abroad, and all the assets, liabilities, contracts and other legal relationships associated with that investment; and

> the retention by EGP of all remaining assets and liabilities other than those that are part of the demerged assets indicated above (and thus, essentially, all Italian operations and a small number of remaining foreign investments).

Since the transaction involved a non-proportional demerger:

> shareholders of EGP other than Enel exchanged all the shares they hold in EGP with Enel shares at an exchange ratio of 0.486 Enel shares for each EGP share; and

> Enel exchanged the shares corresponding to its stake in the demerged assets with Enel shares, which were immediately cancelled in accordance with Article 2504-*ter*, paragraph 2, and Article 2506-*ter*, paragraph 5, of the Italian Civil Code.

At the consolidated level, the operation therefore involved:

> an increase of €764 million in the share capital of Enel SpA (which at March 31, 2016 was therefore equal to €10,166,679,946, represented by the same number of ordinary shares with a par value of €1 each), following the issue of shares as part of the demerger;

> an increase in the share premium reserve of €2,212 million, reflecting the value of the shares issued as part of the demerger;

> a reclassification from non-controlling interests to a Group equity reserve to reflect the increase in the investment in EGP from 68.29% to 100%;

> a reduction of non-controlling interests in respect of the financial outlay incurred to redeem the shares of former EGP shareholders who exercised the right of withdrawal (€27 million);

> the recognition, directly in equity as a reduction in the share premium reserve, of transaction costs (€14 million net of tax effects).

Effects of the transaction

Millions of euro	
Increase in share capital	764
Increase in share premium reserve	2,212
Cash payment following exercise of the right of withdrawal	27
Cost of the acquisition	**3,003**
Non-controlling interests acquired (1)	**(2,026)**
Reserve from transactions in non-controlling interests	(977)

(1) Does not include portion under other comprehensive income in the amount of €80 million.

Disposal of Hydro Dolomiti Enel

On February 29, 2016 the disposal of Hydro Dolomiti Enel by Enel Produzione was completed. The sale price was €335 million, generating a gain of €146 million. The tax liability associated with the gain was about €2 million, taking account of the participation exemption.

Disposal of Compostilla Re

In early March 2016, the disposal of Compostilla Re by Enel Investment Holding was finalized. The sale price was €101 million (the company also held liquidity of about €111 million) and generated a gain of about €19 million.

3

Segment information

The representation of the financial position by business area presented here is based on the approach used by management in monitoring Group performance for the two periods under review.

For more information on developments in performance and financial position during the period, please see the appropriate section of this Interim Financial Report.

Performance by segment

1st Quarter of 2016 [1]

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Revenue from third parties	8,984	4,694	2,426	1,109	635	24	17,872
Revenue from transactions with other segments	186	3	26	60	70	(345)	-
Total revenue	**9,170**	**4,697**	**2,452**	**1,169**	**705**	**(321)**	**17,872**
Total costs	7,353	3,853	1,654	964	260	(309)	13,775
Net income/(expense) from commodity contracts measured at fair value	(42)	(50)	2	(8)	17	1	(80)
Depreciation and amortization	372	383	197	60	177	13	1,202
Impairment losses	113	88	17	5	-	-	223
Reversals of impairment losses	-	(72)	1	(7)	1	(1)	(78)
Operating income	**1,290**	**395**	**585**	**139**	**284**	**(23)**	**2,670**
Capital expenditure	**298**	**170**	**227**	**47** [2]	**800**	**5**	**1,547**

(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 €103 million regarding units classified as "held for sale".

1st 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	10,059	5,337	2,670	1,139	763	2	19,970
Revenue from transactions with other segments	265	21	-	100	49	(435)	-
Total revenue	**10,324**	**5,358**	**2,670**	**1,239**	**812**	**(433)**	**19,970**
Total costs	8,825	4,410	1,931	1,009	275	(421)	16,029
Net income/(expense) from commodity contracts measured at fair value	55	29	(3)	3	(1)	(1)	82
Depreciation and amortization	370	375	229	77	159	9	1,219
Impairment losses	120	67	16	19	21	(1)	242
Reversals of impairment losses	-	(47)	-	(2)	(14)	-	(63)
Operating income	**1,064**	**582**	**491**	**139**	**370**	**(21)**	**2,625**
Capital expenditure	**257** (2)	**154**	**320**	**36** (3)	**475**	**11**	**1,253**

(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 €86 million regarding units classified as "held for sale".

Financial position by segment

At March 31, 2016

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	22,411	23,180	11,548	5,941	14,302	85	77,467
Intangible assets	1,035	14,817	10,345	908	1,977	41	29,123
Trade receivables	9,715	2,276	1,820	386	425	(562)	14,060
Other	3,640	1,442	563	628	490	(298)	6,465
Operating assets	**36,801**	**41,715**	**24,276**	**7,863** (1)	**17,194**	**(734)**	**127,115**
Trade payables	7,551	1,863	1,630	672	1,232	(846)	12,102
Sundry provisions	3,467	3,794	832	2,154	269	585	11,101
Other	6,984	2,171	1,287	1,312	782	(749)	11,787
Operating liabilities	**18,002**	**7,828**	**3,749**	**4,138** (2)	**2,283**	**(1,010)**	**34,990**

(1) Of which €4,367 million regarding units classified as "held for sale".
(2) Of which €2,291 million regarding units classified as "held for sale".

At December 31, 2015

Millions of euro	Italy	Iberian Peninsula	Latin America	Eastern Europe	Renewable Energy	Other, eliminations and adjustments	**Total**
Property, plant and equipment	22,441	23,294	11,589	5,767	13,894	66	77,051
Intangible assets	1,075	14,844	10,197	904	1,994	52	29,066
Trade receivables	8,655	2,228	1,777	366	451	(621)	12,856
Other	3,513	1,445	465	567	476	(389)	6,077
Operating assets	**35,684**	**41,811**	**24,028**	**7,604** (1)	**16,815**	**(892)**	**125,050**
Trade payables	6,928	2,060	1,817	783	1,270	(805)	12,053
Sundry provisions	3,445	3,804	817	2,130	282	581	11,059
Other	6,852	2,824	1,174	1,312	437	(718)	11,881
Operating liabilities	**17,225**	**8,688**	**3,808**	**4,225** (2)	**1,989**	**(942)**	**34,993**

(1) Of which €4,231 million regarding units classified as "held for sale".
(2) Of which €2,331 million regarding units classified as "held for sale".

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

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015
Total assets	**158,053**	**161,179**
Equity investments accounted for using the equity method	613	607
Other non-current financial assets	5,123	5,617
Long-term tax receivables included in "Other non-current assets"	476	463
Current financial assets	7,423	7,454
Cash and cash equivalents	6,279	10,639
Deferred tax assets	7,354	7,386
Income tax receivables	1,213	1,342
Financial and tax assets of "Assets held for sale"	2,457	2,621
Segment assets	**127,115**	**125,050**
Total liabilities	**105,861**	**109,428**
Long-term borrowings	43,689	44,872
Non-current financial liabilities	2,375	1,518
Short-term borrowings	1,561	2,155
Current portion of long-term borrowings	2,897	5,733
Current financial liabilities	6,053	6,572
Deferred tax liabilities	8,784	8,977
Income tax payable	900	585
Other tax payables	1,262	990
Financial and tax liabilities of "Liabilities held for sale"	3,350	3,033
Segment liabilities	**34,990**	**34,993**

Revenue

4.a Revenue - *€17,872 million*

Millions of euro	1st Quarter			
	2016	2015	Change	
Revenue from the sale of electricity	10,478	11,938	(1,460)	-12.2%
Revenue from the transport of electricity	2,308	2,381	(73)	-3.1%
Fees from network operators	120	185	(65)	-35.1%
Transfers from institutional market operators	259	285	(26)	-9.1%
Revenue from the sale of gas	1,508	1,550	(42)	-2.7%
Revenue from the transport of gas	235	216	19	8.8%
Remeasurement at fair value after changes in control	-	12	(12)	-
Gains on the disposal of assets	166	18	148	-
Other services, sales and revenue	2,798	3,385	(587)	-17.3%
Total	**17,872**	**19,970**	**(2,098)**	**-10.5%**

In the 1st Quarter of 2016 **revenue from the sale of electricity** amounted to €10,478 million, a decrease of €1,460 million compared with the same period of the previous year. The decline is attributable to the following factors:

> a decrease of €544 million in revenue from electricity sales to end users, mainly attributable to lower revenue from regulated markets (€553 million) due to the decrease in volumes sold and the decline in average prices, partially offset by an increase in revenue on free markets (€9 million);

> a decrease of €457 million in sales of electricity on the wholesale market, mainly in Italy;

> a decrease of €459 million in revenue from electricity trading, essentially as a result of a contraction in volumes handled and the decline in average prices.

Revenue from the transport of electricity amounted to €2,308 million in the 1st Quarter of 2016, a decrease of 73 million, largely reflecting the reduction in distribution rates in Italy.

In the 1st Quarter of 2016, **transfers from institutional market operators** amounted to €259 million, down €26 million compared with the same period of 2015. The decline is essentially due to the increase in sales and the fall in the prices of fuels in the extra-peninsular area in Spain.

Revenue from the sale of gas amounted to €1,508 million in the 1st Quarter of 2016, a decrease of €42 million, primarily due to the decline in sales prices for end users.

Revenue from the transport of gas in the 1st Quarter of 2016 amounted to €235 million, an increase of €19 million compared with the same period of the previous year, reflecting the increase in volumes sold.

Gains on the disposal of assets in the 1st Quarter of 2016 amounted to €166 million, up €148 million on the year-earlier period. The amount reported mainly relates to the gain on the disposal of Hydro Dolomiti Energy in the amount of €146 million, while the amount reported for the same period of 2015 regarded the sale of San Floriano Energy.

Revenue from **other services, sales and revenue** amounted to €2,798 million in the 1st Quarter of 2016 (€3,385 million in the 1st Quarter of 2015), a decrease of €587 million (-17.3%). The decline is mainly attributable to the following:

> a decrease of €442 million in revenue from the sale of environmental certificates largely due to the contraction in trading in environmental certificates in the 1st Quarter of 2016 and the effect of the recognition in the 1st Quarter of 2015 of revenue from the sale and measurement at fair value of environmental certificates (€173 million) under the provisions of Regulation no. 389/2013;

> a reduction of €123 million in revenue attributable to the impact of the grants received in the 1st Quarter of 2015 in Argentina under the application of *Resolución* no. 32/2015.

Costs

4.b Costs - *€15,122 million*

Millions of euro	1st Quarter			
	2016	2015	Change	
Electricity purchases	4,559	5,766	(1,207)	-20.9%
Consumption of fuel for electricity generation	1,070	1,312	(242)	-18.4%
Fuel for trading and gas for sale to end users	2,712	3,079	(367)	-11.9%
Materials	245	492	(247)	-50.2%
Personnel	1,078	1,155	(77)	-6.7%
Services, leases and rentals	3,770	3,793	(23)	-0.6%
Depreciation, amortization and impairment losses	1,347	1,398	(51)	-3.6%
Costs of environmental certificates	196	184	12	6.5%
Other operating expenses	443	514	(71)	-13.8%
Capitalized costs	(298)	(266)	(32)	-12.0%
Total	**15,122**	**17,427**	**(2,305)**	**-13.2%**

Costs for **electricity purchases** in the 1st Quarter of 2016 amounted to €4,559 million, a decrease of €1,207 million. The decreases reflected the fall in purchases on electricity exchanges (€213 million), especially the Italian exchange, the decrease in business through bilateral contracts (€618 million) and the reduction in other costs for electricity purchases on domestic and foreign markets (€398 million).

Costs for the **consumption of fuel for electricity generation** in the 1st Quarter of 2016 amounted to €1,070 million, a decrease of €242 million (-18.4%) on the same period of the previous year. The decline mainly reflects the fall in thermal generation and the use of fuels with lower average unit costs.

Costs for the purchase of **fuel for trading and gas for sale to end users** amounted to €2,712 million in the 1st Quarter of 2016, a decrease of €367 million (-11.9%) compared with the 1st Quarter of 2015. The change reflects a decline in purchases of gas from third parties, essentially due to the contraction in volumes of gas handled for trading purposes, as well as a reduction in the average price of the fuel.
Costs for **materials** amounted to €245 million in the 1st Quarter of 2016, down €247 million compared with the same period of the previous year, mainly due the reduction in the amount of environmental certificates purchased.

Personnel costs in the 1st Quarter of 2016 amounted to €1,078 million, a decrease of €77 million (-6.7%) compared with the same period of the previous year. The decline reflects the decrease in the workforce compared with the same period of 2015 (-934), a change in the generational mix of employees in Italy, and exchange rate gains posted by companies in Latin America. The Enel Group workforce at March 31, 2016 numbered 67,958, of whom 34,931 employed in Group companies headquartered abroad. In the 1st Quarter of 2016 the workforce increased, reflecting the positive balance between new hires and terminations (+44 employees).

The overall change compared with December 31, 2015, breaks down as follows:

Balance at December 31, 2015	**67,914**
Hirings	742
Terminations	(698)
Balance at March 31, 2016	**67,958**

Costs for **services, leases and rentals** in the 1st Quarter of 2016 amounted to €3,770 million. The decrease compared with the same period of the previous year is attributable to a decline in costs for wheeling as a result of the decrease in quantities of electricity.

Depreciation, amortization and impairment losses in the 1st Quarter of 2016 amounted to €1,347 million, down €51 million on the €1,398 million posted in the 1st Quarter of 2015. The decrease is primarily due to the decline in depreciation and amortization, which reflects the impairment losses recognized in the 2nd Half of 2015, the effects of which were partially offset by an increase in net adjustments of trade receivables.

Costs of environmental certificates in the 1st Quarter of 2016 amounted to €196 million, up €12 million compared with the same period of 2015. The increase is attributable to the decline in green certificates, only partly offset by the increase in costs for the purchase of white certificates.

Other operating expenses in the 1st Quarter of 2016 amounted to €443 million, a decrease of €71 million compared with the same period of 2015. More specifically, the item reflects the reduction in taxes for the electrical business in Spain, partly due to the decrease in output in the 1st Quarter of 2016 compared with the same period of 2015.

In the 1st Quarter of 2016, **capitalized costs** amounted to €298 million, reflecting developments in capital expenditures.

4.c Net income/(expense) from commodity contracts measured at fair value - *€(80) million*

Net expense from commodity contracts measured at fair value amounted to €80 million in the 1st Quarter of 2016, compared with net income of €82 million in the first three months of 2015. More specifically, the result for the first three months of 2016 was largely attributable to net realized expense for the period amounting to €98 million (net realized income of €44 million in the 1st Quarter of 2015), and net unrealized income from the fair value measurement of derivatives positions open at the end of the period in the amount of €18 million (€38 million in the 1st Quarter of 2015).

4.d Net financial income/(expense) - *€(852) million*

Net financial expense in the 1st Quarter of 2016 amounted to €852 million, compared with the €767 million posted in the same period of the previous year.

More specifically, the increase of €85 million was essentially accounted for by the increase in financial expense for non-recurring items recognized in Argentina following application of the provisions of *Resolución* ENRE no. 1/2016 and for charges connected with the early redemption, on January 21, 2016, of bonds issued by the Parent Company.

4.e Share of income/(losses) from equity investments accounted for using the equity method - *€35 million*

The **share of income/(losses) from equity investments accounted for using the equity method** in the 1st Quarter of 2016 amounted to €35 million, up €11 million on the €24 million registered in the first three months of 2015. The change essentially reflects the improved performance of Gorona del Viento El Hierro, a generation company operating in the Canary Islands, as a result of a number of regulatory changes.

4.f Income taxes - *€548 million*

Income taxes in the 1st Quarter of 2016 amounted to €548 million (€703 million in the 1st Quarter of 2015), equal to 29.6% of taxable income, a marked decrease compared with that registered for the year-earlier period (37.4%). The reduction is largely attributable to the exemption of most of the gain on the disposal of Hydro Dolomiti Enel (€146 million), the reduction in current taxes in Spain following the decrease in the tax rate to 25% and the monetary correction of the value of assets and liabilities as determined for tax purposes for the change in the consumer price index in Chile (a benefit of about €31 million).

Assets

5.a Non-current assets - *€116,943 million*

Property, plant and equipment and intangible assets (including investment property) amounted to €89,077 million at March 31, 2016, an increase of €391 million. The change is essentially accounted for by investments in the period (€1,547 million), only partially offset by depreciation of those assets (€1,179 million) and by exchange rate losses (€129 million), and other minor changes. More specifically, the exchange rate losses refer to the depreciation of the main South America currencies and the US dollar against the euro compared with exchange rates at December 31, 2015.

Goodwill amounted to €13,807 million, a decrease of €17 million compared with December 31, 2015, due to the adjustment of goodwill denominated in foreign currencies to current exchange rates.

Equity investments accounted for using the equity method amounted to €613 million, an increase of €6 million on the end of 2015. The change is essentially attributable to the portion of the net income reported by companies accounted for using the equity method attributable to the Group, which more than offset dividends distributed.

Other non-current assets totaled €13,446 million and break down as follows.

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Deferred tax assets	7,354	7,386	(32)	-0.4%
Receivables and securities included in net financial debt	2,554	2,335	219	9.4%
Other non-current financial assets	2,569	3,282	(713)	-21.7%
Receivables due from institutional market operators	91	67	24	35.8%
Other long-term receivables	878	810	68	8.4%
Total	**13,446**	**13,880**	**(434)**	**-3.1%**

The decrease of €434 million essentially reflects the decline in the fair value of financial derivatives (-€753 million), only partially offset by the increase in securities (+€290 million), as a result of a rise in investments of liquidity in bonds, and financial assets related to services under concession arrangements in Brazil (+€52 million).

5.b Current assets - *€34,286 million*

Inventories amounted to €2,678 million, a decrease of €226 million, essentially due to the contraction in inventories of gas (€228 million) and fuels in transit (€41 million). The decline was partly offset by an increase in other fuels and nuclear fuel (a total of €38 million).

Trade receivables amounted to €14,034 million, up €1,237 million. The change is mainly associated with the timing of invoicing and collection schedules in a number of countries and a decrease in assignments with factoring companies in the 1st Quarter of 2016.

Other current assets, which totaled €11,295 million, break down as follows.

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Current financial assets included in debt	2,704	2,241	463	20.7%
Other current financial assets	4,719	5,213	(494)	-9.5%
Tax receivables	1,213	1,342	(129)	-9.6%
Receivables due from institutional market operators	900	765	135	17.6%
Other short-term receivables	1,759	1,427	332	23.3%
Total	**11,295**	**10,988**	**307**	**2.8%**

The increase for the period amounted to €307 million and essentially reflects:

> an increase of €463 million in current financial assets included in debt, essentially reflecting the increase in cash collateral (€643 million), partially offset by a decrease of €135 million in financial receivables in respect of the rate deficit in Spain (reflecting the collections of €383 million registered in the 1st Quarter of 2016);

> an increase of €332 million in other short-term receivables, mainly associated with the rise in prepaid expenses;

> an increase of €135 million in receivables due from institutional market operators, mainly in respect of white certificates following recognition of the receivable for certificates purchased in the 1st Quarter of 2016;

> a decrease of €494 million in other current financial assets, mainly reflecting a decline in financial assets in respect of derivatives (€475 million);

> a decrease of €129 million in tax receivables, essentially due to the decrease in VAT receivables (€79 million) and in income tax receivables for (€39 million).

5.c Assets held for sale - *€6,824 million*

The item essentially includes the assets, valued at their estimated realizable value, of Slovenské elektrárne and other assets of minor companies that, in view of the decisions taken by management, meet the requirements of IFRS 5 for classification as assets held for sale. The decrease of €30 million in the period mainly reflects the disposals of Hydro Dolomiti Enel and Compostilla Re in the 1st Quarter of 2016. This was partly offset by an increase in the non-current assets and current financial asset of Slovenské elektrárne.

Shareholders’ equity and liabilities

5.d Equity attributable to the shareholders of the Parent Company - *€34,750 million*

The increase in the first three months of 2016 in equity attributable to the shareholders of the Parent Company reflects the non-proportional demerger of Enel Green Power, by means of which – with a share exchange involving an increase in share capital and the share premium reserve of Enel SpA as part of the demerger – the Group increased its stake in the company from 68.29% to 100% (with an overall impact of €2,065 million), as well as net income for the period, partly recognized in profit or loss (€939 million) and part directly in equity (-€606 million).

With regard to Enel SpA’s shareholders, on April 13, 2016, BlackRock reported that it held (indirectly through subsidiaries for asset management purposes) a total of 504,751,042 Enel shares, equal to 4.965% of share capital, while the Italian Ministry for the Economy and Finance – which at December 31, 2015 had held 25.5% of share capital – saw its stake diluted to 23.5% following the capital increase as part of the demerger.

5.e Non-current liabilities - *€63,871 million*

Long-term borrowings amounted to €43,689 million (€44,872 million at December 31, 2015), consisting of bonds in the amount of €34,542 million (€35,987 million at December 31, 2015) and bank debt and other borrowings in the amount of €9,147 million (€8,885 million at December 31, 2015).

Provisions and deferred tax liabilities came to €16,267 million at March 31, 2016 (€16,453 million at December 31, 2015) and include post-employment and other employee benefits totaling €2,297 million (€2,284 million at December 31, 2015), provisions for risks and charges totaling €5,186 million (€5,192 million at December 31, 2015) and deferred tax liabilities totaling €8,784 million (€8,977 million at December 31, 2015).

Other non-current liabilities amounted to €3,915 million (€3,067 million at December 31, 2015), essentially reflecting the increase in the fair value of derivatives.

5.f Current liabilities - *€36,349 million*

Short-term borrowings and current portion of long-term borrowings decreased by €3,430 million, from €7,888 million at the end of 2015 to €4,458 million at March 31, 2016, essentially due to a decline of €2,865 million in the short-term portion of bonds and of €632 million in cash collateral. These factors were only partially offset by an increase of €75 million in bank borrowings falling due within 12 months.

Trade payables amounted to €11,883 million (€11,775 million at December 31, 2015), an increase of €108 million.

Other current liabilities, which amounted to €20,008 million, break down as follows.

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Payables due to customers	1,578	1,567	11	0.7%
Payables due to institutional market operators	4,846	4,879	(33)	-0.7%
Current financial liabilities	6,053	6,572	(519)	-7.9%
Social security contributions payable and payables to employees	645	674	(29)	-4.3%
Tax payables	2,162	1,576	586	37.2%
Other	4,724	4,741	(17)	-0.4%
Total	**20,008**	**20,009**	**(1)**	**-**

The decline of €1 million essentially reflects:

- a decrease of €519 million in current financial liabilities, due essentially to the change in financial liabilities in respect of both trading and cash flow hedge derivatives;
- an increase of €586 million in tax payables, attributable essentially to the estimate for income taxes for the period and the increase in other tax payables, mainly due to VAT and taxes and surcharges on electricity and gas consumption in Italy;
- a decrease of €33 million in payables due to institutional market operators, essentially attributable to Italy and, in particular, the changes in the procedure for determining the A and UC components payable, which reduced the liability of the distribution companies. This was almost entirely offset by equalization of revenue and costs for sales companies.

The item "other" includes the payables in respect of put options granted to minority shareholders and for the purchase of equity investments amounting to €804 million (€793 million at December 31, 2015). In this regard, there was no change in the fair value hierarchy level or in the assumptions made in determining their value.

5.g Liabilities held for sale - *€5,641 million*

This includes liabilities associated with "Assets held for sale", as discussed in the section for that item. The increase over the quarter essentially reflects new borrowings by Slovenské elektrárne.

6

Net financial position

Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at March 31, 2016, and December 31, 2015, reconciled with net financial debt as prepared in accordance with the presentation procedures of the Enel Group.

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change	
Cash and cash equivalents on hand	452	582	(130)	-22.3%
Bank and post office deposits	5,827	10,057	(4,230)	-42.1%
Securities	29	1	28	-
Liquidity	**6,308**	**10,640**	**(4,332)**	**-40.7%**
Short-term financial receivables	1,867	1,324	543	41.0%
Factoring receivables	138	147	(9)	-6.1%
Short-term portion of long-term financial receivables	672	769	(97)	-12.6%
Current financial receivables	**2,677**	**2,240**	**437**	**19.5%**
Bank debt	(334)	(180)	(154)	-85.6%
Commercial paper	(107)	(213)	106	49.8%
Short-term portion of long-term bank borrowings	(920)	(844)	(76)	-9.0%
Bonds issued (short-term portion)	(1,705)	(4,570)	2,865	62.7%
Other borrowings (short-term portion)	(272)	(319)	47	14.7%
Other short-term financial payables	(1,156)	(1,762)	606	34.4%
Total short-term financial debt	**(4,494)**	**(7,888)**	**3,394**	**43.0%**
Net short-term financial position	**4,491**	**4,992**	**(501)**	**-10.0%**
Debt to banks and financing entities	(7,367)	(6,863)	(504)	-7.3%
Bonds	(34,543)	(35,987)	1,444	4.0%
Other borrowings	(1,779)	(2,022)	243	12.0%
Long-term financial position	**(43,689)**	**(44,872)**	**1,183**	**2.6%**
NET FINANCIAL POSITION as per CONSOB instructions	**(39,198)**	**(39,880)**	**682**	**1.7%**
Long-term financial receivables and securities	**2,554**	**2,335**	**219**	**9.4%**
NET FINANCIAL DEBT	**(36,644)**	**(37,545)**	**901**	**2.4%**

None of these items regard transactions with related parties.

7

Related parties

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

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

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

Finally, Enel also maintains relationships with the pension funds FOPEN and FONDENEL, Fondazione Enel and Enel Cuore, an Enel non-profit company devoted to providing social and healthcare assistance.

All transactions with related parties were carried out on normal market terms and conditions, which in some cases are determined by the Authority for Electricity, Gas and the Water System.

The following tables summarize the above relationships and transactions with related parties, associated companies and companies subject to joint control outstanding in the 1st Quarter of 2016 and 2015 and as at March 31, 2016 and 31 December 2015.

Millions of euro

	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane
Income statement						
Revenue from sales and services	12	291	302	363	52	9
Other revenue	-	-	-	-	94	-
Financial income	-	-	-	-	-	-
Electricity, gas and fuel purchases	732	372	28	225	1	-
Services and other materials	-	16	492	48	1	170
Other operating expenses	1	61	1	-	-	-
Net income/(expense) from commodity contracts measured at fair value	-	-	(3)	-	-	-
Financial expense	-	-	-	-	-	-

Millions of euro

	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane
Balance sheet						
Trade receivables	8	192	474	54	31	11
Other current assets	-	8	6	1	155	-
Other non-current liabilities	-	-	-	-	-	-
Trade payables	449	242	378	171	1.277	36
Other current liabilities	-	-	4	-	-	1
Other information						
Guarantees given	-	280	253	-	-	-
Guarantees received	-	-	-	152	-	8
Commitments	-	-	2	11	-	-

Other	Total 1st Quarter of 2016	Companies subject to joint control and associated companies	General total 1st Quarter of 2016	Total item	% of total
40	**1,069**	22	**1,091**	**17,280**	**6.3%**
-	**94**	-	**94**	**592**	**15.9%**
-	**-**	1	**1**	**1,592**	**0.1%**
273	**1,631**	34	**1,665**	**8,292**	**20.1%**
9	**736**	23	**759**	**4,064**	**18.7%**
-	**63**	-	**63**	**639**	**9.9%**
-	**(3)**	-	**(3)**	**(80)**	**3.8%**
-	**-**	6	**6**	**2,444**	**0.2%**

Other	Total at Mar. 31, 2016	Companies subject to joint control and associated companies	General total at Mar. 31, 2016	Total item	% of total
25	**795**	63	**858**	**14,034**	**6.1%**
2	**172**	23	**195**	**11,295**	**1.7%**
5	**5**	-	**5**	**3,915**	**0.1%**
81	**2,634**	58	**2,692**	**11,883**	**22.7%**
1	**6**	-	**6**	**20,008**	**0.0%**
2	**535**	-	**535**		
42	**202**	-	**202**		
14	**27**	-	**27**		

Millions of euro

	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane
Income statement						
Revenue from sales and services	-	1,773	1,131	367	112	9
Other revenue	-	-	15	-	93	-
Financial income	-	-	-	-	-	-
Electricity, gas and fuel purchases	955	1,235	98	348	1	-
Services and other materials	-	161	505	35	2	27
Other operating expenses	1	-	4	-	-	-
Net income/(expense) from commodity contracts measured at fair value	-	-	2	-	-	-
Financial expense	-	-	-	-	-	-

Millions of euro

	Acquirente Unico	GME	Terna	Eni	GSE	Poste Italiane
Balance sheet						
Trade receivables	-	217	473	116	68	5
Other current assets	-	4	25	-	69	5
Other non-current liabilities	-	-	-	-	-	-
Trade payables	620	373	376	184	1,256	38
Other current liabilities	-	-	8	-	-	1
Other information						
Guarantees given	-	280	253	-	-	-
Guarantees received	-	-	-	150	-	8
Commitments	-	-	2	21	-	-

In November 2010, the Board of Directors of Enel SpA approved a procedure governing the approval and execution of transactions with related parties carried out by Enel SpA directly or through subsidiaries. The procedure (available at http://www.enel.com/en-gb/governance/rules/related_parties/) sets out rules designed to ensure the transparency and procedural and substantive propriety of transactions with related parties. It was adopted in implementation of the provisions of Article 2391-*bis* of the Italian Civil Code and the implementing regulations issued by CONSOB. In the 1st Quarter of 2016, 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.

Other	Total 1st Quarter of 2015	Companies subject to joint control and associated companies	General total 1st Quarter of 2015	Total item	% of total
17	**3,409**	38	**3,447**	**19,346**	**17.8%**
7	**115**	-	**115**	**624**	**18.4%**
-	**-**	6	**6**	**1,946**	**0.3%**
-	**2,637**	62	**2,699**	**10,091**	**26.7%**
12	**742**	32	**774**	**4,351**	**17.8%**
1	**6**	-	**6**	**698**	**0.9%**
-	**2**	-	**2**	**82**	**2.4%**
-	**-**	7	**7**	**2,713**	**0.3%**

Other	Total at Dec. 31, 2015	Companies subject to joint control and associated companies	General total at Dec. 31, 2015	Total item	% of total
15	**894**	43	**937**	**12,797**	**7.3%**
2	**105**	32	**137**	**10,988**	**1.2%**
4	**4**	-	**4**	**3,067**	**0.1%**
27	**2,874**	37	**2,911**	**11,775**	**24.7%**
4	**13**	1	**14**	**20,009**	**0.1%**
1	**534**	-	**534**		
27	**185**	-	**185**		
14	**37**	-	**37**		

8

Contractual commitments and guarantees

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

Millions of euro

	at Mar. 31, 2016	at Dec. 31, 2015	Change
Guarantees given:			
- sureties and other guarantees granted to third parties	7,448	6,701	747
Commitments to suppliers for:			
- electricity purchases	53,268	48,733	4,535
- fuel purchases	49,806	64,114	(14,308)
- various supplies	1,889	1,725	164
- tenders	2,011	1,905	106
- other	3,099	2,895	204
Total	**110,073**	**119,372**	**(9,299)**
TOTAL	**117,521**	**126,073**	**(8,552)**

Commitments for electricity amounted to €53,268 million at March 31, 2016, of which €17,933 million refer to the period April 1, 2016-2020, €10,902 million to the period 2021-2025, €8,158 million to the period 2026-2030 and the remaining €16,275 million beyond 2030.

Commitments for the purchase of fuels are determined with reference to the contractual parameters and exchange rates applicable at the end of the period (given that fuel prices vary and are mainly set in foreign currencies). The total at March 31, 2016 was €49,806 million, of which €27,947 million refer to the period April 1, 2016-2020, €13,067 million to the period 2021-2025, €7,673 million to the period 2026-2030 and the remaining €1,119 million beyond 2030.

9

Contingent liabilities and assets

Compared with the consolidated financial statements at December 31, 2015, which the reader is invited to consult for more information, the following main changes have occurred in contingent assets and liabilities.

Brindisi Sud thermal generation plant - Criminal proceedings against Enel employees

A criminal proceeding is under way before the Court of Brindisi and is now at the end of the preliminary phase.
After the filing of the findings of the new expert witnesses requested by the Court, the proceedings before the Court of Reggio Calabria were adjourned until May 31, 2016 to continue the questioning of the new expert witnesses and the start of defense arguments, while proceedings before the Court of Vibo Valentia were adjourned until June 28, 2016, in order to hear the testimony of the final witnesses called by the other accused.

BEG litigation

Enel issued its guarantee on March 30, 2016; Albania BEG Ambient Shpk did not issue its counter-guarantee by the deadline of three weeks and, as a result, Enel's guarantee is no longer in force as from April 20, 2016.
At the end of July 2014, Albania BEG Ambient Shpk filed suit to obtain the recognition and execution of the Albanian court decision in the Netherlands. The final hearing of that proceeding was held at the end of January 2016 and a decision is expected in the coming weeks.

Basilus litigation (formerly Meridional) - Brazil

On March 3, 2016, the proceedings began before the *Tribunal Superior de Justiça*.

Coperva litigation - Brazil

Following another appeal submitted by Coperva, which was denied in a ruling of January 11, 2016, Coperva lodged an extraordinary appeal before the *Tribunal Superior de Justiça* on February 3, 2016. The proceedings are currently under way.

El Quimbo (Colombia)

With a decision of February 22, 2016, the Huila court issued a ruling allowing generation to continue for six months. The court ordered Emgesa to prepare a technical design that would ensure compliance with oxygen level requirements and to provide collateral of about 20,000,000,000 Colombian pesos (about €5.5 million). In a subsequent ruling of the Administrative Court of Huila of April 11, 2016 the temporary revocation of the precautionary injunction was upheld for a period of six months until October 16, 2016. In addition, Emgesa has been ordered to prepare the design to ensure compliance with oxygen level requirements by May 16, 2016.

SAPE (formerly Electrica) arbitration proceedings - Romania

The arbitration ruling on the claim for damages for alleged violations of specific clauses of the Privatization Agreement is expected to be issued at the end of May 2016.

Gabčíkovo dispute - Slovakia

Slovenské elektrárne ("SE") was sued by Vodohospodarska Vystavba Štatny Podnik ("VV") for payment of about €490 million for alleged unjustified enrichment from the operation of the plant in 2006-2015. SE rejected the demand and filed a petition to have the proceedings halted pending a decision in the Public Procurement Office (PPO) proceeding. The proceedings concerning 2006-2010 have been suspended, while a decision on the suspension of those for 2011-2012 is pending. For 2013 and 2014, SE has filed an extraordinary appeal against the denial of the request for suspension of those proceedings.

CIS and Interporto Campano

The parties have filed an appeal against the arbitration ruling of January 31, 2015. At the first hearing on April 20, 2016, the arbitration board sent the proceeding documentation to the President of the Section for joinder of the pending proceedings.

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Events after the reporting period

Acquisition of additional 40% of a number of wind farms in Calabria

On May 3, 2016, Enel Green Power, which already owned 60% of Maicor Wind, acquired the remaining 40% of that company from PLT energia, thereby becoming the sole owner, in part through the subsidiary Enerlive, of two wind farms in Calabria with a total installed capacity of 64 MW. The two plants, which have been in service since 2011, are located in the municipalities of Maida, Cortale (56 MW) and San Floro (8 MW) in the province of Catanzaro.

New electricity supply contract in Chile

On May 5, 2016, Empresa Nacional de Electricidad (Endesa Chile) announced that it had signed three contracts for the supply of electricity with Anglo American Sur involving estimated annual consumption of about 2 TWh. The supply of power will begin in January 2021 and the contracts have a term of 10 years. The price provided for in the agreement is in line with market conditions for similar long-term contracts.

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

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 March 31, 2016 corresponds with that contained in the accounting documentation, books and records.

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