2009 Annual Report

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(1) As from January 1, 2009, includes the results of Enel Latin America LLC, Inelec and Americas Generation Corporation (since October 30, 2008, Enel Panama and Enel Panama Holding have been merged into the latter).

The Sales Division operates in the end-user market for electrical power and gas in Italy, developing an integrated package of products and services for the various customer segments and ensuring that commercial services meet quality standards.
The Generation and Energy Management Division is responsible for generating power at competitive costs while safeguarding the environment.
The mission of the Infrastructure and Networks Division is to distribute electricity and gas, optimizing the management of Enel's networks and ensuring the efficient operation of measurement systems and compliance with technical service quality standards.
The Iberia and Latin America Division focuses on developing Enel's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America, formulating growth strategies in the related regional markets.
The Engineering and Innovation Division is charged with managing the engineering processes associated with the development and construction of generation facilities on behalf of the Group, ensuring achievement of the quality, temporal and financial objectives set for it. In addition, it is responsible for coordinating and supplementing Group research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.
The International Division's mission is to support Enel's international growth strategy, consolidate the management and integration of foreign operations (with the exception of the Spanish, Portuguese and Latin American markets and the renewables operations included in the Renewable Energy Division), seeking out opportunities for acquisitions in the electricity and gas markets.
The Renewable Energy Division has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with Enel's strategies.
The activities of the operational Divisions are supported by the "Parent Company" and "Services and Other Activities" areas, which aim to leverage Group synergies and optimize the management of services supporting Enel's core business.

In the 2009 consolidated financial statements, the results of the Divisions have therefore been presented in accordance with the current structure and are fully comparable with the figures for 2008.

Corporate boards

Board of Directors

Chairman

Piero Gnudi

Chief Executive Officer
and General Manager

Fulvio Conti

Directors

Giulio Ballio
Lorenzo Codogno
Renzo Costi
Augusto Fantozzi
Alessandro Luciano
Fernando Napolitano
Gianfranco Tosi

Secretary

Claudio Sartorelli

Board of Auditors

Chairman

Franco Fontana

Auditors

Carlo Conte
Gennaro Mariconda

Alternate auditors

Giancarlo Giordano
Paolo Sbordoni

Independent auditors

KPMG SpA

Powers

Board of Directors

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

Chairman of the Board of Directors

The Chairman is vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, presides over Shareholders' Meetings, convenes and presides over the Board of Directors, and ascertains that the Board's resolutions are carried out. Pursuant to a Board resolution of June 18, 2008, the Chairman has been vested with a number of additional non-executive powers.

Chief Executive Officer

The Chief Executive Officer is also vested by the bylaws with the powers to represent the Company legally and to sign on its behalf, and in addition is vested by a Board resolution of June 18, 2008 with all powers for managing the Company, with the exception of those that are otherwise assigned by law or the bylaws or that the aforesaid resolution reserves for the Board of Directors.

Letter to shareholders and other stakeholders

Dear Enel shareholders and stakeholders,
with the completion of our international expansion program and the integration of the assets acquired, Enel today is a leader in its markets, with an efficient and technologically and geographically balanced mix of generation capacity, a major presence in renewables and the ability to pursue excellence through innovation.
During 2009 Enel achieved growth of 12% in its gross operating margin compared with the previous year, while Group net income rose by about 2% to €5.4 billion, the highest level ever reached in the history of the Group despite the difficult year for the world economy. At the same time, Enel boosted its financial strength with the capital increase, bond issues and the improvement of operating cash flow.
On the basis of these sound foundations, we approved a plan that develops the Group's enormous potential, with even higher earnings and greater value creation for shareholders.
The plan is based on the following strategic priorities:

- maintaining our leadership position in the markets in which we are already present;
- pursuing integration and consolidation of the assets acquired;
- pursuing operational excellence;
- developing renewables and promoting technological innovation and nuclear power.

The Company will continue to pursue financial stability through careful management of operating cash flow and initiatives to leverage certain assets in the portfolio with the aim of further reducing its debt.

Sales Division

Enel confirms its position as Italy's leading supplier of electricity on the free market, with a share of 28% of total consumption, and the number two group in the sale of natural gas, with a share of 11% of total volumes delivered.
These results are the fruit of the great attention we pay to our customers, as underscored by the success of our commercial offers. Our customers have responded enthusiastically to our blocked-price offers and the certified renewable energy option, as well as our all-inclusive plans.
Innovation, efficiency and improved service quality are the lines of development that the Sales Division intends to continue expanding, maximizing customer value through dual energy products (electricity and gas) and establishing itself as a standard for excellence in the provision of products and services to customers.

Generation and Energy Management Division

In 2009, construction continued on the Torrevaldaliga Nord clean-coal plant at Civitavecchia: in June, commercial operation of unit 4 began following inspection of the section and verification of compliance with the Grid Code. In addition, the first parallel operation with the electricity grid was also carried out for unit 3, which had achieved its full coal load by the end of the year. By the end of 2010, units 3 and 2 will come on line for a total capacity of about 1,900 MW.
The Division also continued its commitment to cost reduction and improving the operational management of its generation facilities through projects designed to enhance operational efficiency, reliability and safety.
In 2009, the Generation and Energy Management Division produced about 72.3 TWh of electricity in Italy, about 25% of the Italian market net of imports, a decrease of 15.3% from the previous year due to a decline in demand for electricity on the grid (-6.7%) and a more substantial drop in domestic generation (-9.4%).
Despite this, performance for the year was in line with that of 2008, thanks to efficiency gains and optimal use of our generation assets.

Engineering and Innovation Division

In 2009, the Division's Plant Design and Construction unit was heavily involved in the conversion of the Torrevaldaliga Nord (Civitavecchia) plant to clean coal.
The Division's foreign activities includes:

- on behalf of E.ON, the Puente Nuevo coal plant was revamped and put into commercial operation, and construction was completed and commissioning began on the Algeciras plant (800 MW CCGT);
- on behalf of Enel, work began on designing and building the Marcinelle plant (400 MW CCGT) for Marcinelle Energie; and design was completed and construction began on the Nevinnomysskaya plant (410 MW CCGT) of OGK-5.

In the nuclear power field, a team of around 60 Enel technicians and engineers is working with the EdF team in designing and constructing the third-generation advanced EPR facility at Flamanville in France.
In Slovakia, work has begun on designing and awarding orders for the construction of units 3 and 4 of the Mochovce nuclear power plant for our subsidiary

Slovenské elektrárne. Finally, activity also continued on Enel's program for the development, in a collaborative initiative with EdF, of four new EPR nuclear reactors in Italy in the coming years. Sviluppo Nucleare Italia Srl (a 50/50 joint venture between Enel and EdF) was formed to oversee the project.
On the innovation front, a Group Technological Innovation Plan was developed, which for the very first time integrates Endesa's R&D activities in order to ensure maximum synergies. Construction and start-up were also completed on the combined-cycle hydrogen demonstration plant in Fusina (16 MW), the first of its kind in the world. Finally, in October the "Diamante" was inaugurated at Villa Medicea in Pratolino. It is a small, new generation solar power plant that uses photovoltaic panels to generate electricity during the day and accumulates part of the energy produced in the form of hydrogen to generate electricity at night using fuel cells.
Enel continued its support for the development of alternative mobility systems for the spread of electric cars. Agreements were reached with Daimler-Mercedes and Piaggio, as well as with the cities of Roma and Pisa, for the implementation of pilot projects for intelligent recharging infrastructure and innovative services for individual customers and corporate vehicle fleets. Work also continued on the project to introduce land-based electricity systems and environmental projects for ports in order to reduce emissions produced by ships and other port activities. Agreements were reached with the ports of Civitavecchia, Venice and La Spezia.

Infrastructure and Networks Division

The Infrastructure and Networks Division achieved excellent results again in 2009, with among the best technical and commercial performance in Europe. The level of service quality in terms of the average duration and number of interruptions per customer improved further, making it once again among the best in Europe with the total length of service interruptions falling to 48 minutes and an average of 5 interruptions.
Enel's automated system for remote contract management and metering handled over 20 million contract transactions and more than 210 million remote readings in 2009, further increasing operational efficiency and facilitating the execution of an increasing number of operations. In July 2009, Enel and Endesa announced the start of the Cervantes project to install 13 million advanced Enel meters in Spain with an open communications protocol. 2009 also marked the creation of the European Electricity Grid Initiative, a project involving many of Europe's major electricity distribution and transmission companies, coordinated by Enel, to develop a plan for launching smart grid pilot programs. The initiative was approved by the EU and is included among those European technological research plans designed to reach the 20-20-20 targets.
Enel has not only demonstrated excellence in network innovation, but also in managing commercial and technical processes. With the Zenith project, Enel continues to involve all the Division's employees and processes in the pursuit of improvement. As a result, the Division has been able to maintain operating costs at a level of absolute excellence and to improve service quality.
The public lighting business line improved on the positive results of the previous year and, thanks to the Archilede project, the company consolidated its leadership in the new LED (Light Emitting Diode) street lighting systems sector by selling and installing over 40,000 low-consumption light points in Italy in 2009.

Iberia and Latin America Division

2009 was a year of important results for the Iberia and Latin America Division. Endesa posted results that were an improvement even over its excellent performance in 2008, despite the difficult conditions associated with the global recession.
On the Spanish market, the improvement in results was due in particular to the performance in the free market, thanks to Endesa's strong position in electricity sales (entirely liberalized starting from July 1, 2009) and optimal energy management. Endesa's results in Latin America were especially outstanding. It posted a record gross operating margin, up 7% over the previous year. Excluding the impact of exchange rate changes, the increase would have been 10%.
These results were mainly due to performance in generation operations, where there was an increase in volumes (+3.4%), lower variable costs, good water availability in Chile and Peru and fossil fuel cost optimization.
Last year was also important in terms of synergies. Savings amounted to €494 million, 13% above expectations. Work continued on identifying additional synergies for the future, amounting to an additional €240 million by 2012. Added to those already identified, Enel expects to achieve over €1 billion in synergies for 2012.

International Division

A selective investment policy, coupled with initiatives to improve operational management and develop assets, led to excellent performance on the part of the Group's foreign companies in 2009, despite an increasingly competitive and difficult market environment springing from the economic crisis that began in the autumn of 2008, which has also affected the electricity market.
In 2009, Slovenské elektrárne, the largest generation company in Slovakia with 5,345 MW of total net capacity and a market share of about 81%, posted a gross operating margin of €826 million, up 14% on 2008. This was mainly the result of the excellent performance of its nuclear plants and cost optimization as a result of the Zenith project. Work continues on the construction, begun in 2008, of two units (3 and 4) of the Mochovce nuclear power plant, which will add 820 MW of new installed nuclear capacity starting from 2013.
In France, collaboration continues with EdF on the development of third-generation nuclear power plants and the parallel expansion of a platform for the sale of electricity. In 2009, Enel France entered into the fifth of six contracts for anticipated capacity in units of 200 MW each, linked to the construction of the first EPR plant in Flamanville. This made it possible for the company to sell 5.5 TWh of electricity in France in 2009.
In Russia in 2009, following the acquisition of OGK-5, Enel focused on integrating and boosting the efficiency of structures, systems and processes, thereby laying the groundwork for excellent operational performance. Cost cutting and improvement in plant availability were the primary factors in the Group's success. Enel continued to invest in the two new 410 MW CCGT power plants in Nevinnomiskaya and Sredneuralskaya to strengthen its presence in the Caucasus and the Urals. These plants should be up and running in early 2011.
In Romania, thanks to the acquisition of Muntenia Sud, the electricity and sales company in the Bucharest area, Enel has doubled the scale of its operations.

The integration of this new company is part of a broader integration, optimization and consolidation project to exploit the synergies with other recently-acquired Romanian companies, as well as to improve operational management and leverage its assets more effectively. Investments are also being made to develop the electricity grid, reduce commercial losses and increase service quality in Bulgaria. Within the framework of initiatives to enhance sustainability and environmental compatibility, in February 2009 the modernization of the Enel Maritza East 3 plant was completed with the entry into operation of the fourth and final unit. It thus became the only lignite-fired plant in the Balkan area that fully complies with Europe's most recent and stringent environmental requirements.
Finally, construction continued on the Marcinelle CCGT plant in Belgium, which should enter service in 2011.

Renewable Energy Division

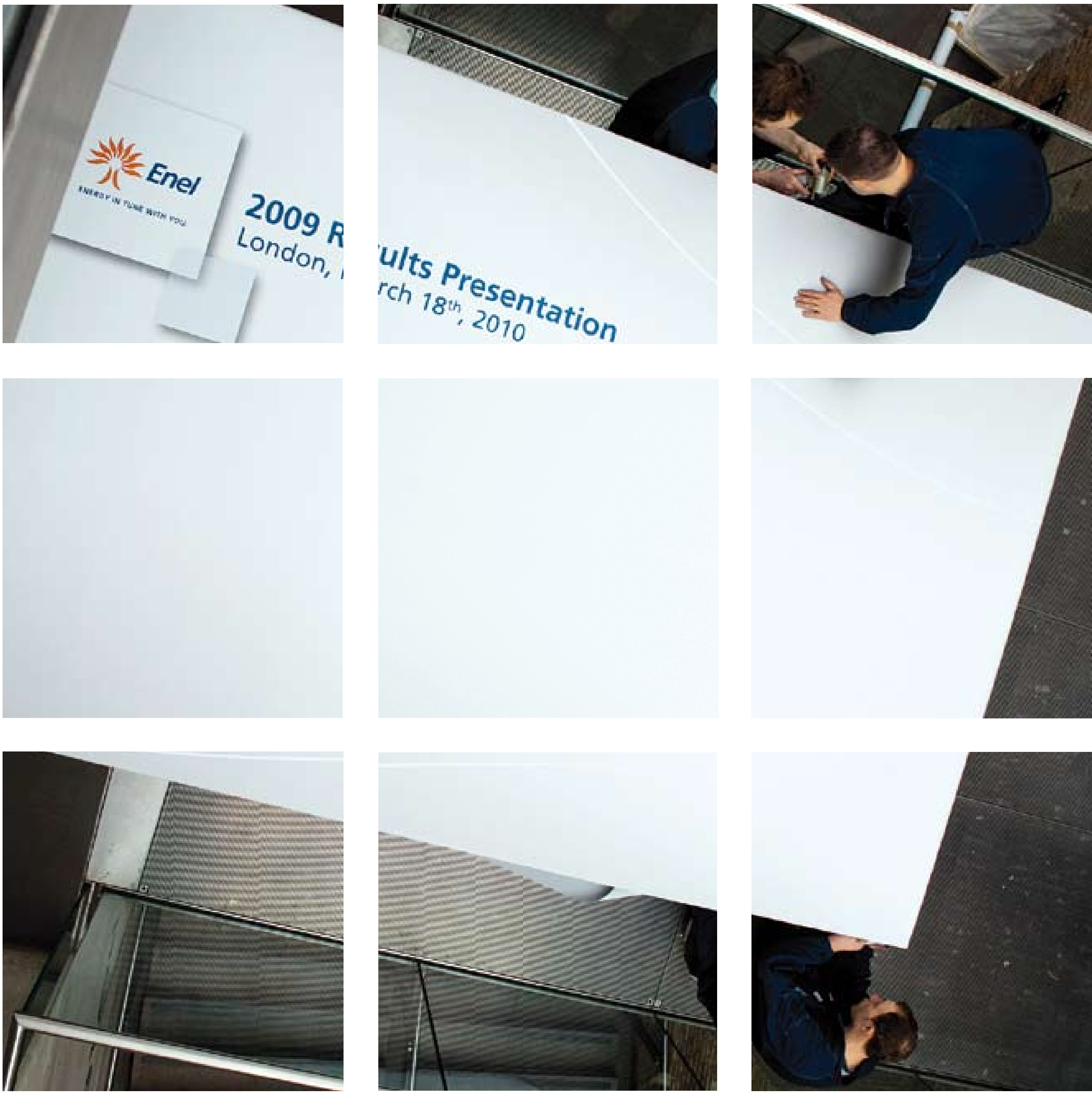
The Division ended the year with an installed capacity of 4,808 MW divided between wind, solar, geothermal, hydroelectric and biomass, and over 500 plants operating throughout the world. Output in 2009 came to 18.9 TWh, meeting the demand of some 7,100,000 households, avoiding the emission of over 14 million metric tons of CO_2 a year.
In Italy, with a total installed capacity of about 2,637 MW and 11.7 TWh of energy produced, Enel Green Power is the leader in geothermal, hydroelectric and solar technologies, and in the coming years it intends to greatly increase total installed capacity. This objective will be achieved by consolidating its leadership position in the mini-hydro and geothermal sectors, and by strengthening its presence in solar and wind power in particular. In the solar technology area, in 2009 Enel Green Power, Sharp and STMicroelectronics signed an important agreement for the manufacture of thin-film photovoltaic panels. The facility will be built in Catania and will have an initial manufacturing capacity of 160 MW, to increase to 480 MW in subsequent years. Enel Green Power and Sharp signed an additional agreement for the joint development of photovoltaic plants in the Mediterranean area with a total installed capacity of about 500 MW by 2016.
Elsewhere in the rest of Europe, Enel Green Power has a presence in Spain, Greece, France, Romania and Bulgaria, with 716 MW of installed capacity and major projects under development.
In the United States and Canada, the company is present in 20 US states and two Canadian provinces. In this region, Enel Green Power is one of the few companies to have a diversified portfolio in the four areas of wind, geothermal, hydroelectric and biomass technologies, with an installed capacity of 788 MW and output in 2009 of 2.4 TWh.
With a strong focus on technological innovation, in North America Enel Green Power is completing two new geothermal plants using binary technology in Churchill County (Nevada).
Also in the United States, the Group entered into two major strategic agreements, one with Geronimo Wind Energy, a Minnesota-based wind plant company, to develop a 4,000 MW wind pipeline in the upper Midwest, and one with Padoma Wind Power, which is specialized in wind power development in California, for 4,000 MW of potential projects.
In Central and South America, Enel Green Power is present with the development and operation of 32 plants in Mexico, Costa Rica, Guatemala, Nicaragua,

Panama, El Salvador, Chile and Brazil. With a variety of technologies ranging from hydroelectric to wind and geothermal, Enel operates in the region with 667 MW of renewables capacity and 3.5 TWh of electricity generated in 2009. Other important wind projects under development include those making up the 2,000 MW pipeline in Brazil and Mexico and the 850 MW pipeline in Chile. In Panama Enel Green Power runs a 300 MW hydroelectric power plant, the second most-important civil work in that country after the Panama Canal.
In the coming years Enel Green Power plans to dramatically expand installed capacity and generation from renewables by leveraging Enel's long-time expertise and excellence in this field.
In the early months of 2010, as part of the rationalization of Endesa assets and operations within the Enel Group, it was decided to create a leading operator in the Iberian renewables market under the control of Enel Green Power. The new company, which will help lend new impetus to the management and development of renewables in the Iberian peninsula, will incorporate all of the Enel Group's renewables assets in that area.

Outlook

The size of the Group and the strength of its strategies have enabled Enel to maintain its performance levels despite the adverse macroeconomic environment and represent a solid foundation on which to pursue the Group's objectives and an opportunity to reap the benefits of any acceleration in the economic recovery.
On these bases, Enel will continue its programs to establish its leadership in the areas in which it is present, benefiting from the optimal diversification of its generation plants both by type of generation technology and by geographical area and a competitive cost structure.
The Group will also continue to invest in research and development in the renewables field, pursuing technological excellence without neglecting environmental issues. The programs for the return of nuclear power to Italy will also move ahead, in line with developments in the legislative framework.
Additional benefits in terms of cost containment and improved cash flow are expected from the operating excellence programs under way and from the synergies to be achieved from even closer integration with Endesa.
The contribution of these programs and all other efforts being made will enable achievement of the targets announced for 2010. In particular, planned extraordinary corporate transactions to optimize the portfolio and the generation of operating cash flow will make it possible to reduce the debt, with a consequent improvement in the financial structure of the Group.
In this regard, the Renewable Energy Division is undergoing a reorganization, the benefits of which will also be leveraged with the sale of a minority stake in Enel Green Power.

The Chief Executive Officer
Fulvio Conti


Enel
ENERGY IN TUNE WITH YOU
2009 R
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London,
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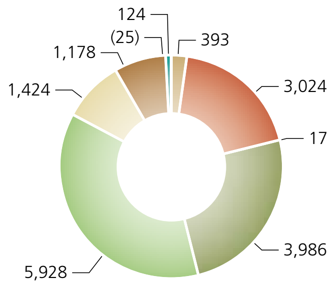
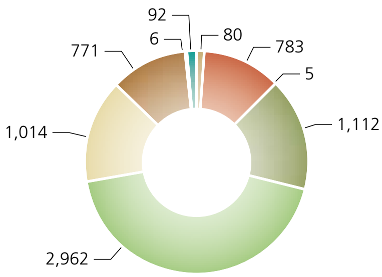
Summary of results

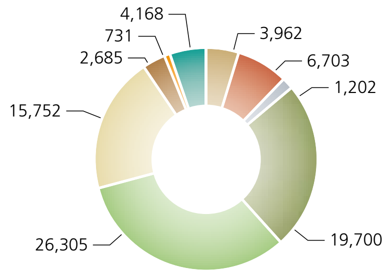
Gross operating margin (millions of euro)



Capital expenditure (millions of euro)



Employees (no.)



Sales | Generation and Energy Management | Engineering and Innovation | Infrastructure and Networks | Iberia and Latin America | International | Renewable Energy | Parent Company | Services and Other Activities

Performance data

Millions of euro

	2009	2008
Revenues	64,035	61,184
Gross operating margin	16,044	14,318
Operating income	10,755	9,541
Net income before minority interests	6,390	6,034
Group net income	5,395	5,293
Group net income per share in circulation at year-end (euro)	0.57	0.56 (1)

(1) For comparative purposes, Group net income per share at the end of 2008 has been calculated to take account of the diluting effect of the capital increase carried out in 2009.

Revenues in 2009 amounted to €64,035 million, an increase of €2,851 million or 4.7% on 2008. The rise is essentially attributable to the increased revenues earned abroad as a result of the change in the consolidation method used for Endesa (from proportionate to full line-item) adopted as from the end of June 2009 following the acquisition of an additional 25.01% of that company, as well as the different period of consolidation of Enel OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia, net of the deconsolidation of the Viesgo group, which was sold in June 2008. These positive factors were offset by the decline in revenues from the sale of electricity on the domestic market, largely attributable to lower volumes sold as a result of the decline in demand.

The *gross operating margin* amounted to €16,044 million, up €1,726 million or 12.1% on the previous year. The rise is essentially due to the consolidation method used for Endesa and to improved operating efficiency.

Operating income in 2009 came to €10,755 million, a rise of 12.7% on the €9,541 million posted in 2008, largely reflecting the developments in the gross operating margin.

Group net income totaled €5,395 million in 2009, compared with €5,293 million the year before, an increase of 1.9%. This performance reflects strong operating performance, largely attributable to the change in the consolidation method used for Endesa and lower net financial expense including the income (€970 million) from the early exercise of the put option granted by Enel to Acciona on 25.01% of Endesa shares. These positive effects were partially offset by the impact of the recognition in 2008 of beneficial adjustment (net of the corresponding special gains tax) of deferred taxation following the realignment of the differences between the statutory and tax values of certain items of property, plant and equipment as well as the lower income in 2009 from discontinued operations.

Financial data

Millions of euro

	2009	2008
Net capital employed	95,223	76,262
Net financial debt	50,870	49,967
Shareholders' equity (including minority interests)	44,353	26,295
Group shareholders' equity per share in circulation at period-end (euro)	3.46	3.30
Cash flow from operations	8,926	10,510
Capital expenditure on tangible and intangible assets	6,825	6,502

Net capital employed, including net assets held for sale of €348 million, amounted to €95,223 million at December 31, 2009, and was financed by shareholders' equity of €44,353 million and net financial debt of €50,870 million. At December 31, 2009, the debt/equity ratio came to 1.15 (1.90 at December 31, 2008).

Net financial debt, excluding debt attributable to assets held for sale amounting to €63 million at December 31, 2009 (€795 million at December 31, 2008), came to €50,870 million, up €903 million on December 31, 2008. The change reflects the acquisition of 25.01% of Endesa as well as the consequent consolidation of an additional portion of that company's debt as a result of the change in the consolidation method, partially offset by the completion of the Enel SpA capital increase and by the positive impact of the disposals carried out during the year.

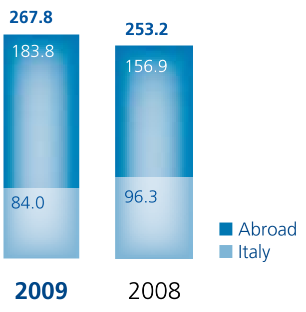
Capital expenditure amounted to €6,825 million 2009 (of which €6,422 million in respect of property, plant and equipment), an increase of €323 million on 2008.

Operating data

	Italy	Abroad	**Total**	Italy	Abroad	**Total**
		2009			2008	
Net electricity generated by Enel (TWh)	84.0	183.8	**267.8**	96.3	156.9	**253.2**
Net efficient capacity (GW)	40.4	54.9	**95.3**	40.3	42.2	**82.5**
Electricity transported on the Enel distribution network (TWh)	241.7	152.6	**394.3**	257.9	135.6	**393.5**
Electricity sold by Enel (TWh) (1)	127.4	160.3	**287.7**	137.2	133.2	**270.4**
Gas sold to end users (billions of m^3)	5.2	3.4	**8.6**	5.7	2.5	**8.2**
Employees at year-end (no.) (2)	38,121	43,087	**81,208**	40,327	35,654	**75,981**

(1) Excluding sales to resellers.
(2) Of which 1,330 in units classified as "held for sale" (1,413 at December 31, 2008).

Net electricity generated by Enel (TWh)



Net electricity generated by Enel in 2009 increased by 14.6 TWh (up 5.8%) as a result of the increase of 26.9 TWh in output abroad, of which 25.0 TWh attributable to the change in the method of consolidation of Endesa as from June 2009 and 16.6 TWh to greater output by Enel OGK-5 (which was affected by the different period of consolidation), partially offset by a decrease in generation in Italy (down 12.3 TWh), which, as in most industrial countries, was impacted by the global recession.

Electricity transported on the Enel distribution network came to 394.3 TWh, an increase of 0.8 TWh (up 0.2%), largely in line with the previous year.

Electricity sold by Enel rose by 17.3 TWh (up 6.4%), with total sales of 287.7 TWh. The increase is largely attributable to increased sales abroad (up 27.1 TWh, of which 25.6 TWh from the different period of consolidation of Endesa), partially offset by lower sales in Italy, which fell by 9.8 TWh as a result of reduced demand for electricity.

Gas sold to end users amounted to 8.6 billion cubic meters in 2009, with volumes increasing abroad thanks to the change in the consolidation method of Endesa, which more than offset the decline in domestic sales.

At December 31, 2009 Enel Group employees totaled 81,208 (75,981 at December 31, 2008). The increase of 5,227 is attributable to the change in the scope of consolidation due to acquisitions and disposals of companies during the year (an increase of 7,618 employees), which more than offset the net decrease of 2,391 resulting from hirings and terminations. The number of employees at Group companies registered abroad came to 43,087 at the end of 2009.

Results by Division

Millions of euro	Revenues		Gross operating margin		Operating income	
	2009	2008	**2009**	2008	**2009**	2008
Sales	20,330	22,609	393	554	10	115
Generation and Energy Management	18,377	22,143	3,024	3,113	2,482	2,259
Engineering and Innovation	903	1,005	17	14	14	11
Infrastructure and Networks	7,242	6,537	3,986	3,719	3,106	2,844
Iberia and Latin America	21,532	15,805	5,928	4,647	3,441	2,848
International	5,540	4,708	1,424	1,044	780	556
Renewable Energy	1,751	1,852	1,178	1,188	938	981
Parent Company	637	727	(25)	(71)	(34)	(94)
Services and Other Activities	1,092	1,169	124	116	23	27
Eliminations and adjustments	(13,369)	(15,371)	(5)	(6)	(5)	(6)
Total	**64,035**	**61,184**	**16,044**	**14,318**	**10,755**	**9,541**

Millions of euro	Operating assets		Operating liabilities		Capital expenditure	
	2009	2008	**2009**	2008	**2009**	2008
Sales	6,598	8,105	5,471	6,127	80	72
Generation and Energy Management	15,054	15,357	4,218	4,468	783	887
Engineering and Innovation	342	217	363	474	5	-
Infrastructure and Networks	17,272	19,773 (1)	5,682	6,023 (2)	1,112	1,407
Iberia and Latin America	78,995 (3)	53,201	13,543 (4)	9,255	2,962	2,382
International	12,292	12,562	4,814	5,098	1,014	681
Renewable Energy	6,423	5,593	804	691	771	951
Parent Company	1,229	1,233	1,090	1,351	6	13
Services and Other Activities	2,197	1,883	1,612	1,658	92	109
Eliminations and adjustments	(6,142)	(5,714)	(4,981)	(5,150)	-	-
Total	**134,260**	**112,210**	**32,616**	**29,995**	**6,825**	**6,502**

(1) Of which €2,871 million regarding units classified as "held for sale" at December 31, 2008.
(2) Of which €324 million regarding units classified as "held for sale" at December 31, 2008.
(3) Of which €485 million regarding units classified as "held for sale" (€2,368 million at December 31, 2008).
(4) Of which €102 million regarding units classified as "held for sale" (€36 million at December 31, 2008).

	Employees (no.)	
	at Dec. 31, 2009	at Dec. 31, 2008
Sales	3,962	4,170
Generation and Energy Management	6,703	6,829
Engineering and Innovation	1,202	1,020
Infrastructure and Networks (1)	19,700	21,683
Iberia and Latin America (2)	26,305	17,827
International	15,752	16,865
Renewable Energy	2,685	2,432
Parent Company	731	749
Services and Other Activities	4,168	4,406
Total	**81,208**	**75,981**

(1) Of which 1,289 in units classified as "held for sale" at December 31, 2008.
(2) Of which 1,330 in units classified as "held for sale" (124 at December 31, 2008).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Significant events in 2009

Acquisition of 20% of the generation assets of Electricity Supply Board (ESB)

On January 8, 2009, following approval from Irish and Community regulators, Endesa completed the acquisition for €444 million of KJWB (now Endesa Ireland), the Irish company to which 20% of the generation assets of the Electricity Supply Board (ESB) had been transferred. The assets acquired have a total capacity of 1,068 MW at four operational plants and 300 MW at two plants still under construction. They account for about 16% of Ireland's total installed capacity.

Agreement with Acegas-Eps and Tei to build interconnection lines between Italy and Slovenia

On February 5, 2009, Acegas-Eps, Enel and Tei signed the memorandum of association of Adria Link, in which the three partners have equal shares. The company will build and operate electricity interconnection infrastructure between Italy and Slovenia, in line with the provisions of the "Scajola Decree", which in transposing Regulation (EC) 1228/2003 aims to stimulate trade in energy with the EU countries, thereby enabling the achievement of efficiencies in the use of power stations at the European level and lowering generation costs and sales prices. Adria Link intends to develop two interconnection projects that involve the construction of two underground power lines, which will link, respectively, the Zaule electricity station in the province of Trieste with the Dekani station in Slovenia and the Redipuglia station in the province of Gorizia with the Vrtojba station in Slovenia. The new lines will increase net transfer capacity by about 250 MW. The planned investment will come to about €31 million, part of which devoted to reducing the impact of the infrastructure on the environment and the landscape.

Acquisition of 25.01% of Endesa

On February 20, 2009, Enel signed an agreement for the acquisition of the 25.01% of Endesa owned directly and indirectly by Acciona. The agreement, which also involved the early exercise of the put option by Acciona (the original exercise date was March 2010), was subject to a number of suspensory conditions and also provided for the transfer to Acciona from Endesa of certain operational wind and hydro assets. On the same date, the Board of Directors of Endesa also approved the distribution of a dividend of €6.2 billion. Enel's share (67.05%) was approximately €4.2 billion, that of Acciona (25.01%) about €1.5 billion and that of minority interests (7.94%) about €0.5 billion. At the same meeting, the Board concurrently approved the sale to Acciona, in line with the above agreement, of certain generation assets in Spain and Portugal, totaling 2,105 MW, of which 1,423 MW from alternative renewable resources and 682 MW of conventional hydro assets.
On June 25, 2009, Enel and Acciona, after the conditions governing the agreement of February 20, 2009 had been met, implemented the agreement

with the transfer to Enel Energy Europe (EEE) of the 25.01% of Endesa held directly and indirectly by Acciona. Following the transaction, Enel, through EEE, now holds a 92.06% stake in Endesa, giving it full control of the company.
EEE paid Acciona €9,627 million in cash for the transfer. The amount was determined by subtracting the Endesa dividends received by Acciona after February 20, 2009 (€1,561 million) from the value of the holding established on the basis of the criteria set out in the contract between Enel and Acciona on March 26, 2007 and incorporated in the agreement of February 20, 2009 (€11,107 million) and adding interest accrued as from that date (€81 million) and applied to the share of the debt taken by Acciona to acquire the 25.01% stake in Endesa.
As part of the agreement of February 20, 2009, Endesa committed to selling Acciona a number of plants operating in Spain and Portugal – with a number of changes in the plants involved compared with the original plan – with a total capacity of 2,079 MW, mainly from renewables. The price for the assets was €2,817 million (of which €2,814 million received in respect of sales completed as at December 31, 2009).

To help finance the purchase, Enel contracted a loan of €8 billion agreed in April 2009 (Credit Agreement 2009) as an increase in the syndicated credit line with an original amount of €35 billion, the terms of which included the option of increasing (up to a maximum of €8.5 billion) the C tranche (equal to €10 billion falling due in 2012) in the event of the exercise of the put option by Acciona in 2010. Of the total amount of the €8 billion loan, agreed with a pool of 12 banks, slightly less than 70% has a maturity of five years (€5.5 billion due in 2014) and the remaining portion has a maturity of seven years (€2.5 billion due in 2016).
The €8 billion credit line comprises two contracts:

- a "facility C increase" raising the C tranche by a total of €8 billion falling due in 2012; and
- a "rollover" agreement, in the amount of €8 billion, intended to replace and renew the "facility C increase" as from 2012 with two new tranches, the first totaling €5.5 billion falling due in 2014 and the second amounting to €2.5 billion falling due in 2016.

As in the Credit Agreement 2007, the interest rate under the Credit Agreement 2009 varies in relation to Enel's rating.

Enel - EdF agreement for the development of nuclear power in Italy

On February 24, 2009, within the framework of the Italy-France Protocol of Understanding for energy cooperation, Enel and EdF signed a Memorandum of Understanding (MoU) that establishes the foundations for the joint development of nuclear energy in Italy by the two companies. When the legislative and technical work for the return of nuclear power in Italy is completed, Enel and EdF have undertaken to develop, build and operate at least four generation units based on European Pressurized Reactor (EPR) technology, the first of which is being built at Flamanville in Normandy, a project in which Enel is participating with 12.5% share. The goal is for the first Italian unit to enter commercial service no later than 2020. With the MoU, Enel and EdF have agreed to form a joint venture, each with 50%, that will be responsible for the development of the feasibility studies for the construction of the EPR units.

Subsequently, once the studies have been completed and the necessary investment decisions are taken, individual companies will be formed to build, own and operate each of the EPR units. They will feature:

> a majority stake for Enel in ownership of the plants and electricity withdrawal rights;
> Enel leadership in plant operation;
> opening of ownership to third parties, with Enel and EdF retaining majority control.

The Enel-EdF agreement has a term of five years, with the possibility of extension.
On the same date, in a second MoU Enel expressed its interest in participating in an extension of the previous nuclear power agreement with EdF for the construction of another five EPR units, beginning with the facility that the French Government recently approved for Penly.

Sale of Enel Linee Alta Tensione (ELAT)

In implementation of the sale agreement of December 19, 2008, between Enel SpA, Enel Distribuzione and Terna, on April 1, 2009, Enel Distribuzione sold Terna the entire share capital of Enel Linee Alta Tensione (ELAT), the company to which Enel Distribuzione transferred a business unit consisting of high voltage lines and the related legal relationships effective as of January 1, 2009.
The contributed business unit consists of an 18,583 kilometers network of high voltage power lines, as well as the related assets and liabilities. The purchase price of €1,152 million was paid in full at the time of closing and will be subject to an adjustment based on changes in the shareholders' equity of ELAT between the reference date of the disposal balance sheet and the date of sale.
The closing of the transaction occurred once all the conditions of the agreement were met, in particular, receipt of clearance from the antitrust authorities, inclusion of the power lines in the National Transmission Network by the competent authorities and adoption of a measure by which the Authority for Electricity and Gas granted rate revenues for the business unit to ELAT.

Agreement with Australian Government for the development of carbon capture and storage technology

On April 22, 2009, within the framework of the Italy-Australia cooperation agreement for the development of technologies for carbon dioxide capture and storage, Enel and the Australian Government signed a Memorandum of Understanding that provides for the participation of Enel as a founding partner in the Global Carbon Capture and Storage Institute (GCCSI). The GCCSI is an organization founded at the initiative of the Australian Government, which funds the operation with a budget of around 100 million Australian dollars a year (55 million US dollars).
The goal of the institute is to mobilize public and private resources to promote CCS technology at the commercial and regulatory levels and foster public acceptance. The most immediate commitment is to accelerate the creation of over 20 pilot projects. Membership in the GCCSI will enable Enel to gather

information on projects that are being developed outside Europe, to participate in the network of technological and industrial alliances that will be formed within the organization, to be constantly updated on CCS regulatory processes around the world, and to participate in the communication initiatives for the public around the world. In particular, the network of contacts offered by the Australian institute could also foster the development of CCS activities in China, an area of great interest to Enel.

Enel SpA capital increase

The Enel Extraordinary Shareholders' Meeting of April 29, 2009, authorized the Board of Directors to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8 billion. Such authorization can be exercised in one or more installments, no later than December 31, 2009, through the issue of ordinary shares with a par value of €1 each bearing dividend rights as from January 1, 2009, to be offered in pre-emption to the Company's shareholders. Under the authorization, the Board of Directors has the power to establish the procedures, terms and conditions of the increase, including, inter alia, the determination of: (i) the exact amount of the share capital increase, (ii) the subscription price of the shares (including the premium), taking account of developments in the Enel share price and market conditions prior to the rights issue and market practice for similar transactions, and (iii) the number of new shares to be issued and the related pre-emption ratio.
On May 6, 2009, the Board of Directors voted – in execution of the authorization of the Extraordinary Shareholders' Meeting of April 29, 2009 – to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8 billion by way of the issue of ordinary shares with a par value of €1 each bearing dividend rights as from January 1, 2009. The shares have the same characteristics of the shares already in circulation and were offered in pre-emption to parties who were shareholders of the Company as of the start date of the rights offering in proportion to the number of shares they held. On May 28, 2009, the Board of Directors determined the final terms and conditions for the rights offering, setting the subscription price at €2.48 per share – of which €1.48 represents the share premium – and the option ratio at 13 new shares for every 25 existing shares. The offering therefore involved the issuance of a maximum of 3,216,938,192 new shares, entailing a capital increase of €3,216,938,192, while the overall proceeds of the operation – share premium included – totaled €7,978,006,716.16.
The Ministry for the Economy and Finance, as a shareholder of the Company, notified Enel of its intention to participate , directly or indirectly, in the capital increase, subject to a final evaluation to be conducted in light of the definitive terms of the offering. On March 25, 2009, the Company shareholder Cassa Depositi e Prestiti SpA announced the unanimous decision of its board of directors to exercise both the rights granted directly to it and the rights granted to the Ministry (subject to the transfer of the Ministry's rights to Cassa Depositi e Prestiti).
On May 28, 2009, Mediobanca, JP Morgan and Banca IMI as Joint Global Coordinators and Joint Bookrunners, Bank of America - Merrill Lynch, Credit Suisse, Goldman Sachs, Morgan Stanley, UniCredit as Co-Bookrunners, 13 banks as Senior Co-Lead Managers1 and 13 banks as Co-Lead Managers2 signed an underwriting agreement with Enel under whose provisions they undertook to

subscribe the capital increase in respect of unexercised rights (if any), for a total amount of up to €5.5 billion – that is, the entire portion of the capital increase which is not expected to be subscribed, net of the direct and indirect portion pertaining to the Ministry for the Economy and Finance.
As part of the underwriting agreement, consistent with market practice, Enel agreed to a lock-up clause continuing until the 180th day after the closing of the offering. In particular, Enel agreed not to issue or offer shares directly or via the issuance of convertible securities, warrants or other financial instruments that grant the right to acquire, exchange for, or be converted into shares Enel. Consistent with market practice, the lock-up commitment shall not apply, inter alia: (i) to the issuance or subscription of the shares involved in the offer, or (ii) to the issuance of Enel shares or to the granting of option rights to Company or Group executives and employees under any existing stock option plans.
In view of the above commitments by the Ministry for the Economy and Finance, Cassa Depositi e Prestiti SpA and the banks, the Company expected the capital increase to be fully subscribed.

During the offer period, which started on June 1 and ended on June 19, 2009, a total of 6,160,693,425 rights were exercised. As a result, 3,203,560,581 newly issued Enel ordinary shares were subscribed altogether, equal to 99.58% of the 3,216,938,192 shares offered, for aggregate proceeds to Enel of €7,944,830,240.88.
At the end of the offer period, total unexercised rights amounted to 25,726,175, granting the right to subscribe 13,377,611 newly issued Enel ordinary shares, for a total value of €33,176,475.28. The unexercised rights were offered on the Italian Stock Exchange through Mediobanca and purchased in their entirety, pursuant to Article 2441, paragraph 3, of the Italian Civil Code, at the session of June 26, 2009, for a total price of €13,120,349.
Upon the conclusion of the capital increase, on July 9, 2009, Cassa Depositi e Prestiti SpA, which had exercised both the rights granted directly to it and the rights granted to the Ministry for the Economy and Finance (following the transfer of the Ministry's rights to Cassa Depositi e Prestiti), subscribed 1,005,095,936 newly issued Enel ordinary shares – equal to about 31.24% of the offered shares and about 10.69% of the new share capital of the Company – for a total of €2,492,637,921.28. Therefore, following the full subscription of the Enel capital increase and the settlement of the transaction, Cassa Depositi e Prestiti now holds about 17.36% of Enel's share capital, while the Ministry retains a direct shareholding equal to about 13.88%. Consequently, the underwriting pool coordinated and directed by Banca IMI, JP Morgan and Mediobanca in their capacities as Joint Global Coordinators and Joint Bookrunners did not have to subscribe any of the shares.

Agreement with Eurus Energy Europe for the development of wind projects in Calabria

On April 30, 2009, Enel Green Power has signed an agreement with Eurus Energy Europe, a joint venture between Tokyo Electric Power Company and Toyota Tsusho Corporation, to acquire the rights to 50% of wind power projects with an installed capacity of up to 400 MW, of which 100 MW are at an advanced stage of the authorization process. The wind power projects are being developed at sites with high wind power potential in Calabria.

Agreement with SoWiTec for the development of wind projects in Chile

On May 8, 2009, Enel Latin America signed a cooperation agreement with SoWiTec Energias Renovables de Chile, a subsidiary of the German company SoWiTec International, for the development in Chile of a number of wind projects with a total installed capacity of up to 850 MW. With the agreement, Enel will have exclusive access to a range of projects that SoWiTec is developing and will be entitled to acquire the projects once they have received all necessary authorizations. The projects have a preliminary installed capacity of between 60 and 150 MW and are located in the northern electrical system (SING) and the central electrical system (SIC), in areas with good wind power potential.

Sale of 80% of Enel Rete Gas

On March 10, 2009, following completion of due diligence work begun following completion, on December 29, 2008, of the restricted call for expressions of interest, Enel received two offers from investors. Following examination of the offers and additional analysis and discussions with the bidders, Enel decided to grant one of them exclusive negotiating rights until May 8, 2009, subsequently extended first to May 12, 2009 and then to May 28, 2009.

On May 29, 2009, following approval by the Board of Directors of Enel SpA, an agreement was reached between Enel and F2i SGR SpA ("F2i") and AXA Private Equity for the disposal of 80% of the share capital of Enel Rete Gas SpA to a vehicle in which F2i will hold 75% of the capital and AXA Private Equity 25%.

On September 30, 2009, the agreement between Enel Distribuzione, F2i SGR and AXA Private Equity was executed with the disposal of 80% of the share capital of Enel Rete Gas, a 99.88%-owned subsidiary of Enel Distribuzione, to F2i Reti Italia, a special-purpose vehicle 75%-owned by F2i SGR and 25%-owned by AXA Private Equity.

Prior to closing, Enel Rete Gas distributed an extraordinary dividend totaling around €225 million to Enel Distribuzione and minority shareholders and signed a financing agreement for €1,025 million with a pool of banks. The disposal was executed following clearance from the Competition Authority.

The price was set at €515.7 million, €35.7 million more than the originally announced figure of €480 million. The increase was agreed partly on the basis of the new regulated asset base (RAB) of Enel Rete Gas announced in July 2009 by the Authority for Electricity and Gas. Under the agreement, the price, which was subject to adjustment based on Enel Rete Gas' actual net financial position at closing, was to be paid in two installments .

Enel Distribuzione received an initial payment of €240 million from F2i Reti Italia at the time of the closing. Of this amount, €167.5 million was financed from the purchasers' own resources, while €72.5 million was financed with a vendor loan from Enel to F2i Reti Italia bearing an annual interest rate of 8.25% and falling due in 2017. The second installment of €275.7 million was paid on December

28, 2009. Of this amount €203.2 million was financed from the purchasers' own resources and €72.5 million with a second tranche of the vendor loan mentioned above .
Enel Distribuzione holds a call option on the 80% of Enel Rete Gas, which can be exercised, subject to certain conditions, as from 2014 (year of expiry of the five-year lock up period that applies to both Enel Distribuzione and F2i Reti Italia) and until 2018. The strike price of the call option will take account of the fair market value of the stake. At the end of the lock-up period, the parties will assess the possibility of seeking a listing for Enel Rete Gas. Overall, the transaction will reduce Enel's consolidated net financial debt by over €1.2 billion, taking into account the price received for the equity stake and the deconsolidation of the debt of Enel Rete Gas as of the disposal date.

Award of offshore exploration license in Egypt

On May 13, 2009, Enel announced that it had been awarded a license to explore an area offshore from the Nile Delta in a joint venture with Total. The license was obtained in the International Bid Round 2008 organized by the Egyptian state-owned company EGAS. Total will hold 90% of the joint venture and will operate the project, while Enel will hold the remaining 10%. The license regards the El Burullus block, which covers 2,516 square kilometers. It is about 70 kilometers from the coast in waters ranging from 100 to 1,600 meters deep. The contract provides for an initial four-year exploration period, during which the partners will acquire geophysical data (3D seismic prospecting) and drill a number of wells.
Thanks to an agreement signed between the Italian and Egyptian governments, Enel has begun a new phase of cooperation with the Egyptian Energy and Electricity Ministry and with EEHC, the Egyptian electricity company, in the field of energy efficiency and electricity generation using renewables.

Sale of 51% of SeverEnergia

On May 15, 2009, Eni and Enel signed an agreement with Gazprom for the sale to the latter of 51% of SeverEnergia, the company that wholly owns Arcticgaz, Urengoil and Neftegaztechnologia, which hold licenses for the exploration and production of hydrocarbons with gas and oil reserves estimated at about 5 billion barrels of oil equivalent. The parties have agreed to start gas production in June 2011 from the Samburskoye field and to reach an output of at least 150,000 barrels of oil equivalent per day within two years of starting production. The parties have also agreed to cooperate on seeking the renewal and updating of the licenses and defining the details of the development plans for the fields.
On June 5, 2009, the parties signed the share purchase agreement. On September 23, 2009, Eni and Enel sold Gazprom 51% of SeverEnergia for about $1.6 billion, of which $626.5 million pertaining to Enel. Gazprom paid the first installment of $384 million (of which Enel received $153.5 million) at the closing and will pay the second and final installment (which will earn interest in the meantime) by March 2010. Following the sale, Enel's stake in SeverEnergia decreased from 40% to 19.6% and that held by Eni from 60% to 29.4%.

Enel - Ministry for the Environment Agreement

On July 7, 2009, within the framework of the "Pact for the Environment" promoted by the Italian Government and 11 Italian companies, Enel and the Ministry for the Environment signed a voluntary agreement with which Enel undertakes to implement effective, measurable programs with a view to achieving national and Community targets for reducing greenhouse gas emissions, energy efficiency and the development of renewable energy resources. More specifically, Enel has agreed to increase the installed capacity of renewables plants from its level of 2,597 MW (excluding major hydroelectric plants) at the end of 2008 by an additional 4,100 MW by 2020. In the thermal power sector, Enel has undertaken to replace its old low-efficiency fuel oil plants (which have an efficiency of 38%) with new clean-coal plants (with an efficiency of 45%). Enel has also agreed to increase the use of biomass and fuels from waste to generate electricity in its power station from 137.5 thousand metric tons in 2008 to 300 thousand metric tons a year in 2013. Enel intends to strengthen its commitment to promoting energy efficiency among end users: in public lighting (including the use of LED technology); in the distribution network with the development of "smart grids"; in cooperative initiatives with industrial customers to conduct energy audits to optimize their consumption. By 2013, such actions are expected to create savings of some 100 thousand metric tons of oil equivalent, with savings rising to 300 thousand metric tons in 2020.
The Ministry for the Environment and the Government have agreed:

> to identify, in compliance with applicable regulations, possible measures to accelerate the authorization procedures for which they are responsible in order to enable rapid implementation of the Enel initiatives envisaged in the agreement;
> to support the projects in which Enel is participating as part of activities to promote the participation of Italian companies in European environmental research and innovation programs;
> to promote the reuse of existing industrial sites, fostering investments with a substantial positive environmental impact.

Project to leverage non-core real estate assets

On July 16, 2009, Enel's Board of Directors approved a plan to create a fund to be endowed with the Group's non-core real estate assets, engaging Fimit SGR to organize and manage the fund. The value of the property to be transferred to the fund is about €190 million. Following the transfer of the property to the fund, Enel will participate in both the Committees and the General Meeting of unit holders, thereby maintaining a major governance role. Fimit SGR will begin to divest the real estate assets, generating revenues for Enel in proportion to its holding in the fund and thereby leveraging the value of the assets more effectively. The operation had not been completed as of December 31, 2009, as the authorizations required under applicable law governing the establishment of new funds had not yet been received.

Establishment of an Enel/EdF joint venture for the development of nuclear power in Italy

On July 31, 2009, Enel and EdF established the joint venture "Sviluppo Nucleare Italia Srl" (each with a 50% stake) to undertake feasibility studies for the construction in Italy of at least four advanced third-generation EPR plants as envisaged in the agreement between Enel and EdF signed on February 24, 2009. Once the studies have been completed and the necessary investment decision taken, other individual companies will be formed to build, own and operate each of the EPR power plants. The creation of Sviluppo Nucleare Italia marks a first, substantial step towards the implementation of plans to develop nuclear power in Italy following the approval of enabling legislation on July 9, 2009, thus paving the way for the return of nuclear power to the country.

Protocol of understanding between Enel and the Region of Sicily for energy development

On August 6, 2009, Enel and the Region of Sicily signed a protocol of understanding for energy development on the island. The goal is to generate more electricity at lower cost and low environment impact. The agreement devotes particular attention to diversifying sources of energy (with an increase in the use of renewables), to ensuring the security of supply with infrastructure projects and to investing in new technologies, research and innovation. The protocol provides for a Framework Agreement and three specific agreements regarding: the Porto Empedocle regasification project, the improvement of the environmental performance of Enel's thermal plants in Sicily, and the promotion and implementation of innovative projects to develop renewable power generation on the island. Enel and the regional government will form a joint working group to coordinate and monitor the agreed initiatives.
More specifically, with regard to the Porto Empedocle terminal, further to the agreement, the Region of Sicily issued the authorization decree for the construction and operation of the terminal based on the favorable opinion expressed by the Services Conference. The agreement calls for about €50 million in infrastructure works and a grant linked to the operation of the plant worth around €6 million per year.
As regards the environmental quality of the plants in Sicily, Enel is committed to investing some €70 million between 2009 and 2013 to ensure the continuing full efficiency of the power plants, enhancing their quality and minimizing their environmental impact.
Finally, Enel and the Region of Sicily will also collaborate to develop electricity generation from renewables and undertake innovative projects, working to ensure that the authorization process proceeds as swiftly as possible. The plans call for new facilities with a total capacity of 400 MW of green energy over the next four years, with a total investment of about €1 billion.

Bond issues

On September 10, 2009, Enel, acting through its subsidiary Enel Finance International, launched – in implementation of the Enel SpA Board resolution of July 30, 2009 – a multi-tranche bond targeted at institutional investors on the international market. The bond is denominated in euros and pounds sterling with an aggregate value of over €6.5 billion. The bond was issued under the recently renewed Global Medium-Term Notes program.
The transaction, run by a syndicate of banks consisting of BNP Paribas and Deutsche Bank (as Global Coordinators and Joint Bookrunners) and Barclays Capital, BBVA, Calyon, Royal Bank of Scotland, Banco Santander and Société Générale (as Joint Bookrunners), received over €28 billion euros in orders. The transaction consists of the following four tranches (all guaranteed by Enel SpA):
> €1,500 million fixed-rate 4.00% bond due 2016;
> €2,500 million fixed-rate 5.00% bond due 2022;
> £850 million fixed-rate 5.625% bond due 2024;
> £1,400 million fixed-rate 5.75% bond due 2040.
All the above tranches are listed on the Irish Stock Exchange.
On September 30, 2009, Enel Finance International launched – again in implementation of the July 30 Board resolution – a multi-tranche bond on the US and international markets targeted at institutional investors for a total of $4,500 million, equal to an aggregate of about €3,073 million. The bonds were issued under the recently renewed Global Medium-Term Notes program.
The transaction, run by a syndicate of banks consisting of Citigroup Global Markets and JP Morgan Securities Inc (as Global Coordinators and Joint Bookrunners) and of Bank of America Securities, Barclays Capital, Credit Suisse Securities (USA), Deutsche Bank Securities and Morgan Stanley & Co (as Joint Bookrunners), was more than twice oversubscribed. The transaction consists of the following three tranches (all guaranteed by Enel SpA):
> $1,250 million fixed-rate 3.875% bond due 2014;
> $1,750 million fixed-rate 5.125% bond due 2019;
> $1,500 million fixed-rate 6.0% bond due 2039;

Agreement for the use of CO_2 capture and sequestration technology in China

On September 14, 2009, following through on the Memorandum of Understanding signed in Beijing in May 2008, Enel, the Minister for Science and Technology of the People’s Republic of China and the Italian Minister for the Environment signed an agreement for a joint feasibility study into the construction of a system for capturing carbon dioxide produced at a Chinese coal-fired plant and injecting it into an oilfield, thereby increasing crude oil production.

Interim dividend for 2009

On October 1, 2009, the Board of Directors of Enel approved an interim dividend for 2009 of €0.10 per share. The interim dividend, gross of any withholding tax, was paid as from November 26, 2009, with the ex-dividend date for coupon no. 15 falling on November 23, 2009.

Sale of Empresa de Energía de Bogotá

On October 5, 2009, Endesa sold its 7.2% stake in the Colombian company Empresa de Energía de Bogotá, which operates in the Bogotá-area energy transport market, for $247 million.

Final agreement for the development of the hydroelectric sector in the Province of Bolzano

On October 20, 2009, further to the preliminary agreement signed on October 23, 2008, Enel Produzione and Società Elettrica Altoatesina SpA (SEL) signed the Final Agreement to jointly develop the hydroelectric sector in the Province of Bolzano. The Province owns approximately 94% of SEL, with the remainder held by the municipalities and the district communities of the Alto Adige Region through Selfin Srl. Considering that both parties will continue to participate in a fully autonomous manner in the administrative procedures currently in progress for the thirty-year issue or renewal of the concessions for major hydroelectric diversions expiring on December 31, 2010, Enel Produzione and SEL have agreed to form a company (owned 40% by Enel Produzione and 60% by SEL) for the joint operation as from 2011 and until at least 2040 of any concessions granted or renewed by the provincial authorities, with a view to developing industrial synergies by optimizing their respective skills. The agreement confirms all the main elements of the preliminary agreement, specifying that SEL will designate or establish the newco as a private limited company, headquartered in Bolzano. Enel Produzione will contribute the business unit associated with the major hydro diversions in the Province of Bolzano, the value of which is estimated at €340 million, while on January 1, 2011, both the parties will contribute the concessions obtained independently. The parties also defined the shareholders' agreement that will regulate the governance of the newco, under which Enel Produzione will exercise control over the new company until December 31, 2013 and will therefore consolidate its results on a full line-by-line basis until that date. The parties are also required to maintain, throughout the duration of the joint venture, stakes in the newco of at least 51% for SEL and 31% for Enel Produzione. In addition, the text of the bylaws of the newco gives the two shareholders, inter alia, a reciprocal right of first refusal.

Acquisition of exploration licenses and gas assets in Northern Italy

On November 6, 2009, Enel Trade acquired gas assets and exploration permits from the Canadian company Stratic Energy Corporation for €34 million. Enel will pay an additional €6.6 million to Stratic Energy Corporation provided that the first production phase starts before the end of 2011, reducing the amount if production starts after the end of 2012.

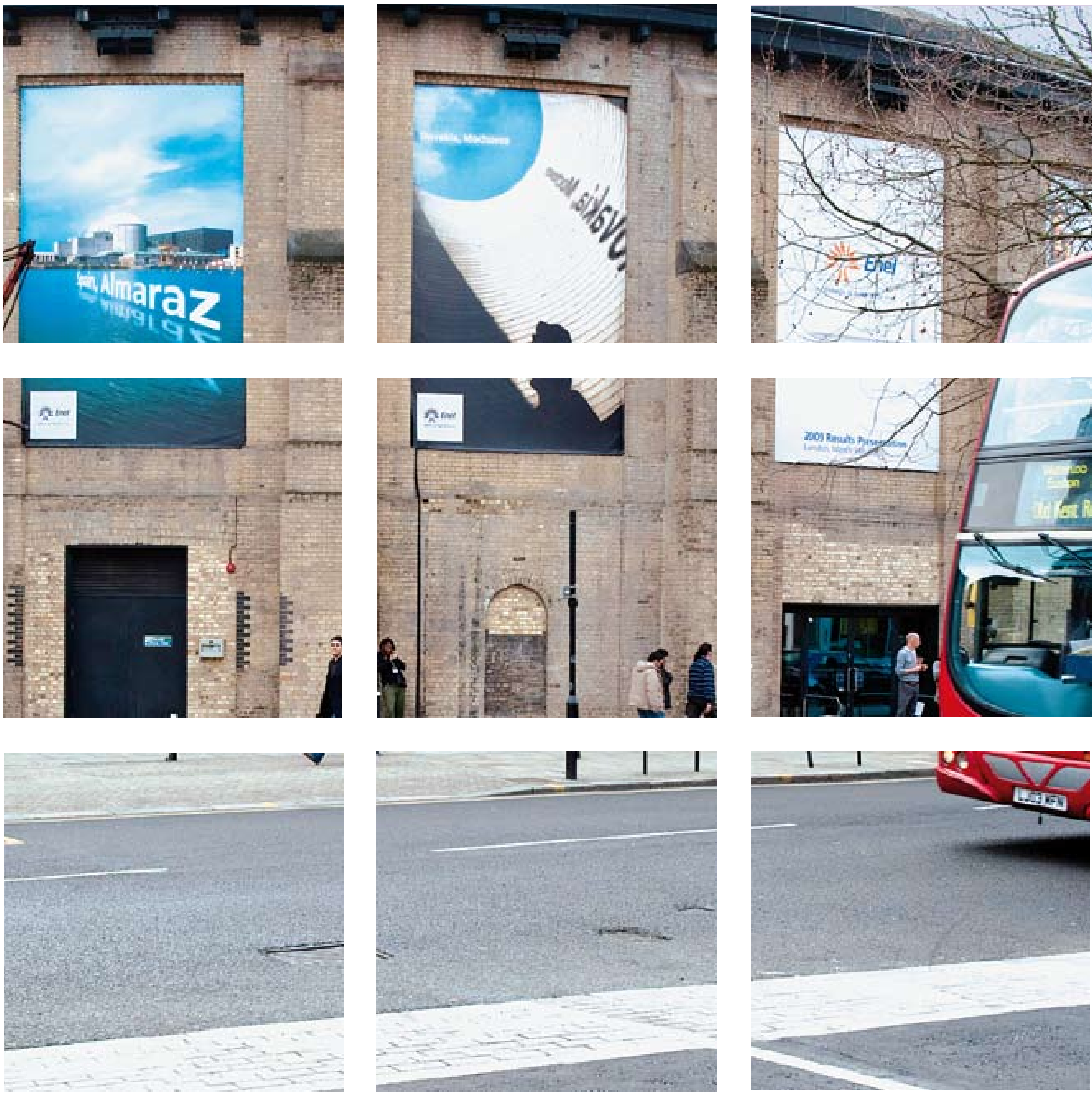
The transaction, which comprises all of the Canadian company's Italian gas assets, is subject to the normal industry conditions, including regulatory approval, and is expected to be finalized in the 1st Quarter 2010.

Wind power pipeline of 1,000 MW in Mexico

On November 9, 2009, Enel Green Power, acting through its subsidiary Enel Latin America, reached an agreement with Energías Renovables, Térmica e Hidráulica de México SA (Enerthi) aimed at developing wind power projects in Mexico for a total capacity of up to 1,000 MW. Under the agreement, Enel Green Power will have exclusive access to wind power projects being developed by Enerthi, as well as the right to acquire these projects once they are fully authorized.
Thanks to this agreement, Enel Green Power will strengthen its presence in the Mexican renewable energy market, which has a wind power potential of more than 10,000 MW.

Agreement with Geronimo Wind Energy for the development of wind power projects in the United States

On November 26, 2009, Enel Green Power, acting through its subsidiary Enel North America, reached an agreement with Geronimo Wind Energy to acquire a minority stake in the US company. The two companies will cooperate in the development of Geronimo Wind Energy’s wind power pipeline, which includes projects with a total installed capacity of up to 4,000 MW. Under the agreement, Enel Green Power will have a priority right to acquire and operate the wind projects developed.


Spain, Almaraz
Enel

Reference scenario

Enel and the financial markets

	2009	2008
Gross operating margin per share (euro)	1.71	1.52 (1)
Operating income per share (euro)	1.14	1.01 (1)
Group net earnings per share (euro)	0.57	0.56 (1)
Dividend per share (euro)	0.25	0.49
Pay-out ratio (2) (%)	44	57
Group shareholders' equity per share (euro)	3.46	3.30
Share price - 12-month high (euro)	4.35	7.23 (3)
Share price - 12-month low (euro)	2.91	3.61 (3)
Average share price in December (euro)	4.06	3.86 (3)
Market capitalization (4) (millions of euro)	38,176	27,033
No. of shares outstanding at December 31 (millions)	9,403	6,186

(1) Calculated on the basis of the number of shares at December 31, 2009, in order to reflect the effects of the capital increase completed on July 9, 2009.
(2) Calculated on Group net income.
(3) The prices for 2008 have been adjusted to take account of the effects of the capital increase completed on July 9, 2009.
(4) Calculated on average share price in December.

		Current (1)	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2007
Enel stock weighting in:					
- MIB 30 index (2)		n.a.	n.a.	9.34%	8.82%
- FTSE Italia All Share index (3)		8.85%	8.88%	n.a.	n.a.
- Dow Jones STOXX Utilities index		8.38%	8.26%	6.33%	6.80%
- FTSE Electricity E300 index		25.93%	25.76%	17.26%	19.87%
- Bloomberg World Electric index		3.54%	3.58%	2.84%	3.45%
Rating		Current (1)	at Dec. 31, 2009	at Dec. 31, 2008	at Dec. 31, 2007
Standard & Poor's	Outlook	Stable	Stable	Negative	C.W. Negative
	Medium/long-term	A-	A-	A-	A-
	Short-term	A-2	A-2	A-2	A-2
Moody's	Outlook	Negative	Negative	Negative	C.W. Negative
	Medium/long-term	A2	A2	A2	A1
	Short-term	P-1	P-1	P-1	P-1
Fitch	Outlook	Stable	Stable	n.a.	n.a.
	Medium/long-term	A-	A-	n.a.	n.a.
	Short-term	F2	F2	n.a.	n.a.

(1) Figures updated to March 9, 2010.
(2) As from June 1, 2009, figures for the MIB 30 index have no longer been available.
(3) The data for the new FTSE Italia All Share index are available as from May 26, 2009.

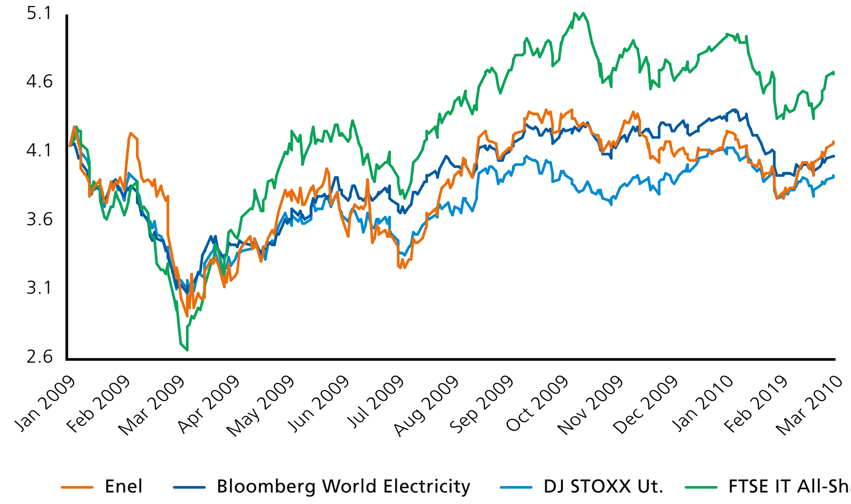
Despite the deep recession that characterized 2009, the world's economies gained strength during the 2nd Half of the year. The economic recovery, which got under way during the summer, continued through the rest of the year, driven by the expansionary policies adopted in the major economies. In the 3rd Quarter of 2009 GDP began to expand again in the United States and the euro area, albeit at a moderate pace, while growth accelerated in the emerging economies of Asia and Latin America.

The main central banks maintained an expansionary policy stance for all of 2009, keeping official rates at a level consistent with their monetary policy intentions (the main policy rates at December 31, 2009, were equal to 0.25% for the FED and 1% for the ECB).
In the financial markets, 2009 saw equity prices recover as strains in the financial markets began to ease in mid-March. Although fluctuating, prices revived after the steep slide registered the previous year.
The main European markets posted sharp gains from the lows registered in March. The CAC40 index (France) closed the year up about 22%, while the DAX30 (Germany) gained about 24%, the FTSE100 (United Kingdom) rose 22% and the IBEX35 (Spain) rose about 30%.
In Italy, the FTSE Italia All Share index closed 2009 with a gain of about 19%, slightly smaller than the increases posted by the other main European markets.
The utilities segment benefited only partially from the improvement in economic conditions. The Dow Jones STOXX Utilities index, which tracks the sector in Europe, ended 2009 virtually unchanged from its level on January 1 of the same year. The annual rise in the world index for the segment was also well below the average gains posted by markets in general (the Bloomberg World Electric index rose by about 5% in 2009). A factor in the disappointing performance of the sector was the abrupt fall in demand and the price of electricity during the year.
The Enel stock price closed 2009 at €4.048 (up 1.53% compared with January 1, 2009), in line with the performance of the industry's benchmark indices reported above.
On November 26, 2009, Enel paid an interim dividend on 2009 profits of €0.10 per share, which together with the dividend paid on June 25 brought total dividends paid during the year to €0.39 per share.
At December 31, 2009, the Ministry for the Economy and Finance held 13.9% of Enel, while Cassa Depositi e Prestiti held 17.4%, institutional investors 38.1% and private investors the remaining 30.6%.

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

We have also created contact centers for private investors (which can be reached by phone at +39-0683054000 or by e-mail at azionisti.retail@enel.com) and for institutional investors (phone: +39-0683057975; e-mail: investor.relations@enel.com).

Performance of Enel share price and the Bloomberg World Electric, Dow Jones STOXX Utilities and FTSE Italia All-Share indices

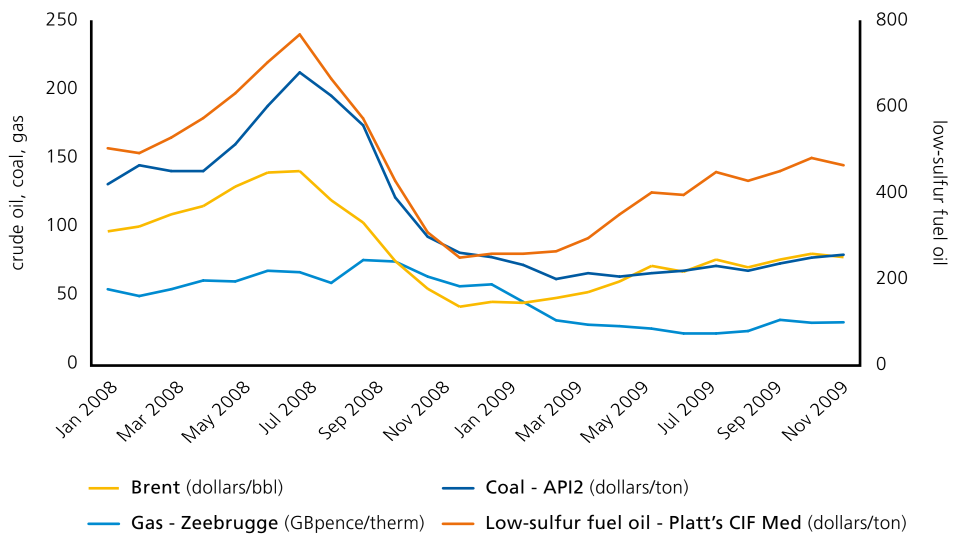


Source: Bloomberg

Developments in the main market indicators

The following charts report developments in the main market indicators in the two reference years.

Fuel prices



In 2009 the prices of energy commodities gradually rose from the lows registered towards the end of 2008. Underpinning the recovery was the improvement in business confidence concerning the global economic recovery rather than any actual strengthening in market fundamentals.

After plunging more than 75% between July and December 2008, the price of Brent oil remained depressed in the 1st Quarter of 2009. Only beginning in the 2nd Quarter did prices begin the slow recovery that finally brought prices above

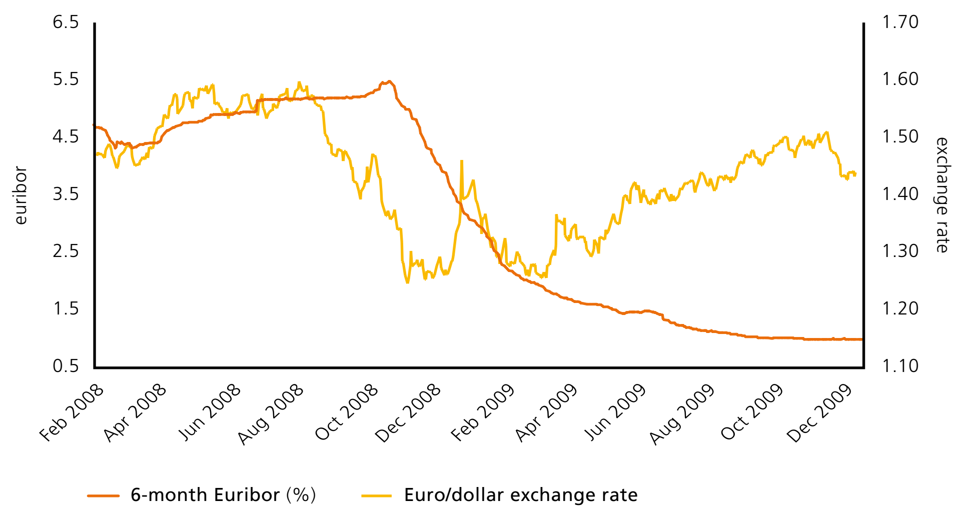
$70 a barrel in August. Compared with the previous year, the average price of Brent in 2009 fell by more than 30%, from $97.7 to $62.0 a barrel.

During 2009, coal prices followed a similar trajectory to those for oil. The Cif ARA (API2) coal price, which had peaked in the summer of 2008 ($224 a metric ton in the first part of July), began to rise again in the 2nd Half of last year, rising from a low for the year of $55 a metric ton in early March 2009 to $82 a metric ton at the close of the year. Compared with 2008, the average Cif ARA coal price in 2009 dropped by more than 50%, from $147.2 a metric ton to $70.4 a metric ton.

The average price of natural gas at the Zeebrugge hub declined from 62.0 GBPence/therm to 32.1 GBPence/therm, a decrease of 48%.

Finally, the average price of low-sulfur fuel oil fell by 30.0%, going from $529.3 a metric ton in 2008 to $370.7 a metric ton in 2009.

Money market



Money markets experienced turbulence in 2008 and 2009, primarily attributable to the financial market crisis. The euro/dollar exchange rate went from an average of 1.47 in 2008 to 1.39 in 2009, a depreciation of 5.4%. 6-month Euribor fell from an average of 4.73% in 2008 to 1.43% in 2009, reflecting a significant decline in rates as from the 4th Quarter of 2008.

Economic developments in the countries in which Enel operates

In 2009 the international economy was shaken by a serious recession, the deepest in the post-war era. The downturn began towards the end of 2007 in the wake of the financial crisis of the previous summer. The trough of the recession came in the 1st Half of 2009. In the 2nd Quarter of the year, the effects of the monetary and fiscal policy measures adopted by governments around the world helped turn the decline around and, by the 3rd Quarter, nearly all economies had reversed their recessionary trend.
Commodity prices also emerged from the worst phase of the crisis in the 2nd Half of 2009, recovering from the lows posted in the early part of the year: the price of Brent crude closed 2009 at $77 a barrel (compared with $40 a barrel in February), returning to its 2007 level.
On the foreign exchange front, the euro ended 2009 at $1.44 per euro thanks to the gains registered in the 2nd Half of the year as a result of the revival of investment in the riskiest markets ($1.45 per euro in the 2nd Half, compared with $1.33 in the 1st Half).
In 2009, world GDP contracted by 2.1%, compared with 2.0% growth in 2008. The fall in output in the United States (down 2.4% in 2009, compared with growth of 0.4% in 2008) and in the euro area (down 4.1% in 2009 compared with growth of 0.6% in 2008) was mainly caused by the decline in investment due to the credit squeeze and the fall in international demand. Household consumption, which was affected by the fall in stock prices and the rise in unemployment, nevertheless held its ground thanks to the buoyancy of their purchasing power, which was sustained by the fall in inflation and the impact of fiscal stimulus measures.
Government expenditure warded off a collapse in domestic demand and laid the foundations for the recovery in 2009. At the same time, the public debt paid the price in both the United States and the euro area, rising substantially.
In the euro area, the depth of the recession differed by country depending on the type of government intervention implemented and the different growth models in the individual countries. The German economy suffered more than the others from the abrupt halt in world trade, while in Spain the real estate crisis had a major impact on domestic demand and the labor market.
In Italy, the economy experienced a severe recession in 2009 (with GDP contracting by 5.0%), despite the recovery posted in the 3rd and 4th Quarters thanks above all to the stabilization of domestic demand. In addition, the state of the Italian public finances deteriorated, with the state sector deficit almost doubling compared with 2008.
In 2009, the countries of Eastern Europe and Russia (GDP down 7.9%) went through a deep recession, triggered by the collapse in investment (which were affected by the decline in flows of foreign capital and difficult credit conditions) and in exports.
The Latin American economy also contracted (with GDP declining by 0.5%) after posting rapid growth in previous years (GDP had expanded by 6.0% in 2007 and 4.8% in 2008).

The following table reports GDP trends in the main countries in which Enel operates.

ANNUAL REAL GDP GROWTH

%	2009	2008
Italy	**-5.0**	**-1.3**
Spain	-3.6	0.9
Portugal	-2.8	-
Belgium	-3.0	1.0
Greece	-2.0	2.0
France	-2.2	0.3
Bulgaria	-5.1	6.0
Romania	-7.2	7.1
Slovakia	-4.7	6.2
Russia	-7.9	5.6
Argentina	-2.2	6.8
Brazil	-0.2	5.1
Chile	-1.7	2.9
Colombia	0.1	2.5
Mexico	-6.4	1.4
Peru	1.0	9.8
Canada	-2.5	0.4
USA	-2.4	0.4

Source: National statistical institutes and Enel based on data from Global Insight, EUROSTAT, IMF, OECD, Barclays, Credit Suisse, Morgan Stanley, Goldman Sachs, UBS and HSBC.

Italy

The electricity market

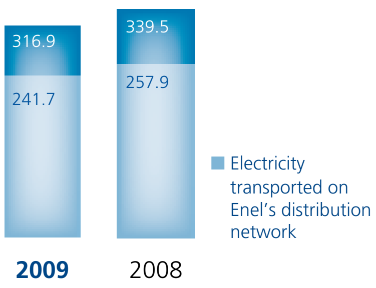
DOMESTIC ELECTRICITY GENERATION AND DEMAND

Millions of kWh

	2009	2008	2009-2008	
Gross electricity generation:				
- thermal	225,987	261,328	(35,341)	-13.5%
- hydroelectric	51,743	47,227	4,516	9.6%
- geothermal and other resources	11,434	10,575	859	8.1%
Total gross electricity generation	**289,164**	**319,130**	**(29,966)**	**-9.4%**
Auxiliary services consumption	(11,034)	(12,065)	1,031	8.5%
Net electricity generation	**278,130**	**307,065**	**(28,935)**	**-9.4%**
Net electricity imports	44,449	40,034	4,415	11.0%
Electricity delivered to the network	**322,579**	**347,099**	**(24,520)**	**-7.1%**
Consumption for pumping	(5,727)	(7,618)	1,891	24.8%
Electricity demand	**316,852**	**339,481**	**(22,629)**	**-6.7%**

Source: Terna - Rete Elettrica Nazionale (monthly report - December 2009).

Energy demand (TWh)



> Domestic *electricity demand* declined by 6.7% compared with 2008, falling to 316.9 TWh. Of this total, 86.0% was met by net domestic electricity generation for consumption (88.2% in 2008), with the remaining 14.0% being met by net electricity imports (11.8% in 2008);

> *net electricity imports* in 2009 rose by 4.4 TWh owing to differences in developments in electricity prices in the other European markets compared with those in the domestic market;

> *gross electricity generation* declined by 9.4% or 30.0 TWh, essentially attributable to a sharp reduction in thermal generation (down 35.3 TWh), only partially offset by the rise in hydroelectric generation (up 4.5 TWh) thanks to favorable water conditions in the 1st Half of 2009, and the rise in generation from geothermal and other resources (up 0.8 TWh).

DEVELOPMENTS IN DOMESTIC ELECTRICITY SALES PRICES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2009				2008			
Power Exchange - PUN IPEX (€/MWh) (1)	63,7				87,0			
Residential user with annual consumption of 2,700 kWh (eurocents/kWh): (2)								
Price including taxes	17.1	16.8	16.6	16.6	16.5	17.2	17.9	18.1

(1) Source: Energy Markets Operator; average annual price.
(2) Source: Authority for Electricity and Gas and Single Buyer (consumption represents average Italian household with contracts for 3 kW – resident).

In Italy, the average uniform national sales price of electricity on the Power Exchange in 2009 decreased by 26.8% compared with the previous year. The average annual price (including taxes) for residential users set by the Authority for Electricity and Gas (the Authority) fell by 4% in 2009, mainly owing to the decrease in the rate components covering provisioning and dispatching costs.

The gas market

DOMESTIC GAS DEMAND

Billions of m^3	2009	2008	2009-2008	
Residential and commercial	31.8	30.2	1.6	5.3%
Industrial	16.0	18.5	(2.5)	-13.5%
Thermal generation	28.2	33.9	(5.7)	-16.8%
Other (1)	2.1	2.3	(0.2)	-8.7%
Total	**78.1**	**84.9**	**(6.8)**	**-8.0%**

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

Domestic demand for natural gas in Italy came to 78.1 billion cubic meters, a decline of 8.0%. The reduction in consumption for thermal generation and industrial production is mainly attributable to the slowdown in the domestic economy as a result of the financial crisis.

PRICE DEVELOPMENTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	2009				2008			
Average user with annual consumption of less than 200,000 m^3 (eurocents/m^3):								
Price including tax	79.3	73.4	68.3	67.5	69.4	72.3	75.7	80.1

Source: Authority for Electricity and Gas.

In 2009, the average sales price of natural gas in Italy decreased by 3%, with the price including tax falling steadily over the course of the year, essentially reflecting developments in average provisioning costs.

Regulatory and rate issues

Climate and energy package

On June 25, 2009, the directives constituting the climate and energy package containing measures concerning European energy policy to counter climate change, went into effect. The package, known as the "20-20-20 Plan" aims to reduce emissions of greenhouse gases by 20% below 1990 levels by 2020 and to increase the share of renewables in energy use to 20% by 2020.
Specifically, Directive 2009/29 provides for the review of the emissions trading scheme with:

> the establishment of emissions caps at the EU level and the consequent elimination of national allocation plans;

> the introduction of auctions to allocate allowances. The Directive also provides for special treatment in the allocation of allowances by auction for sectors especially exposed to international competition and the gradual implementation of the mechanism for other industrial sectors. For thermal generation sector, auctions will begin in 2013 for 100% of allocations (with a possible exception for countries with issues concerning the extent of interconnection and dependence on single fossil fuels);

> restrictions on the use of credits from the clean development mechanism.

In implementation of the directive, European-level discussions are under way over the rules concerning the operation of the auctions to allocate emissions allowances and the criteria for financing demonstration projects in Carbon Capture and Storage (CCS) and renewables using CO_2 allowances. On December 24, 2009, the European Commission approved the list of sectors considered to be especially exposed to international competition (mainly manufacturing).

Directive 2009/28 set targets for the development of renewable resources for each member state, providing for:

> the delegation of the task of establishing sectoral targets to the member states;
> the introduction of cooperation mechanisms between the member states and trading mechanisms for guarantees of origin in the broadest sense;
> limited scope for virtual trading with non-EU countries.

Finally, Directive 2009/31 introduces measures for the development of CCS techniques with:

> feasibility studies (availability of appropriate sites, technical and financial feasibility of transport infrastructure, technical and financial feasibility of retrofitting CO_2 capture structures) and, if the findings are positive, anything required to prevent the creation of spaces for the installation of CCS infrastructure for all plants authorized after the entry into force of the directive with an installed capacity of up to 300 MW;
> the establishment of obligations and liabilities for the operators of geological storage sites;
> the creation of mechanisms to finance demonstration projects.

Proposed directive on industrial emissions

Over the course of 2009 work continued on approving the proposed directive on "industrial emissions (integrated pollution prevention and control)", published in December 2007 by the European Commission. The proposed directive seeks to recast the provisions of seven separate directives, including Directive 96/61/EC – the IPPC Directive (Integrative Pollution Prevention and Control) – concerning the limitation of emissions of a number of pollutants coming from large combustion plants and waste incineration plants. The goals of the proposed directive include:

> the establishment, beginning in 2016, of binding emission ceilings based on those that are associated with the best available technologies, as described in the best available technologies reference documents (BREFs), thereby significantly limiting the flexibility left to the member states to take account of the technology being used, the geographical location of the plants, and actual local environmental conditions;
> the extension of its scope of application to combustion plants with a thermal output of 20 MW or more, compared with the 50 MW threshold of the IPPC Directive.

On March 10, 2009 the full European Parliament voted on the amendments to the text proposed by the Commission, while on June 25 the European Union's Environment Council reached a political agreement on the proposed directive. The text approved by the Council (which amends the proposals of the Commission) was adopted as a common position on November 16, 2009 and will be transmitted to the European Parliament by the end of March 2010 for the second reading. The vote by the full Parliament is scheduled for July 2010.

Long-term electricity import contracts

Enel has a contract for the import of electricity with Atel (on the Swiss border, expiring on December 31, 2011). The power imported under the contract with Atel is sold to the Single Buyer at a set price and is used to supply the enhanced protection market.
For 2009, with a Decree of December 11, 2008, the Minister for Economic Development confirmed the capacity reserve on the Italian-Swiss border for the Atel contract and set a price of €78/MWh for the 1st Quarter of 2009, providing for the updating of the sales price with the introduction of a calculation method based on quarterly indexing of the Single National Price (SNP). The prices for sale to the Single Buyer calculated using this mechanism for the 2nd, 3rd and 4th Quarters of 2009 were set at €65.87/MWh, €48.45/MWh and €56.86/MWh respectively.
On December 18, 2009, the decree of the Minister for Economic Development governing the import procedures for the long-term contract for 2010 was published.
The price for the 1st Quarter of 2010 was set at €59.5/MWh and the procedures for updating the price and the capacity reserve necessary for the performance of the contract were confirmed. Unlike previous arrangements, the Single Buyer may elect to not draw the electricity under the long-term contract for all of 2010 if prices are not consistent with its forecast for average provisioning costs. While the option remains, at the end of the year the Single Buyer confirmed its intention to draw the electricity governed by the contract.

Green certificates

Article 27, paragraphs 18 and 19, of Law 99/2009 (the "Development Act") transfers the obligation of delivering a share of renewable energy to the national electricity system (Art. 11, paragraphs 1 and 2, of Legislative Decree 79/99) from the producers or importers of electricity from non-renewable resources to those who enter into one or more ancillary services contracts relating to withdrawal with Terna starting from 2011. Article 7, paragraph 2-*bis*, of Law 166 of November 20, 2009, subsequently deferred the transfer to 2012. The Minister for Economic Development will establish, within six months of the entry into force of Law 99/2009, the implementation procedures and set the increases in the mandatory shares based on the effects of the transfer consistent with national and Community-level renewable resource development commitments.

Sales

"Social rates" decree

Following the interministerial decree of December 28, 2007, defining the standards for applying the new social electricity rates for residential customers experiencing financial hardship and for those who use "life-saving" electronic medical equipment, the Authority for Electricity and Gas, with Resolution ARG/elt no. 117/08, defined the procedures for applying the new rates with the inclusion of an offsetting rate component in electricity bills. The offset granted (from €60 to €135 for 2008, from €58 to €130 for 2009 and from €56 to €124 for 2010 for customers with financial difficulties) is funded by the new A_s rate component.
As regards the supply of natural gas, as from January 1, 2009, Article 3 of the Anti-Crisis Decree provides for the introduction of an offset for expenditures of

households experiencing financial hardship. The support, which differs by climate zone and number of household members, is gauged so as to reduce expenditure (net of taxes) by about 15%.

With Resolution ARG/gas no. 88/09, the Authority for Electricity and Gas defined the subsidy procedures, calling for the inclusion of an offsetting rate component in electricity bills for residential customers who have entered into a direct natural gas supply contract, while for those who use centralized heating systems and do not have a direct supply contract, the bonus will be paid via a bank transfer made out to the beneficiary. The subsidy (which for households with up to four members ranges from €25 to €160 for 2009 and from €26 to €164 in 2010; and for households with more than four members ranges from €40 to €230 for 2009 and from €41 to €235 for 2010) is financed with the new "G_S rate" component.

Electricity

Liberalization of electricity sales

Following the auctions to award safeguard services for the 2009-2010 period, out of a total of twelve areas up for bid, Enel Energia, in addition to the areas in the Centre and the South already served in 2008 (with the exception of Tuscany, Umbria and Marche), was awarded the concessions for Piedmont, Valle d'Aosta, Liguria and Lombardy, served by another operator in 2008. The average premium bid by Enel Energia in the eight areas it was awarded was about €21.5/MWh.

For 2009, the Authority also introduced a number of changes safeguarding the transport contract between distributors and safeguard suppliers. Specifically, it introduced the principle of hedging distributors' receivables against possible breaches of transport contracts by the companies providing safeguard services (Resolution ARG/elt no. 143/08) and an obligation for winners of the safeguard service auctions to make payment of at least 90% of the financial guarantees in respect of transport contracts set by distributors (Resolution ARG/elt no. 146/08).

With Resolution ARG/elt no. 112/09, the Authority established the disclosure requirements for sellers to enhanced protection customers (and the related timetable) pertaining to the mandatory imposition of peak/off-peak pricing for domestic customers with meters reprogrammed by hourly band starting from April 1, 2010. In subsequent resolutions, the Authority postponed application of peak/off-peak prices until July 1, 2010 (ARG/elt no. 177/09) and suspended part of the disclosure requirements to improve the content of notices and to take account of additional issues raised by consumer associations.

With Resolution ARG/elt no. 188/09 the Authority initiated a procedure for the adoption of measures to restore uncollected receivables (otherwise not recoverable) accrued by operators who provided safeguard services during the transition period (until April 30, 2008). The Authority also published a consultation paper containing proposed mechanisms for restoring receivables accrued only during that period, i.e. net of any surplus margins achieved during the same period by individual operators.

With Resolution ARG/elt no. 191/09, the Authority adopted a series of measures to mitigate the credit risk of sales companies. More specifically, the Authority doubled the current security deposits to be paid by customers in the enhanced protection market and, in the case of customers returning to the enhanced protection system, allowed operators to refuse service until previous debts have been paid. In the same resolution, the Authority also established a system – to be implemented in 2010 – to indemnify out-going sellers in the event they are unable to collect payment of final invoices from customers that have switched.

Rates and rate updates

With Resolutions ARG/elt no. 190/08 and no. 191/08 the Authority set rates for the enhanced protection service for the 1st Quarter of 2009, reducing final rates for residential customers (consumption of 2,700 kWh and committed capacity of 3 kW) to about €171.5/MWh, about 5.1% less than the previous quarter. More specifically, the Authority lowered the PED component for sourcing and dispatching costs by about €15/MWh to €97.27/MWh. The Authority also introduced the PPE component covering imbalances in the equalization system for 2008, set at €5.25/MWh, while maintaining the UC1 component, which was reduced to €1.5/MWh, covering the residual equalization deficit for 2006 and 2007. In order to accelerate recovery of equalization receivables by the sales companies serving the enhanced protection market, Resolution no. 190/08 established that the PPE component shall be withheld directly from the latter as an advance on the final payments by the Electricity Equalization Fund.

With Resolutions ARG/elt no. 35/09 and no. 36/09, the Authority set the rates for the enhanced protection service for the 2nd Quarter of 2009, producing a final rate for the average residential customer of about €168/MWh, a reduction of 2% compared with the 1st Quarter of 2009. More specifically, the PED was reduced by about €3.8/MWh to €93.45/MWh.

The Authority also adjusted the $DISP_{BT}$ component from the previous quarter, raising rate revenues covering selling costs for enhanced safeguard suppliers. This step was taken in response to information acquired from operators showing that writedowns of receivables were greater than those reflected in rates in 2008. For 2008, the higher rate revenues are recognized through the compensation mechanism envisaged in Resolution ARG/elt no. 25/08 to correct any imbalances between revenues from the RCV component (coverage of sales costs) and actual costs. For 2009, the revenues are channeled directly through the RCV component, increased as from April 1, 2009, to take account of greater charges in respect of writedowns of receivables.

With Resolutions ARG/elt no. 78/09 and no. 80/09, the Authority set the enhanced protection service rates for the 3rd Quarter of 2009, reducing final rates for residential customers to €166/MWh, about 1% less than the previous quarter. More specifically, the Authority lowered the PED component by about €3/MWh to €90.5/MWh, while the A3 component intended to encourage generation using renewable and similar resources was increased by €1/MWh to about €8/MWh.

With Resolutions no. 132/09 and no. 133/09, the Authority set the enhanced protection service rates for the 4th Quarter of 2009, confirming a final rate for the average residential customer of about €166/MWh.

With Resolutions ARG/elt no. 205/09 and no. 211/09, the Authority set the rates for the enhanced protection service for the 1st Quarter of 2010. The final rate for standard residential customers was set at €162.6/MWh, a reduction of 2.2% from the previous quarter. More specifically, the PED was reduced by about €0.6/MWh to €89.83/MWh; the PPE component was reduced by €3.7/MWh to €1.5/MWh; and the UC1 component was raised by €1.5/MWh to €3.02/MWh. The Authority also raised the A3 component by €0.8/MWh to €8.9/MWh, and reduced the A4 component used to finance special rate mechanisms by €0.3/MWh to €0.73/MWh.

Rules for the sale of CIP 6 electricity by the Energy Services Operator

The decree of the Minister for Economic Development of November 25, 2008 established the procedures for assigning CIP 6 electricity to the market for 2009, setting a price for the 1st Quarter of €78/MWh and leaving unchanged the formula for updating the price during the year. The total quantity to be assigned declined to 4,300 MW, of which 20% to the Single Buyer for supplying customers in the enhanced protection market. The CIP 6 price for the 2nd, 3rd and 4th Quarters of 2009, as updated using the above formula, was set at €65.87/MWh, €48.45/MWh and €56.86/MWh respectively.
The decree of the Minister for Economic Development of November 27, 2009, governing the sale of CIP 6 energy for 2010, established a total assignable quantity of 4,100 MW, of which 17% designated for the Single Buyer to supply customers in the enhanced protection market, and set the price for the 1st Quarter at €57/MWh.
The electricity assigned will be reduced proportionately in the event of the early termination of the CIP 6/92 agreements by those generators participating voluntarily in the mechanisms envisaged in the implementation of Article 30, paragraph 20, of Law 99/09.

Inquiries and fact-finding investigations

With Resolution VIS no. 93/09, the Authority for Electricity and Gas initiated formal proceedings against Enel Energia and four other electricity sellers to determine whether a part of the binding obligations concerning the transparency of invoices for free-market customers has been violated. The investigation is expected to be concluded by the end of 2010.
With Resolution VIS no. 68/08, the Authority initiated a fact-finding investigation of a number of potential irregularities in the application of safeguard service regulations. This investigation is in response, in particular, to a number of reports by Exergia (which was awarded the contract for the northern areas for the period May-December 2008) to the Authority concerning alleged failures by Enel to fulfill its obligations concerning the transmission of customer information and the assignment of withdrawal points. With Resolution VIS no. 35/09, the Authority published the results of its investigation, which circumscribe the irregularities discovered and acknowledge Enel Distribuzione's impartiality towards those providing safeguard services . With Resolutions VIS no. 64/09 and no. 65/09, the Authority initiated two formal inquiries for the adoption of sanctions against Enel Servizio Elettrico, for violation of disclosure requirements for companies operating the safeguard service during the transition period, and Enel Distribuzione, for non-compliance with time limits for switching customers in the safeguard service market as well as a small number of disclosure omissions. The inquiries are scheduled to be completed in 2010.
On October 2, 2008, the Competition Authority began proceedings for abuse of dominant position (A/410) against Enel Distribuzione, Enel Servizio Elettrico and Enel SpA. The Authority is claiming that the two Group companies involved in safeguard services from July 2007 to April 2008 blocked the entrance of a competitor (Exergia) into this market. According to Exergia, the information provided by the Enel companies was incorrect, incomplete and, in a number of cases, provided late. In order to complete the proceedings as soon as possible , the parties submitted commitments consisting of a series of measures aimed at stimulating competition in the retail market and enhancing the efficiency of customer management for safeguard services.
On June 25, 2009, the Competition Authority authorized the publication of the

commitments, authorizing the market test, which was done in July 2009. On December 10, 2009, the Competition Authority closed the proceeding with no finding of infraction, making the commitments submitted by Enel Distribuzione, Enel Servizio Elettrico and Enel SpA binding.
On December 23, 2008, the Competition Authority opened proceedings (IP/49) for failure to comply with its ruling of September 4, 2008 (PS/91). The Authority claims that Enel Energia has continued the actions for which it was sanctioned in the PS/91 proceeding. Specifically, in November and December 2008 the Authority received complaints from consumers alleging the activation of connections that they had not requested, some of which by telephone solicitation. On May 14, 2009, the Competition Authority closed the proceeding, imposing a €50,000 fine on Enel Energia.
On January 22, 2009 the Competition Authority closed proceeding PS/491 without imposing any sanctions on Enel Energia, which had been charged with allegedly failing to read and check metering equipment and issuing of estimated invoices for electricity that did not correspond with actual consumption.
On March 26, 2009, the Lazio Regional Administrative Court partially granted the appeal lodged by Enel SpA and Enel Energia against the ruling of the Competition Authority at the conclusion of proceeding PS/91, considering that advertising is not in itself a commercial practice but rather is an integral part of the broader practice of selling Enel Energia products. The partial grant of the appeal resulted in the voidance of two fines (each of €100,000) levied by the Competition Authority.
On May 27, 2009, the Lazio Regional Administrative Court ordered the Competition Authority to revise proceeding PS/1554 of October 16, 2008, in order to redetermine the fines of €225,000 and €210,000 it levied on Enel Energia SpA and Enel Servizio Elettrico SpA, respectively, for unfair business practices. The disputed practice involved imposing default interest on late payments by customers who received their bills only after the payment due date had passed.

Gas

Integrated Code for the sale of gas (TIVG) – Resolution ARG/gas no. 64/09

Within the TIVG, the Authority introduced new arrangements for protecting end users in the natural gas market. As from October 1, 2010, the safeguards, which among other things guarantee the supply prices set by the Authority, will apply only to residential customers and condominiums with at least one residential user. The safeguards granted to other customers who had not yet switched to the free market was eliminated, as from October 1, 2009, for non-residential customers with consumption in excess of 200,000 cubic meters a year and will be removed by October 1, 2010 for other non-residential customers.
The resolution also modifies the criteria for calculating the components for remunerating the costs of procuring raw materials (CCI) and retail sales (QVD). Although the Authority modified a number of the factors contained in the formula for updating the CCI, its value following this amendment remained virtually unchanged. The Authority increased the QVD from €39.40 to €43 for each customer served. In addition, the Authority modified the structure of the component, changing it from a variable amount — based on cubic meters of gas consumed — to an almost fixed amount that is the same for every customer regardless of volume consumed. While the new approach better reflects sales

costs, which are virtually independent of volume consumed, it also increases the costs incurred by low-volume customers.
With Resolution ARG/gas no. 209/09, the Authority updated the rate component for transport services (QT) to take account of the new structure of gas transport rates.

Rates and rate updates

With Resolution ARG/gas no. 192/08, the Authority updated natural gas prices for the 1st Quarter of 2009, setting a price of 79.33 eurocents/m^3.
As provided for in Article 3, paragraph 8, of Decree Law 185/08, in order to ensure that rates decline in line with the decrease in the prices of petroleum products, the Authority eliminated the invariance thresholds to which updates in supply prices are linked.
Under the threshold rules, the raw materials component would not be updated if the variances were less than 2.5%. The elimination of the threshold starting January 1, 2009 caused the raw materials component to drop 1.9% in the 1st Quarter of 2009.
With Resolution ARG/gas no. 106/09, the Authority adopted a system of compensation for costs not otherwise recoverable incurred by sellers as a result of the elimination of the threshold. However, vertically-integrated sellers or wholesalers that make intra-group procurements are excluded from the system. Enel has appealed Resolution ARG/gas no. 106/09.
With Resolution ARG/gas no. 40/09, the Authority updated the supply prices for natural gas for the 2nd Quarter of 2009, setting a price of 73.41 eurocents/m^3, a reduction of 7.5% on the previous quarter. The increase in the component covering transport and storage costs partially offset the impact of the steep drop in the raw materials component.
With Resolution ARG/gas no. 82/09, the Authority updated the supply prices for natural gas for the 3rd Quarter of 2009, setting a price of 68.32 eurocents/m^3, a reduction of 7.7% on the previous quarter. In particular, the component covering raw material costs was reduced by about 24%.
With Resolution ARG/gas no. 136/09, the Authority updated the supply prices for natural gas for the 4th Quarter of 2009, setting a price of 67.48 eurocents/m^3, a reduction of 1.2% on the previous quarter. Specifically, the component covering the cost of the raw materials was reduced by around 6.6%.
Over the course of 2009, gas prices for residential consumers (consumption of 1,400 m^3 per year) fell by 15%. The raw material component fell by 30% thanks to the decline in the international prices of petroleum products between late 2008 and early 2009.
With Resolution ARG/gas no. 207/09 the Authority updated the supply prices for natural gas for the 1st Quarter of 2010, setting a price of 69.34 eurocents/m^3, an increase of 2.8% on the previous quarter. Specifically, the component covering the cost of the raw materials was increased by around 9.6% compared with the previous quarter.

Supplier of last resort

Law 99/2009 and the Ministry for Economic Development decree of September 3, 2009 transfer responsibility for selecting suppliers of last resort to the Single Buyer. With Resolution ARG/gas no. 119/09, the Authority established the procedure for selecting suppliers of last resort for natural gas. On September 17, 2009, the Single Buyer published the list, selecting Enel Energia as supplier of last resort for the 2009-2010 gas year for north-western Italy (Piedmont and

Liguria) and southern Italy (Lazio, Marche, Abruzzo, Basilicata, Puglia, Campania, Calabria and Sicily).

Inquiries and fact-finding investigations

On September 8, 2009, the Lazio Regional Administrative Court denied Enel Energia's appeal of Competition Authority measure PS/1874 of December 3, 2008. The Competition Authority alleged that the company failed to read and verify metering equipment and issued estimated invoices that were based on gas consumption that did not reflect actual consumption using imprecise estimation criteria.

Generation and Energy Management

Law 2/09 ("Anti-Crisis Act")

Law 2/2009 (the "Anti-Crisis Act") ratifying Decree Law 185/08 of November 29, 2008, introduces new provisions governing the wholesale electricity market and end-user rates. More specifically, Article 3 of the law establishes that the Authority for Electricity and Gas shall adopt measures to adjust electricity and gas prices to reflect the current decline in oil prices and gives the Authority the power to propose that the government adopt mechanisms to foster competition in areas where market irregularities are detected. In addition, Article 3 also sets out guidelines for the possible introduction of a new system for the formation of exchange prices based on the payment to generators of the price offered by each plant, rather than the price set by the marginal plant as envisaged under the current system.

Pursuant to Article 3, paragraph 8, of Law 2/2009, on February 27, 2009, the Authority submitted PAS no. 3/09 to the government, with which it proposes the provision of virtual capacity (Virtual Power Plant) by a number of operators to promote competition in Sicily and Sardinia. More specifically, as regards Enel Produzione, the PAS suggests the sale of 1,840 MW in Sicily and 450 MW in Sardinia.

Consistent with the path of reform set out in Article 3 of the measure, on April 29, 2009 the Ministry for Economic Development issued a decree containing instructions and deadlines for crafting the new market rules. Specifically, the decree required the Energy Markets Operator to establish the Intraday Electricity Market by October 31, 2009, to replace the Adjustment Market and that measures be adopted to promote the development of the Forward Energy Market. The decree also requires the reform of the Ancillary Services Market to be completed by January 1, 2010 and postpones the adoption of the new system for setting prices in the Day-Ahead Market until April 1, 2012, with annual assessments on the status of the market adjustment process to be performed by the Ministry for Economic Development starting in 2010.

In accordance with Article 3, paragraph 10-ter, of Law 2/2009, on September 30, 2009, the Authority sent PAS no. 18/09 to the Ministry for Economic Development containing numerous proposals for improving the energy market, including: the issue of a decree for perfect plant efficiency; the adoption of the Virtual Power Plant for Sicily; and the introduction of measures aimed at promoting the construction of small hydroelectric pumping plants, particularly in the South.

With reference to the natural gas market, the Authority proposed the following short-term measures: establishing new gas release procedures; adopting new balancing services; and reducing the number of tenders for new gas distribution concessions.

In the long-term, the Authority has offered a series of more structural measures that seek to extend the import antitrust ceilings for an indefinite period by gradually reducing them to 50% of annual domestic gas consumption.
With Resolutions ARG/elt nos. 138/09 and 142/09, the Authority amended Resolution no. 111/06 for the introduction of a mechanism to mutualize residual risk borne by the Energy Markets Operator, in order to develop the Forward Energy Market with physical delivery (MTE). The mechanism establishes that, in the case of costs connected with receivables that are unrecoverable due to the insolvency of the MTE operators, the Energy Markets Operator must immediately notify the Authority. The Authority will then take steps to introduce a special fee to recover the cost.

Law 102/09

Law 102/09 (the "Anti-Crisi Act") ratifying Decree Law 78/09 of July 1, 2009 introduced new measures for the gas market.
Specifically, Article 3 of the law requires those who, in the 2007-2008 gas year, delivered a share greater than 40% of the total natural gas intended for the domestic market on the domestic transport network, to offer, at a price set by the Ministry for Economic Development acting on a recommendation of the Authority, 5 billion cubic meters of gas for the 2009-2010 gas year. This price will be set with reference to the average prices in major European markets and to the structure of provisioning costs of gas incurred by the seller.
In addition, Article 3 requires the Authority to introduce degressive elements in gas transport rates as from the start of the next regulatory period and the use of storage services even for industrial end users and thermoelectric plants.
Pursuant to Article 3, paragraphs 1 and 2, the Minister for Economic Development initiated the "gas release" procedure (Min. Decree of August 7, 2009). With Resolution ARG/gas no. 114/09, the Authority set out the terms and conditions for the auction by Eni of 5 billion cubic meters of gas for the 2009-2010 gas year, divided into annual and semi-annual lots The procedure, in which Enel did not take part, was concluded on September 9, 2009 with the sale of about 1.1 billion cubic meters of gas. The winning prices were €0.209/m^3 for the annual lots and €0.202/m^3 for the semi-annual lots, in line with the raw material component for the same period and about 10% higher than the main European reference prices.
Pursuant to Article 3, paragraph 3, letters b) and c), the Authority issued Resolution ARG/gas no. 165/09 requiring storage companies to offer balancing services to transport users as from the 2009-2010 gas year.

"Development Act" 99/09

Article 30, paragraph 9, of Law 99/2009 (the "Development Act") requires the Authority to adopt – based on the guidelines of the Minister for Economic Development – temporary measures aimed at expanding the supply of electricity in Sardinia. Specifically, the Authority has 30 days from the date of entry into force of the law to establish a market mechanism for buying and selling virtual generation capacity in order to integrate Sardinian electricity network infrastructures into the national grid. With Resolution ARG/elt no. 115/09, the Authority introduced measures for the assignment of a total of 225 MW for Enel and 150 MW for E.ON of virtual capacity for the 2010-2014 period, through contracts for differences (one-way/two-way contracts at the discretion of the producer) based on the Single National Price (SNP). The entire capacity was assigned through the auction for assigning Virtual Power Plants (VPP) held

on October 15, 2009, which had a minimum allotment price set by Enel.
Article 30, paragraph 6, gives the Government one year to review the antitrust ceilings on the import and sale of natural gas in the end-user market and currently set to expire in 2010.
Article 30, paragraph 15, charges the Minister for Economic Development with establishing, on the basis of a recommendation of the Authority, the cost of fuel avoided (CFA) on a quarterly basis starting from 2009. On September 24, 2009, the Authority submitted PAS no. 16/09 to the Minister for Economic Development containing its proposed CFA advance amounts for the 4th Quarter of 2009.
On September 30, 2009, the Minister issued the decree establishing the amounts.
Article 30, paragraph 20, requires the Authority to propose mechanisms for the early termination of CIP 6 agreements to the Ministry for Economic Development within 90 days of the entry into force of the law. Acting on the basis of the proposals submitted by the Authority with PAS no. 22/09, on December 2, 2009, the Minister for Economic Development issued a decree providing for:

> the possibility to terminate CIP 6 agreements on a voluntary basis only for specific categories of plant using fuels designated as "comparable" to renewables;

> the payment of an indemnity, in exchange for termination of the CIP 6 agreement, that is smaller than the amount paid under the agreement itself, calculated on the basis of the type of plant and the duration of the agreement, to be defined in a subsequent ministerial decree.

"Ancillary Services Market" (ASM)

At the end of 2008, the Authority for Electricity and Gas introduced a number of changes to the rules governing ancillary services for 2009.
With Resolution ARG/elt no. 203/08, the Authority eliminated the possibility for Terna to submit supplementary bids, reduced the imbalancing deductible for consumption units and provided for their participation in the adjustment market.
With Resolution ARG/elt no. 206/08 the Authority established an incentive system for Terna with regard to provisioning on the ASM with a view to limiting costs for end users. The system is based on provisioning volumes, with a minimum efficiency objective for 2009 equal to the volume of electricity sourced in 2008. A reduction of 2009 volumes of up to 5% with respect to the minimum efficiency objective will trigger a bonus of up to €20 million. Greater reductions, up to 13%, will be rewarded with up to €20 million in additional bonuses.
Conversely, the system provides for penalties if the volume target level is exceeded.
The penalty is equal zero for overshoots of up to 5%, while overshoots of between 5% and 15% are subject to a maximum penalty of €5 million.
With Resolution ARG/elt no. 52/09, pursuant to Article 3, paragraph 11, of Law 2/09, the Authority revised the rules governing essential plants that will be applied as from January 1, 2010, establishing that:

> Terna must identify plants essential to the security of the electrical system and their groups to be subject to the new rules governing binding bids on the Day-Ahead Market/Adjustment Market and ASM;

> owners of these plants may be exempt from administrative requirements by entering into forward contracts with Terna.

With Resolution ARG/elt no. 162/09, the Authority defined the parameters of the two types of forward contracts referred to in Article 65 bis of ARG/elt no. 52/09, which represent the "alternative procedures" to the essential unit mechanism. Enel Produzione challenged Resolution ARG/elt no. 52/09 and on November 13, 2009, elected to adopt the "alternative procedures" in place of

the essential unit mechanism, specifying that such election did not represent acquiescence with the new rules governing essential plants.
With Resolution ARG/elt no. 181/09, the Authority approved the amendments to the Network Code introduced by Terna in implementation of the provisions of the decree of the Minister for Economic Development of April 29, 2009 for the reform of the Ancillary Services Market, and of Resolution ARG/elt no. 52/09, as regards the sections concerning the procedure for selecting essential plants or groups of plants.
On June 23, 2009, the Council of State held a hearing on the Authority's appeal of the Regional Administrative Court decision voiding Resolution ARG/elt no. 97/08. The resolution placed all plants in Sicily and Sardinia under the essential unit system and was only in force for the period from August 13 to October 23, the day on which the Regional Administrative Court's full ruling was published, voiding the resolution. On November 24, 2009, the Council of State filed its ruling denying the Authority's appeal and ordered an evaluation procedure to quantify the losses claimed by Enel Produzione. In a ruling of March 3, 2010, the Council of State ordered Terna to indemnify the losses in accordance with the procedures to be specified in the full ruling, which will be published shortly.

Gas emergency measures

The climate emergency procedure, approved with the decree of the Minister for Economic Development of November 23, 2007, sets out measures to meet shortfalls in natural gas supplies in the event of unfavorable weather conditions and other emergencies.
To ensure the security of the gas system, on September 11, 2007, the Minister also issued a decree that introduced procedures for containing gas consumption in the event of emergencies.
The decree of the Minister for Economic Development of December 17, 2009, revises certain conditions for participation in the mandatory gas consumption reduction system for the 2009-2010 gas year, confirming that electricity generators would continue to participate through payment of a levy to finance incentives for other participants in the system.
Resolution ARG/Gas no. 200/09 maintains the value of the payment at the level set for the 2008-2009 gas year.

Green certificate charges for the regulated market in 2001-2004

With Resolution ARG/elt no. 26/09, the Authority recognized the costs incurred by Enel Produzione in respect of the requirement under Article 11 of Legislative Decree 79/99 for the first three months of 2004, calculated with regard to electricity generated from non-renewable resources and delivered to the regulated market in the first three months of 2003, in the amount of more than €20 million. The Council of State hearing of the appeal lodged by the Authority concerning payment to Enel Produzione of the green certificate charges for electricity to supply the regulated market for 2003 is pending.
As regards the Authority's appeal to the Council of State against the ruling of the Regional Administrative Court concerning payment of the charges in respect of green certificates incurred by Enel for pumping stations, on November 4, 2009, the Council of State dismissed the case for want of prosecution. With an order of February 5, the Council of State denied the Authority's appeal of the dismissal. The Lombardy Regional Administrative Court's ruling in favor of Enel Produzione is therefore definitive; Enel Produzione is preparing the claim for reimbursement.

Inquiries and fact-finding investigations

With Resolution VIS no. 3/09, the Authority initiated a formal inquiry to assess price formation developments in the final months of 2008 in the electricity market, with specific reference to Sicily. With Resolution VIS no. 82/09 on August 5, 2009, the Authority announced the closing of the investigation and sent its technical report on the results to the Competition Authority for assessment.

Electricity imports for 2010

The decree of December 18, 2009 of the Minister for Economic Development governs electricity import and export procedures for 2010. International interconnection capacity will be allocated using competitive procedures on a joint basis by the various grid operators involved. The decree also governs the capacity reserve for the interconnection with Switzerland in compliance with international agreements, enabling execution of the long-term contract. Terna's portion of the revenues generated by the competitive procedures will be used to safeguard costs for final customers by reducing dispatching fees.

Emissions trading

In 2009, emissions by Enel Produzione came to 37.2 million metric tons, while allowances assigned at no charge under the national allocation plan in the amount of about 38 million metric tons.

Gas transport and metering rates – new regulatory period

With Resolution ARG/gas no. 184/09, the Authority set transport and metering rates for 2010-2013. The incentive mechanism for new investment applied in the previous regulatory period was retained. The capacity-commodity split, which determines the costs of operators as the volume of gas transported varies, was changed from an average ratio (fixed costs/variable costs) of 70%-30% for all transport companies to a ratio based on the cost structure actually determined for each company.

The Authority retained the rate model from the previous regulatory period, which provides for the application of rates that differ by the network entry and exit points employed by users. In addition, it reduced the number of areas in order to match them with the areas established for gas distribution rates.

In the same resolution, the Authority also set out the general framework of responsibilities and obligations in the transport metering process, giving the largest transport company a supervisory and coordination role for metering (installation and maintenance) at all points on the network. As from 2011, the costs of metering services will be split off from storage, regasification and distribution rates.

With Resolution ARG/gas no. 192/09, the Authority established the new procedures for allocating all gas lots not subject to metering on transport networks, including unaccounted-for gas (UFG) to users. The amount of UFG at the national level will be determined by the Authority on an annual basis. For 2010 the amount is set at about 250 million cubic meters. With Resolution ARG/gas no. 198/09, the Authority approved the reference rates for 2010.

Gas exchange and the daily balancing market

Law 99/09 of July 23, 2009, charges the Energy Markets Operator (EMO) with the financial management of the natural gas market (gas exchange) by February 2010, in accordance with rules prepared by the EMO and approved by the Ministry for Economic Development.

Allocation criteria

With Resolution ARG/gas no. 62/09 the Authority initiated a review of the criteria used to allocate gas among users of the transport system redelivery points. Pending the findings of the review, the current procedure has been extended until September 30, 2010. It provides for distribution companies to notify transport companies of withdrawals metered and estimated on a monthly basis only.

Obligation to offer imported gas at the Virtual Trading Point (VTP)

The decree of the Minister for Economic Development of March 19, 2008 established the sales procedures for importers on the regulated market for gas produced outside of the European Union. With Resolution ARG/gas no. 108/09, the Authority established the bid procedures on the Virtual Trading Point (VTP) for gas subject to supply obligations for the months in the period from October 2009 to March 2010 and for annual lots. Enel's share offered at the VTP for the 2009-2010 gas year is about 50 million cubic meters. The auction procedure for winter lots was completed on September 24, 2009, with none of the lots being allocated as the bids were lower than the minimum price set by Enel Trade.

Infrastructure and Networks

Administrative and accounting unbundling

With Resolution no. 11/07, the Authority for Electricity and Gas approved the integrated code of measures regarding administrative and accounting unbundling for companies operating in the electricity and gas industry. The measure amends the previous rules governing administrative and accounting unbundling, establishing rules for functional separation in order to ensure, among other things, the independence of the management that operates essential infrastructures.

With Resolution ARG/com no. 132/08, the Authority published the guidelines for the definition of compliance plans, which must be prepared by the independent directors of companies required to adopt functional separation as provided for under Resolution no. 11/07. The resolution established the deadlines for compliance with the unbundling provisions, including verification of the requirements of director independence, preparation of the organization and management structure, and definition of governance arrangements.

In compliance with the unbundling requirements, on April 16, 2009, the functional separation of Enel Distribuzione got under way. Specifically, the new members of the board of directors of Enel Distribuzione were selected, compliance with the independence requirements for certain directors was verified and the governance rules and organizational and management structure were established.

Following a series of rulings by the Council of State, the Authority recently published a consultation paper that proposes the voidance of Resolution no. 132/08, the extension of the independence requirements set out in Resolution no. 11/07 to top management and the establishment of a new deadline for the compliance plan.

Energy efficiency

With Resolution EEN no. 21/09, the Authority updated the rate contribution for EECs for 2010, currently equal to €88.92/toe, setting a new contribution of €92.22/toe on the basis of a mechanism inversely linked to developments in the average annual level of residential rates for electricity and gas and the price of

diesel fuel for vehicles. The update will reduce or increase the contribution if there was an average increase or decrease in the previous year, respectively.
With Resolution EEN no. 24/09, the Authority verified achievement of the 2008 target by distributors and established the rate contribution to be disbursed by the Electricity Equalization Fund. Specifically, Enel Distribuzione will receive €93 million after achieving 90% of the target (1.04 million toe), while Enel Rete Gas will receive €12.6 million after achieving 100% of its target (0.126 million toe).
Resolution EEN no. 25/09 of December 21, 2009 set specific energy efficiency targets of distributors for 2010. Enel Distribuzione was given an energy savings target of 2 million toe (about 50% of the national total), an increase of 30% on 2009, in line with the overall rise in national targets.
The Authority rejected two requests from Enel.si concerning certification of energy savings achieved through energy efficiency initiatives involving the free distribution of compact fluorescent light bulbs to residential customers in 2007 and the 1st Half of 2008. Enel.si appealed the decision to the Regional Administrative Court.

Electricity

Distribution rates

With Resolution ARG/elt no. 188/08 of December 19, 2008, the Authority updated transmission, distribution and metering rates for 2009. The average unit distribution and metering rate was raised by 2.6% compared with 2008. The change was made using new criteria established with the start of the 2008-2011 regulatory period, which call for an X-factor of 1.9%, applied only to the rate component covering operating costs and the depreciation and return-on-capital components updated using the deflator for gross fixed investment and new investment. In the previous regulatory period, the X-factor, equal to 3.5%, had been applied to the operating costs and depreciation components, while the update to take account of new investment was applied only the return-on-capital component.
With Resolution ARG/elt no. 31/09 of March 18, 2009, the Authority defined the procedures for transferring revenues in respect of the high-voltage power lines sold to Terna as from April 1, 2009, from distribution rates to transmission rates. Specifically, the measure provides for the transfer of revenues covering direct costs, leaving with Enel Distribuzione the revenues from extra efficiency gains achieved in the past and retained through the profit sharing mechanism. The Authority quantified the revenues for covering costs directly pertaining to the lines at €129 million on a preliminarily and pro-forma basis for 2008.
With Resolution ARG/elt no. 203/09 of December 29, 2009, the Authority updated distribution and metering rates for 2010. The average unit rate was raised by 3.1% compared with 2009.
With the same resolution, the Authority introduced a mechanism to guarantee a pre-set level of connection contributions to counter the effects of the economic crisis. The mechanism – which companies may join voluntarily until March 31, 2010 – sets the value of contribution revenues for 2010 and 2011 at their 2006 level, used to set rates for the third regulatory period, updated as appropriate with the price-cap.

Service continuity

With Resolution ARG/elt no. 76/09, the Authority modified the rules governing the statistical method used to separate interruptions due to “force majeur” from the calculation of service continuity indicators. Under the new mechanism, all interruptions that occur during "periods of turbulence" are not used in calculating such indicators. The resulting improvement in the service quality indicators should benefit Enel Distribuzione by around €95 million for the 2008-2009 period. The resolution also deferred the deadline for the Authority to determine and publish the service continuity gains in 2008, and the related bonuses or penalties, from November 30, 2009 to March 31, 2010. With a subsequent measure (Resolution ARG/elt no. 151/09) the Authority, in order to ensure consistency between the new procedure for distinguishing interruptions outside the control of the grid operator and the procedure for calculating the trend service continuity level for 2008-2011, redetermined the latter, which had previously been set in Resolution ARG/elt no. 168/08.

Inquiries and fact-finding investigations

With Resolution no. 237/06 the Authority initiated a formal inquiry (later extended with Resolution no. 314/07) into Enel Distribuzione for failing to meet the obligation of making at least one attempt per year to read the meters of customers with committed capacities of up to 30 kW, as required by Resolution no. 200/99. With Resolution VIS no. 22/09, following the completion of the inquiry during which Enel demonstrated the fulfillment of all commitments undertaken with end users with a view to eliminating or reducing sanctions for the alleged violations, the Authority levied a fine of €2 million on Enel Distribuzione.

With Resolution VIS no. 12/08 the Authority initiated a formal inquiry into Enel Distribuzione concerning delays in connecting generation plants to networks that had been discovered during the inquiry closed with Resolution VIS no. 8/08. Originally scheduled to be completed in October 2008, the inquiry was extended to permit the distributors involved to illustrate the commitments made and the initiatives taken. With Resolution VIS n. 140/09 the Authority, following a positive assessment of the initiatives undertaken by Enel Distribuzione and the organizational effort made to improve its management of plant connection, levied a fine of about €1 million.

With Resolution VIS no. 171/09, the Authority initiated a formal inquiry into Terna and nine distribution companies, including Enel Distribuzione, for alleged violations of the regulations governing the provision of electricity transmission, dispatching and metering services and determine any related fines. The measure follows up on the fact-finding investigation into irregularities in the determination of electricity drawn from the National Transmission Network that was incorrectly attributed to dispatching customers. The investigation had been opened with Resolution no. 177/07 and closed with Resolution VIS no. 168/09.

Gas

Distribution rates

With Resolution ARG/gas no. 159/08, the Authority defined the methodology for determining gas rates for the new 2009-2012 regulatory period. The rate component covering operating costs is determined on the basis of unit values in relation to the size of the customer and the density of its customer base, while the component covering capital costs is determined on the basis of the balance sheet of the individual companies. In order to determine the regulatory asset base (RAB), the revalued historic cost criterion was extended to all rate areas, replacing the parametric approach used in the previous regulatory period. In the absence of detailed cost data for acquisitions before 2004, the asset values are

those recognized in the balance sheet.
With Resolution ARG/gas no. 79/09, the Authority published the new mandatory distribution rates in force from July 1, 2009, spread over six rate areas, rather than the more than 2,000 areas used previously.
Following the completion of the fact-finding investigation carried out last June by the Authority to verify the information submitted by distributors, the Authority, with Resolution ARG/gas no. 197/09, published the reference rates for 2009 and, with Resolution ARG/gas no. 206/09, updated the reference rates for 2010.

Renewable Energy

Support for electricity generation from renewables

On February 5, 2009, the Energy Services Operator (ESO) notified operators of the reference price for green certificates for 2009: €88.66/MWh, equal to the difference between the initial reference price (set at €180/MWh in the 2008 Finance Act) and the annual average sales price for electricity in 2008, defined by the Authority in Resolution ARG/elt no. 10/09.
In addition, the ESO also announced the guaranteed withdrawal price (up to June 2009) for green certificates issued for generation in 2006, 2007 and 2008 (with the exception of those regarding co-generation plants connected with distance heating) at €98/MWh. This corresponds to the weighted average price in green certificate trading on the market run by the Energy Markets Operator in 2006-2008.

Hydroelectric and geothermal rent

With Resolution ARG/elt no. 63/09, the Authority set the level of the fixed costs for seven geothermal plants owned by Enel Green Power and ordered the Electricity Equalization Fund to determine the portion of the hydroelectric and geothermal rent for the year 2001 to be repaid to the company since actual fixed costs exceeded the average estimated costs by €3.4 million.

International

Electricity markets

DEVELOPMENTS IN ELECTRICITY DEMAND

TWh

	2009	2008	2009-2008
Spain	251	263	-4.6%
Portugal	50	51	-2.0%
France	486	494	-1.6%
Greece	52	56	-7.1%
Bulgaria	33	34	-2.9%
Romania	50	55	-9.1%
Slovakia	25	28	-10.7%
Russia (1)	708	747	-5.2%
Argentina	109	110	-0.9%
Brazil	445	453	-1.8%
Chile (2)	41	41	-
Colombia	55	54	1.9%
Mexico (3)	198	208	-4.8%
Peru	30	29	3.4%
USA (3)	3,570	3,765	-5.2%

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

DEVELOPMENTS IN PRICES IN THE MAIN MARKETS

€c/kWh

	2009	2008	2009-2008
End-user market (residential): (1)			
France	9.59	9.31	3.0%
Portugal	12.64	10.66	18.6%
Romania	8.14	9.20	-11.5%
Spain	12.94	12.77	1.3%
Slovakia	12.94	12.83	0.9%
End-user market (industrial): (2)			
France	6.47	5.61	15.3%
Portugal	9.19	7.81	17.7%
Romania	8.11	9.50	-14.6%
Spain	10.98	10.16	8.1%
Slovakia	14.16	12.83	10.4%

(1) Half-yearly price before tax - annual consumption of between 2,500 and 5,000 kWh.
(2) Half-yearly price before tax -annual consumption of between 500 and 2,000 MWh.
Source: Eurostat.

Regulatory and rate issues

Spain

Resolutions of the Ministry of Industry of April 19 and May 29, 2007

With regard to the Resolution of the Ministry of Industry of April 19, 2007, as amended, concerning virtual power plant auctions to be held, first on a quarterly basis and then on a half-yearly basis, on March 24, 2009, the seventh auction was held for a total virtual capacity of 2,230 MWs (six-month equivalent MW) divided into 1,700 MWs of base load power (with a strike price of €22/MWh) and 530 MWs of peak load power (with a strike price of €29/MWh) with delivery as from April 2009. Endesa participated in the auctions with a 50% share of the total power to be awarded. A total of 1,260 MWs were awarded.
With regard to the Ministry of Industry resolution of May 29, 2007, concerning CESUR auctions (*Compra de Electricidad para el Suministro de Ultimo Recurso*), in 2009 three auctions were held (the eighth to tenth) for a total of 24,730 MW for quarterly supplies (21,800 base load and 2,930 peak load). The mandatory share that Endesa must purchase varied from 38% to 41% for base load power and from 16% to 46% for peak load power. The last auction was held on December 15, 2009. Twenty-five operators were awarded quarterly supplies as from the 1st Quarter of 2010 for a total of 4,800 MW at a price of €39.43/MWh for base load power and 540 MW at €43.70/MWh for peak load power; twenty-seven operators were awarded quarterly supplies as from the 2nd Quarter of 2010 for a total of 4,800 MW at a price of €40.49/MWh for base load power and 600 MW at €44.52/MWh for peak load power. As to the purchase obligations of suppliers of last resort (*Comercializadores de Ultimo Recurso* - CUR) for the ninth auction, Endesa Energia XXI must purchase, 40%, 31%, 41% and 16%, respectively, of the energy auctioned for each product.

Ministerial Order 3789/08

On December 29, 2008, the Ministry of Industry published Ministerial Order 3789/08 concerning mandatory forward trading for distributors in the 1st Half of 2009. As from January 1, 2009, a number of distributors, including Endesa, participated in weekly auctions for the purchase of electricity on the forward market (OMIP).

Ministerial Order 3801/08

On December 31, 2008, the Government published Ministerial Order 3801/08 setting electricity rates for 2009 and amending a number of important aspects of the Spanish electricity market. In January 2009, the average increase in final rates was 3.4% for low-voltage customers and 3.8% for high-voltage customers; access rates rose by an average of 38.9%.
The Ministerial Order also made a number of changes, including:

> a change in the structure of the social rate, with the elimination of its progressive nature. The free 12.5 kWh/month of power has been eliminated, as has the surcharge on consumption over 500 kWh/month;
> the abolition of the G4 high-voltage rate for major users, with a transition period in which the price paid at the end of 2008 will be raised by 5% a month beginning in January 2009 until the entry into force of the TUR (*Tarifa de Ultimo Recurso*), scheduled for July 1, 2009;
> the updating of rates, bonuses and upper and lower limits for plants powered by renewables pursuant to Royal Decree 661/2007.

Ministerial Order 1723/09

On June 29, 2009, Ministerial Order 1723/09 was published, setting the access rates to be applied starting July 1, 2009. The average increase came to 15.2% for low-voltage rates and 28.3% for medium/high-voltage rates.

CNE Board meeting of March 17, 2009

During the ordinary session of the CNE Board meeting, the Authority amended the Resolution of July 3, 2008 concerning the list of main and dominant operators in the Spanish electricity market, granting the appeal lodged by Acciona and Enel. Following the amendment, Enel (as a foreign operator in Spain) is no longer a main and dominant operator in the free market and, unlike Endesa, is not subject to the three conditions regarding the:

> possible requirement to participate in virtual power plant auctions;
> prohibition on the purchase of electricity outside the Iberian market (Mibel);
> limits on operation of plants under the special regime.

Ruling of the *Tribunal Supremo* of January 28, 2009

The third section for administrative litigation of the *Tribunal Supremo* voided the seventh temporary provision of Royal Decree 1634/2006 that provided for the suspension of capacity payments for nuclear power plants. The decision essentially grants the appeal lodged by Endesa in February 2007.

Royal Decree 485/2009

With Royal Decree 485/2009 of April 3, 2009, the government reformed the Spanish electricity system, with the definitive abolition of the integral rate. As from July 1, 2009, on at least a half-yearly basis the Ministry will set the TUR for low-voltage customers with a contractual power supply of up to 10 kW (about 60% of low-voltage consumption in 2008) served by a supplier of last resort.
The Royal Decree also designates five companies, including Endesa, with sufficient resources to act as the supplier of last resort (the other four are Iberdrola, Unión Fenosa, Hidrocantabrico and E.ON).
In order to ensure the security and continuity of supply, the suppliers of last resort will also serve customers not eligible for the TUR who are temporarily without a valid supply contract. The price will be set by the Ministry for Industry and will evolve over time in order to give the customer an incentive to find a supplier.

Ministerial Order 1659/09

Ministerial Order 1659/09 was published on June 23, 2009 and establishes the mechanism for switching rate-based customers to the supplier of last resort regime and defines the process for calculating and the structure of the TUR. Starting July 1, 2009, rate-based service will no longer be provided by distributors, but by the CURs (*Comercializadores de Ultimo Recurso*) envisaged under Royal Decree 485/2009.
The TUR includes electricity generation, access and selling costs. The estimated electricity generation cost is calculated quarterly, based on the forward prices of the CESUR and OMIP auctions. The formula takes into account a risk premium, capacity payments and grid losses.
Based on the above calculation method, the Ministry, with its Resolution of June 29, 2009, set the TUR for the 2nd Half of 2009 at a rate 2% higher than the comparable integral rate in effect through June 2009. The TUR – without hourly discrimination – is equal to about €135/MWh.

Resolutions of the *Comisión Nacional de la Competencia* (CNC) of April 6, 2009

The Spanish antitrust authority, the *Comisión Nacional de la Competencia* (CNC), issued four resolutions fining Endesa, Iberdrola, Unión Fenosa and Viesgo for abuse of a dominant position in the electricity distribution market to hinder the acquisition activities on the free market of the British company Centrica by withholding key information on their customers.
In determining the size of the fine, the CNC also took into consideration the fact that the Endesa, Iberdrola and Unión Fenosa distribution companies also engaged in discriminatory conduct, denying Centrica access to information that was transmitted to their vertically integrated sales companies. Out of the total penalty of €35.8 million, Endesa was fined €15.3 million. Endesa has announced that it will appeal the decision.

Comisión Nacional de la Competencia proceeding S/159/09 of June 24, 2009, "CUR Migration"

On June 24, 2009, the Investigative Unit of the Spanish antitrust authority, CNC, opened a proceeding against the distribution companies of Endesa, Iberdrola, Hidrocantabrico, Unión Fenosa and E.ON for allegedly engaging in anti-competitive practices in supplying electricity to end users. These practices allegedly involved distributors temporarily suspending computerized access to the information required for end users to switch sales company.
On July 1, 2009, the CNC approved the adoption of precautionary measures intended to restore computerized access to information and to guarantee that customer migration will be routinely carried out for independent sales companies providers. The CNC has up to 18 months to initiate the process for adopting a resolution.

Comisión Nacional de la Competencia proceeding S/0104/08, "Electricas"

On October 1, 2009, the CNC initiated a proceeding against Iberdrola, Endesa, Gas Natural, Hidrocantabrico, E.ON, Electrabel, Aceca, Elcogas and Nueva Generadora del Sur for allegedly engaging in anti-competitive practices in the daily market (essentially equivalent to Italy's day-ahead market) and in the technical restrictions market (where the Spanish electricity market operator OMEL resolves congestion problems caused by incompatibility between supply and network needs). The generation companies allegedly deliberately shifted part of their offer from the daily market to the technical restrictions market. These practices could constitute an individual or collective abuse of dominant position or illegal coordination between the operators. The CNC has up to 18 months from the initiation of the proceeding to adopt a resolution.

Ministerial Orders 1721/09 and 1722/09

On June 29, 2009, Ministerial Orders 1721/09 and 1722/09 were published. They regulate the deduction of CO_2 emission rights granted without charge for 2007, 2008 and the 1st Half of 2009. The deduction applies to all power plants covered by the country's ordinary regime for the peninsular system, whether or not they receive free emission rights. The amount of the reduction was calculated based on the market prices per metric ton of CO_2, the number of rights granted, the amount of electricity generated and the plants' emission factors.

Royal Decree Law 6/2009

On May 7, 2009, Royal Decree Law 6/2009 was published, containing a variety of measures concerning the electrical sector, including:

> the definition of a solution to the system deficit issue, with the creation of a securitized fund guaranteed by the State to which receivables in respect of the coverage of the deficit recognized and not transferred to third parties prior to December 31, 2008, and those that will be produced subsequently until December 31, 2012 can be transferred; the measure identifies the receivables that can be assigned to the fund without specifying the nature of the circumstances giving rise to such receivables. This means that the securitization mechanism is applicable both to receivables in respect of financing of the peninsular deficit and those for the insular and extra-peninsular deficit. The rules envisage a ceiling of €10 billion for receivables assigned before December 31, 2008, which is in line with the overall amount of such rights for both types of deficit as of that date. The measure also establishes that future access rate adjustments will be calibrated to ensure, as from 2013, sufficient system revenues to cover all costs of regulated activities, ending the creation of ex ante deficits;

> the introduction of a social measure – the "*bono social*" – which provides for a discount for certain customer categories, the financing of which will be borne entirely by generation companies (Endesa will contribute with a share of 36.77%);

> the elimination of the CO_2 deduction (under Decree Law 11/2007) as from July 1, 2009;

> the allocation to nuclear power operators of charges in respect of the second part of the nuclear fuel cycle (handling of radioactive waste and spent fuel);

> the gradual transfer of excess costs for extra-peninsular generation to the State budget (between 2009 and 2012).

Royal Decree 1301/09 and Resolutions of the Interministerial Commission of September 8, 2009

On September 8, 2009, the Interministerial Commission on the rate deficit (introduced by Royal Decree 1301/09) approved two technical documents on the procedures for selecting the company to manage the securitization fund guaranteed by the State to which rights to deficit coverage receivables may be transferred. The documents set out the requirements for participating in the selection of the fund management company as well as the criteria to be used by the Interministerial Commission – assisted by a group of experts from the National Energy Commission (CNE), the Spanish Stock Exchange Regulatory Authority (CNMV) and the State Financial Agency (ICO) – in examining bids received. The Commission also formed a special committee to monitor the activities of the fund management company.
On October 14, 2009, the Deficit Commission, after a selection process in which five different offers were examined, designated *Titulación de Activos* as the fund management company.

Resolution of the Ministry of Industry of May 22, 2009

In accordance with Order ITC/913/2006 of March 30, 2006, the Ministry issued the Resolution of May 22, 2009, published on June 2, 2009, approving the rules for payment settlement and guarantees for the island and extra-peninsular system. This allows the system operator to make monthly payment of the amounts owed. The publication of these rules was necessary to ensure that the remuneration for power plants in the island and extra-peninsular system is determined in accordance with the requirements contained in Order

ITC/913/2006 and Order ITC/914/2006 of March 30, 2006. It was therefore possible to complete settlement of payments that had been suspended since March 2006.

Resolution of the Ministry of Industry of May 28, 2009

The Ministry authorized application of joint assignment of capacity for the Franco-Spanish interconnection starting from June 1, 2009. Specifically, as from that date:

> explicit auctions are held annually, monthly, daily and intra-daily;
> bids are arranged in decreasing order; those accepted are measured at the marginal price;
> in the event of curtailment, those assigned capacity will receive compensation at the market price (with a cap).

Ministerial Order 1549/09

On June 10, 2009, the Ministry of Industry published Ministerial Order 1549/09, setting out the rules for identifying financial instruments to hedge price differences between Spain and Portugal for use in cross-border transactions on the intra-regional Mibel market.
Under the order, an auction mechanism for assigning contracts for differences will be introduced alongside the market-splitting mechanism for managing interconnections in place since July 2007. Specifically, there will be three types of contracts that will be assigned based on ascending auction mechanisms, the initial price for which will be set at a sufficiently low amount to ensure adequate competitive pressure.

Resolution of the Ministry of Industry of June 16, 2009

In application of the provisions of Ministerial Order 1549/09, with a resolution issued on June 16, 2009, the State Secretariat for Energy established the calendar of auctions for 2009 and the characteristics of the financial contracts to be offered.
The first auction was held on June 29, 2009, and involved the offer of forward contracts to hedge exports from Spain to Portugal for 100 MW of capacity with a time horizon of six months (2nd Half of 2009). The contract price produced by the auction was €2.01/MWh.
The second auction was held on December 18, 2009, and regarded the offer of forward contracts to hedge exports from Spain to Portugal with a time horizon of one year (for 2010) for 200 MW of capacity and a time horizon of six months (1st Half of 2010) for 200 MW of capacity. The contract price produced by the auction was €0.46/MWh and €0.49/MWh respectively.

Resolution of the Ministry of Industry of June 26, 2009

On June 29, 2009, Ministry Resolution of June 26, 2009 was published, establishing the conditions for applying the "*bono social*". Starting July 1, 2009, the following residential customers who are natural persons who have a TUR withdrawal point will be entitled to the *bono social*:

> customers with a contractual power supply of up to 3 kW will automatically be eligible;
> customers who are 60 years or more of age who receive the minimum pension, those from large families (as defined by Law 40/2003) and customers belonging to families whose members are all unemployed are eligible upon submission of documents proving status.

Ministerial Order 1785/09

On July 4, 2009, Ministerial Order 1785/09 was published. The order sets the date for termination of operation at the Garoña nuclear power plant as July 6, 2013, authorizing its operation until that time. The Ministry thus renewed the license to operate the plant for four years (previous expiry: July 5, 2009), that is, two years beyond the plant's useful life (40 years), despite the fact that the Spanish nuclear safety board (*Consejo de Seguridad Nuclear* - CSN) published a report on June 5, 2009, that came out in favor of renewing the license for 10 years, as requested by Nuclenor (the company that owns the plant, 50% controlled by Endesa) on July 3, 2006.
On September 14, 2009, Nuclenor appealed the order.

Ministerial Order 2524/09

On September 8, 2009, Ministerial Order 2524/09 establishing the new mechanism for quantifying the grid loss reduction incentive was published. A loss reduction target will be set based on the new mechanism, to be applied starting from January 2011. The amount of the incentive (or penalty in the event the target is not reached) may vary by +/-2% of the distributor's revenues for the previous year.

Emissions Trading

In 2009, Endesa produced emissions totaling around 29.9 million metric tons. Allowances assigned under the national allocation plan for the year amounted to 25.6 million metric tons. The deficit of 4.3 million metric tons as at December 31, 2009 is covered by CERs and EUAs as provided for under Community and national regulations (maximum deficit coverage with CERs equal to 42%).

Argentina

Rate updates

Following the rate increases introduced in 2008 and despite the fact that the regulator, ENRE, established a number of exceptions to the increase for certain categories of customer, in the early months of 2009 there were a number of protests by consumers affected by the rate hike. The *Defensor del Pueblo* has come to the defense of some consumers in the federal courts: as a precautionary measure in respect of the administrative litigation, on January 28, 2009, a judge ordered the three distribution companies Edenor, Edesur and Edelap to refrain from cutting off non-paying customers. On May 12, 2009, ENRE exempted residential customers and social and cultural entities in the region of Buenos Aires from the increase in electricity rates, established with Resolution ENRE no. 628/08 for consumption in excess of 1,000 kWh per two-month period, provided that they lack water or gas supplies.
On August 12, 2009, the government reintroduced subsidies for end electricity users lasting four months. The subsidies are intended to temporarily alleviate the impact of the rate increase introduced in November 2008 (between 30% and 300%) for customers that consume more than 1,000 kWh per bimonthly billing period. During the June-July 2009 billing period, the subsidy was reintroduced at a 100% level, while for August and September 2009, a partial subsidy of 70% was recognized. The measure is no longer in effect from October 1, 2009.

Comprehensive rate review

On February 20, 2009, the government decided to freeze the comprehensive rate review (RTI) for the distribution companies Edenor, Edesur and Edelap, whose entry into force was initially scheduled for February 2009 and which, under the agreements reached with the three distributors, would have established new distribution rates for a 5-year rate period.

In November 2009 the Argentine government decided to reopen the review for the distribution companies Edenor, Edesur and Edelap, which operated in the Buenos Aires metropolitan area. Accordingly, Edesur and Edenor presented ENRE with a proposal for the RTI for the next five years. The proposal assumes an increase in the VAD (*Valor Agregado de Distribución*) of about 140%. Edesur's request was limited to the value added of revenues, as ENRE did not provide guidelines for defining the rate framework for each consumer category.

Economic emergency law

In November 2009 the Argentine parliament voted to extend the economic emergency law until December 31, 2011. The law, which has been renewed each year since January 6, 2002, gives the government the power to regulate prices of the goods and services in the basket used to calculate official inflation and to renegotiate the contracts and rates of privatized public services.

Distribution

On June 2, 2009, ENRE temporarily suspended its approval of the distribution of dividends by Edesur in the amount of 65.5 million pesos (about €12.5 million) based on the concession agreement (*Acta de Acuerdo*) under which the approval of the regulator is required for the distribution of profits and for company investment plans. On August 27, 2009, with Resolution no. 445/2009, ENRE approved the distribution of 73% of the dividends of Edesur, for an amount of 48 million pesos (€9.1 million). Following an additional analysis, ENRE is expected allow the distribution of the remainder of the dividends.

Brazil

Rate updates

As part of the second distribution rate review cycle conducted by the Brazilian regulator, ANEEL, following the consultation carried out in the early part of the year, on March 15, 2009, the rate revision for the distribution company Ampla came into force (valid for the 2009-2014 period), with an average increase of 0.82% for end users (-1.23% for low-voltage customers, between -1.05% and +5.04% for high-voltage customers) and an increase of 2% of the distribution component (VAD). This revision recognizes all the investments made during the previous rate period (2003-2008). A considerable reduction in commercial losses pertaining to the grid is expected during this second regulatory period.

On April 22, 2009 ANEEL approved the annual revision and the final periodic revision of the final rates for Coelce (for the 2007-2011 period), establishing a 6.06% increase in the distribution component (VAD) and a final increase of 10.89% for low-voltage customers and an average increase of 12.11% for high-voltage customers. These are significant increases, due, for the generation component, to the effects of the electricity auctions which caused thermal energy to have a greater weight in the country's production mix.

In 2010 ANEEL will start the negotiation process for the third distribution rate cycle: the revision of the Coelce rates is scheduled for 2011, while that for Ampla is scheduled for 2014.

Cross-border trading

On February 17, 2009, the regulator, ANEEL, authorized the interconnection company CIEN (90% controlled by Endesa), which manages the interconnection between Brazil and Argentina, to receive remuneration for transporting electricity exported by Brazil to Argentina and Uruguay for nine months in 2009.
In December 2009, the President of the Republic gave final approval to Law 12111. Among other things, the law establishes that as from 2010 the CIEN interconnection line may be treated as part of the national transmission grid and can therefore benefit from regulated rates. In the coming months, technical negotiations on transmission rates will begin with ANEEL .

Chile

Update of nodal prices

On June 16, 2009, the Ministry for Mineral Resources approved the definitive nodal price for the May-October 2009 period, reducing the price (at the Alto Jahuel node) from $104/MWh for the previous half-year period to $100.01/MWh (-3.8%).
In its final technical report published on October 15, 2009, the CNE set the nodal price in the SIC for the period October 2009 - April 2010 at $93.2/MWh, a dollar-denominated reduction of 6.81% on the previous six-month period.
As from January 2010 a major change in the wholesale sourcing mechanism for electricity to be supplied to customers in the regulated market entered force (provided for under *Ley Corta II* of May 2005): contracts entered into at the nodal price set by the CNE will gradually disappear, to be replaced by contracts whose price will be determined in auctions carried out by the distribution companies as from 2006. The new contracts, which will have a maximum term of 15 years (with specific indexing mechanisms), will enter force as from 2010.

Update of distribution rates

On January 9, 2009, the Ministry for the Economy approved Decree 320, which set sub-transmission rates applicable to Endesa through Chilectra. This regulation, which reduces the VAD (*Valor Agregado de Distribución*) for sub-transmission, will be replaced by new rates as from November 2010.
On April 8, 2009, the Ministry for the Economy approved Decree 385 of 2008, which set the distribution rates valid from November 2008 to November 2012 (effective retroactively), reducing the VAD for Chilectra by 16%.

Colombia

Wholesale market

On May 26, 2009, the CREG, Colombia's regulator, adopted Resolution 069 of 2009 containing the proposed Organized Market regulation (*Mercado Organizado* - MOR). If officially established, the MOR will govern auctions for the sale of electricity to end users in the regulated market. In the meantime, in the 2nd Half of 2009, Derivex SA, the energy derivatives platform created by the Colombian electricity market operator (XM) in June 2009, initiated commercial operations.

Update of distribution rates

On October 19, 2009, the CREG issued Resolutions 100 and 101 setting the new distribution rate for Codensa and Cundinamarca for a four-year regulatory period. In the case of Codensa, this produces a 4.2% reduction in the VAD owing to the reduction of the WACC (which is in turn due to the reduction in country risk) from 16.1% to 13.9% for local distribution and from 14.1% to 13% for regional transmission. In the case of Cundinamarca (acquired by Endesa in 2009), the revision produces an increase of 3.3% in the VAD as a result of a more accurate valuation of the company's assets. Although the rate was supposed to enter force at the start of 2008, the new rate level will not be retroactive.

Peru

Update of wholesale electricity prices

As part of the determination of electricity rates for supplies to customers on the regulated market for the period May 2009 - April 2010, on April 15, 2009, the regulator Osinergmin approved increases in final prices of between 4.2% and 6.8% for residential users and between 4.3% and 7.6% for industrial customers. At the end of April 2009 Osinergmin announced the size of the overall rate adjustment in force for one year as from May 1, 2009. Although the price (*precio en barra*) has remained essentially unchanged at $41.70/MWh (with an offset between the amount of the capacity component and the reduction of the energy component), final rates increased as the result of a new rate component provided for under Emergency Decree 049.
Finally, in June 2009 Osinergmin ordered a reduction in the final residential rates (between -0.5% and -1.5%), due to a slight decline in the VAD and the favorable trend in exchange rates and the prices of certain raw materials.

Update of distribution rates

On October 16, 2009, Osinergmin published Resolution 181-2009, with which it approved distribution rates for Edelnor, leading to a reduction of 1.1% in the VAD (remuneration of distribution operations) for the period November 2009 - October 2013. On the same date, Osinenrgmin published Resolution 184-2009, which increased secondary transmission rates by 6.5%. Osinergmin recently published the new final rates, in effect as from November 2009, which incorporate the above changes in network rates.

Extraordinary measures

To implement Emergency Decree 049, enacted by the government in December 2008 and in effect through December 2011, an "ideal marginal cost" mechanism was introduced in the case of congestion in the electricity grid and in the network for the transport of gas from the Camisea field. A $100/MWh cap on generation costs was imposed by the Ministry for Energy and Mineral Resources. Ancillary costs incurred by generators will be reimbursed in full based on monthly calculations made by Osinergmin.

Auction rules

In March 2009 Supreme Decree 020-2009 was approved, modifying the rules for auctioning electricity supply contracts. The primary changes relate to the standards used in preparing the rules for individual auctions, as well as the procedures and conditions to be followed by generators in submitting bids.

Liberalization of the retail market

Through the "*Reglamento de Usuarios Libres de Electricidad*" approved in April 2009, the Ministry for Energy and Mineral Resources modified the criteria for identifying free-market customers. The threshold, initially set at 1 MW, was increased to 2.5 MW. It therefore provides that all customers that consume in excess of the latter threshold are deemed free-market customers. A new category of customers (between 0.2 and 2.5 MW), which can choose between the two systems, was also introduced.

France

TaRTAM and post-TaRTAM

A law of January 21, 2008, amending Articles 66 et seq. of the program law of July 13, 2005, allows residential users, depending on their situation, to opt for regulated rates for new connections installed prior to July 1, 2010, or to return to regulated sales prices until June 30, 2010. On August 4, 2008, the French Parliament adopted a law by which the return rate system for large-scale consumers has been extended to June 30, 2010.

The European Commission (DG Comp) believed that a return rate system, at least the "yellow" and "green" formulas, which apply to industrial customers that thus enjoy a lower-than-market energy price, could constitute state aid and, on June 13, 2007, opened a proceeding against France. As a result of the aforementioned law, which extended the duration of the TaRTAM rules, the European Commission expanded the formal investigation process.

In October 2008 the *Commission de Régulation de l'Energie* (CRE) announced that revenues to compensate suppliers for the impact of the TaRTAM would not be sufficient. Accordingly, the 2008 Finance Act (Law 2008-1443) of December 30, 2008, increased the maximum contribution of hydroelectric and nuclear power companies (mainly EdF) from €1.3 to €3/MWh.

On April 24, 2009, the "Champsaur Committee", empanelled in 2008 to develop a proposal for the post-TaRTAM period, published its recommendations, which counsel the elimination of regulated rates for industrial customers and a revision of rates for small consumers, for whom full reversibility from the free market was introduced. In the generation sector, the document recommends that EdF provide alternative suppliers with base load electricity (with explicit exclusion of new generation nuclear plants, in which Enel holds an equity investment) to be determined on the basis of the expected customer portfolio in France. This power would be sold at a regulated price that would enable coverage of operating and plant maintenance costs.

On September 15, 2009, the European Commission (DG Comp) and the French government reached an agreement under which France would adopt effective measures to open the market in exchange for the Commission closing its proceeding against France on the matter of regulated rates and TaRTAM. These measures include terminating the TaRTAM "return rate" system as from July 1, 2010 and implementing a sales mechanism for EdF's regulated base for 15 years (for annual maximum volumes of 100 TWh). Regulated rates will be eliminated for large and medium-sized companies starting from 2015, although they will be maintained for residential customers and small companies.

In accordance with applicable law, Enel France submitted its request to the CRE for compensation for costs associated with supplying energy to TaRTAM customers in 2008, obtaining, on November 23, 2009, an indemnity of €7.26 million, including sourcing, sales and finance costs.

Rate updates

On June 5, 2009, following the consultation in the 1st Quarter of 2009, the Ministries for Energy and for the Economy accepted CRE's proposal for

determining a new network rate denominated "TURPE 3", with the change to enter into force on August 1. The measure would extend regulation based on the regulatory asset base for four years. The expected increases for the first year are 3% for distribution and 2% for transport. In the next three years, the transmission rate will be increased by the inflation rate plus 0.4% and the distribution rate by the inflation rate plus 1.3%. The rate will be in effect for four years and envisages that the losses will remain on the market.
The implementing decree of the Ministries for Energy and for the Economy for TaRTAM was published on August 12, 2009. It repeals the previous decree of January 5, 2007 and eliminates the formulas for correlating TaRTAM and the full regulated rate. The decree leaves TaRTAM unchanged from the previous year.
On August 14, 2009, the decrees containing the new regulated electricity rates for August 2009 through August 2010 were published, with average increases of between 1.9% and 5% compared with the August 2008 - August 2009 period. Taking account of the increase in network rates as from August 1, 2009, the average increase in the generation portion is between €0.4/MWh and €2.2/MWh.

Slovakia

Must-run plants

Under the system for compensation of the costs of operating two thermal plants that, in compliance with the "general economic interest" clause, are required by law to guarantee availability of capacity and electricity, Slovenské elektrárne (SE) submitted a proposal to URSO (the Slovakian regulator) concerning costs forecast for 2008 for the ENO plant (Nováky). The EVO plant (Vojany) is no longer considered a must-run facility as from 2008. ENO compensation is calculated using a price-cap method on a three-year basis by way of a decision of URSO. In October 2008, URSO published the rate for ENO (€32.472/MWh for 2009).
In addition, in 2008 SE received the remainder of the system costs reimbursement for 2005. Finally, URSO also agreed to recognize the 2006 revaluation of the assets of ENO and EVO in the amount of €30 million, to be compensated in 2009-2010.
In August 2009, URSO set the adjustment factor for the ENO compensation rate (y=32.6%). This means that the final rate for ENO's system cost is €40.25/MWh for 2010. The y factor is crucial for hedging changes in the market price for electricity, the cost of coal, compensation for ancillary services and for making corrections for previous periods.
With Decision 17/2009, the Ministry for the Economy set the volume of ancillary services that ENO is required to provide in 2010 (11 MW for primary regulation and 31 MW for secondary regulation).

Wholesale market

On July 4, 2007, the Slovakian government approved a decision concerning the new market rules as a consequence of the liberalization on July 1, 2007. In particular, the measure calls for the application, beginning on January 1, 2008, of a surcharge equal to the rate component paid by end users to cover system services (about €10/MWh in 2008) on the electricity generated in Slovakia and exported (the export fee).
URSO's Regulatory Council Export decided to eliminate the impact of the export fee as from April 1, 2009 (URSO Decision 0304/2009/E of March 23, 2009). SE

had requested the elimination of this rule from the above market rules and from the provisions of Decree 2/2008, where it is still present.
The market coupling between Slovakia and the Czech Republic took effect starting September 1, 2009. The market is managed by OTE (the Czech electricity market operator) and by the transmission companies of both countries (CEPS, SEPS). The volumes traded are currently not significant.

Economic interest law

With Decision 12/2009/E, URSO defined the prices and volumes of electricity sales to residential customers and small enterprises for Slovenské elektrárne (equal to €60.2802/MWh and €79.1675/MWh for 2009, respectively). Slovenské elektrárne has appealed the decision. On April 28, 2009, URSO published Decision 0001/2010/E establishing the prices and volumes for 2010 (€57.90/MWh for volumes up to 6 TWh).

Emissions Trading

In 2009, Slovenské elektrárne produced about 3.36 million metric tons of emissions, while the allowances assigned by the allocation plan amounted to about 5.40 million metric tons.

Renewable energy and cogeneration support law

On June 19, 2009, Parliament approved the renewable energy and cogeneration support law, which envisages feed-in rates guaranteed for 15 years. The rate amounts will be set by decree of URSO. Eligible energy generated by co-firing biomass plants is limited to the first 10 MW. URSO decree 7/2009 (approved in September 2009) set the prices for electricity generated from renewables or with high-efficiency cogeneration technologies. The price for plants connected in 2010 that use co-firing technology was set at €126.14/MWh.
On November 18, 2009 URSO decision 490/2009 set out additional details of the renewables and cogeneration support mechanism, specifying the conditions for the promotion of biomass (quantity, purchase methods, eligible costs, etc.).
On December 28, 2009 URSO qualified the EVO plant for the co-combustion of biomass.

Romania

Rate issues

Distribution rates are established with a system that regulates rates for end users while safeguarding the profits of distributors, covering distribution costs within the limits of a price cap. For the second regulatory period (2008-2012), the WACC has been set at 10% and the efficiency factor is calculated on the basis of the arithmetic average achieved in the 2005-2007 period. Capital expenditure will be remunerated in relation to investments entering service on a monthly basis.
At the end of December 2009, ANRE, the Romanian regulator, set the 2010 rates for distribution services (Order no. 100/2009). At the same time, ANRE also set the 2010 rates for end users, with average nominal increases of 3.9% (Order no. 102/2009) and the 2010 rates for supplier-of-last-resort services for residential and other customers (Order no. 103/2009). The regulator will publish the list of eligible costs to be paid to distributors shortly.

Sales to end users

Following the full liberalization of the final market, which took effect on July 1, 2007, in line with the European schedule for the process, the calculation method for sales prices for customers on the regulated market (to whom the Enel companies in Romania made 87% of their sales) remained to be updated. As a result, the regulated margin of 2.5% on the purchase cost of electricity supplied to these customers was kept in place for 2009. The prices and volumes of the energy portfolios for customers on the regulated market are determined by ANRE for each supplier with a view to obtaining a uniform national end-user rate.

Following the assignment, at the end of the December 2008, of the electricity portfolios, with the relative purchase prices, for each seller for the year 2009, at the start of September 2009, ANRE allowed Enel Energie, Enel Energie Muntenia and Enel Distributie Banat and Dobrogea to reallocate the portfolio of electricity purchased for sale to end users and to cover network losses in order to optimize regulated revenues (and thus achieve the regulated margin of 2.5% for 2009).

On December 24, 2009 ANRE confirmed the regulated margin of 2.5% for Enel Energie Muntenia and Enel Distributie Banat and Dobrogea for 2010.

Russia

Opening the market

As part of the gradual opening of the market established by the Russian government, in January 2009 the limit of the volume of electricity to be sold on the free market at 30% of 2007 non-residential volumes was exceeded. In July 2009 the share of electricity to be sold on the free market was increased further to 50% of non-residential volumes. From January 1, 2010, that share was raised to 60%. These thresholds are consistent with the provisions of Decree 207 of April 7, 2007, which ordered the progressive liberalization of the market for 100% of volumes by 2011, excluding those regarding residential customers.

Capacity market

The volumes of capacity freely sold are in line with the electricity liberalization thresholds. Therefore, currently 60% of capacity (excluding volumes intended for residential customers) was freely sold in the transitional capacity market (in force through the end of 2010). At the moment, capacity can be sold on a monthly basis at free-market prices using bilateral contracts or the exchange for trading in forward capacity contracts and electricity (the Arena exchange began trading for 2009 at the end of December 2008).

To be able to participate in these sales, generators must first take part in the annual auction for the selection of capacity (KOM) that was held at the start of December 2008 for the 2009 and at the end of December 2009 for 2010. At the end of November 2009, the Market Council also approved the method (RAB based) to assess the prices bid by new entrants.

Decree 476 of 2008, which set the transitional market rules, calls for the Ministry of Energy to draft rules for the long-term capacity market (starting in 2011). The rules for the long-term market are currently being discussed by the competent bodies and approval is expected for the 1st Quarter of 2010. The model being discussed (a draft of which was published at the end of the summer) has the following main features:

> the auction to select capacity is conducted by the System Operator four years prior to the delivery period to allow new investments to be made;

- capacity is chosen based on the bids (rubles/MW/month) to cover expected peak demand, plus a reserve coefficient (set by the System Operator);
- the capacity selected receives the marginal price of the auction; nevertheless, existing and new plants will be subject to a bid cap;
- the delivery period for the selected capacity is one year for existing plants and ten years for new plants (indexed annually to the inflation of the capacity price);
- mandatory investments (capacity contract), such as priority nuclear and hydroelectric projects, will receive priority selection (regardless of actual demand for capacity) and a guaranteed capacity payment for the length of the contract.

The most recent timetable provides for the transitional auctions (for delivery periods between 2011 and 2014) to be held in the 2nd Half of 2010.

In addition, at the end of May 2009 the Market Council proposed modifying the standard for capacity contracts (by virtue of which private investors signed commitments to invest in new capacity) following the acquisition of the generation companies from RAO UES; for Enel OGK-5 these investments pertain to Enel OGK-5's two new combined-cycle plants Nevinominskaya-GRES and Sredneuralskaya-GRES, for a total of about 800 MW. The proposal calls for strengthening the power to ensure that the commitments are respected, but guarantees a multi-year capacity payment (7-10 years) for units built under the contract. The Market Council approved the contract standards on June 23, 2009. However, a final consultation with generators is required in parallel with the adoption of the long-term capacity market.

Price caps in the electricity market

As from January 9, 2008, unregulated prices on the wholesale spot market are subject to a price cap that excludes the highest bids from the calculation of the marginal price. The measure was renewed at the start of 2009, albeit in a less stringent form (the mechanism is applicable if the average daily price exceeds the maximum level for two consecutive days in the same month of 2008, corrected for increases in fuel cost indices), and was then extended through May 1, 2010 with subsequent decisions of the Market Council.
In addition, following the serious accident in August at the Sayano-Shushenskaya hydroelectric plant in Siberia, the government ordered the Federal Tariff Service (FTS) to develop proposals for the emergency regulation of wholesale prices in similar circumstances (capacity shortfalls caused by technical problems or force majeur). On November 14, 2009, the government adopted decree no. 929, which provides for the possibility of introducing, for a maximum of 30 days, emergency regulation of wholesale prices, where the bids of generators may not exceed the regulated rate and capacity payment penalties for unavailable plants are increased.

Gas rates

On November 6, 2008, the FTS approved the regulated six-monthly rates for the wholesale gas market applied by Gazprom for 2009, with an expected average increase that was in line with government forecasts. In the wake of the economic crisis, the government decided that it would be advisable to implement a more gradual increase in gas prices. On December 24, 2008, the FTS approved the rates for 2009, providing for a quarterly (rather than six-monthly) adjustment of rates. Specifically, the increase for the 1st Quarter is 5%, that for the 2nd and 3rd Quarter is 7% and that for the 4th Quarter is 6.2%, with an average increase

for 2009 as a whole compared with 2008 of about 16%.
In July 2009, the Ministry for the Economy announced (as part of the socio-economic outlook used in preparing the federal budget) an increase in the regulated gas price for 2010 for industrial customers of 15% as from January 1, 2010. The same document provides for an annual increase of 15% for 2011 and 2012 . While not binding, this increase represents a delay in the convergence of gas prices to the net-back level (prices on the European market net of transport costs and export duties) originally scheduled for 2011. On December 18, 2009, with Resolution no. 440 the FTS approved regulated wholesale prices, with a single 15% band for 2010 (equal to about 26% on an annual basis with respect to the 2009 average).

Electricity rates

On November 27, 2008, the wholesale prices for electricity and capacity for 2009 were published (Decision no. 272). The rates for Enel OGK-5 are in line with the cost indicators (fuel, inflation) used by the government. In addition, the coal-fired plant at Reftinskaya obtained partial recognition of environmental investments in the rates it can charge.
For 2010, the government has established a moderate increase in regulated prices for end users (7.6% for industrial customers and 10% for residential customers), in view of the continuing economic crisis. To this end, for the capacity rates for generators, the FTS established an efficiency factor of about 10% applicable to the operating expenses covered in the rate structure (excluding maintenance expenses), thereby eliminating the principle of inflation indexing.
On November 24, 2009 (Decision no. 326) the FTS published the wholesale rates for generation plants (energy and capacity) for 2010, with an average change with respect to 2009 of:
> +5% for the OGKs (wholesale generation companies);
> +9.2% for the TGKs (companies comprising cogeneration plants and local generation);
> -6.4% for RusHydro;
> -2.2% for Energoatom.
While electricity prices rose in line with fuel costs (for Enel OGK-5, an average of about 15% compared with 2009), all the main generators saw capacity rates fall as a result of the new efficiency factor mentioned above. Enel OGK-5 experienced a reduction of about 2% in capacity rates compared with 2009, the best performance of the OGKs, thanks to the recognition of certain additional capital expenditure in the rate structure.

Antitrust updates

On March 27, 2009, the FAS (the Russian antitrust authority) published its decision of March 12, 2009, on the violation by Rusenergosbyt, Rusenergosbyt M, the City of Moscow, and the South and South-East prefectures of Moscow of the competition law with regard to the pilot project for a new system of delivery electricity to residential customers in the eastern and south-eastern zones of Moscow. The investigation was opened following the appeal of RAO Eastern Energy Systems (a shareholder of Mosenergosbyt, which is the Guarantee Supplier for the areas of Moscow in which Rusenergosbyt M took over supply). The ruling was suspended upon appeal by Rusenergosbyt. In May 2009, the two companies reached an agreement to put an end to the problem of double billing in the towns involved.
On February 3, 2009, FAS held a hearing with industry experts (representatives

of the companies and institutions involved) on issues relating to the development of competition in the gas market. FAS plans to promote the adoption of more effective rules for the gas market, with transparent conditions for accessing the transport network being the first step.

Greece

Network Code

A number of important amendments to the Network Code took effect January 1, 2009, including:

> determination of a new method for calculating the System Marginal Price (SMP) by the Network Operator;
> modification of the mechanism for distributing the transmission costs borne by the users of the systems, which initially distributed the total costs between the end users (85%) and generators (15%). Starting from January 1, 2009, the transmission cost is borne entirely by customers for a net benefit to generators.

Renewable Energy

Spain

Royal Decree 1578/08

As provided for in Royal Decree 1578/08, four *convocatorias* for the submission of applications for the entry of photovoltaic plants in the remuneration register were held in 2009. Overall, plants with a total capacity of 502 MW were registered, of which 161 MW in respect of integrated installations and 341 MW in respect of ground installations. As regards the remuneration of the registered plants (subject to change in relation to the ratio of capacity requested to the capacity ceiling for each *convocatoria*), the feed-in rates were unchanged for integrated installations (€340/MWh for plants of up to 20 kW and €320/MWh for plants of more than 20 kW), while the feed-in rates for ground installations declined from the €320/MWh set in the first *convocatoria* to €290.9/MWh for installations registered in the fourth *convocatoria*.

On December 7, 2009 the Ministry published the results of the fourth *convocatoria*. Based on the registrations received, the rate that will apply starting from the 1st Quarter of 2010 are as follows: for integrated installations, €340/MWh for plants of up to 20 kW (unchanged on the previous period) and €311.7/MWh for those over 20 kW; for ground installations, €281/MWh.

Royal Decree Law 6/2009

Royal Decree Law 6/2009 introduces a new administrative system in which special-regime installations (excluding photovoltaic plants) must enroll to receive the remuneration provided for by Royal Decree 661/2007. Under this law:

> the register will remain open until all of the installed capacity targets set out in the law are achieved;
> the installations will be enrolled based on the date of receipt of the application until the capacity target for each technology is achieved;
> where enrolled capacity exceeds the target, the remuneration system under Royal Decree 661/2007 will lapse and a new system must be established by Royal Decree.

Resolution of the Ministry of Industry of November 19, 2009

In view of the large number of applications for enrolment in the administrative register for special regime plants under Royal Decree Law 6/2009, which account for a total generation capacity in excess of the targets set out in Royal Decree 661/07, and having assessed the system's technical and financial ability to absorb that capacity, under the provisions of Royal Decree Law 6/2009 the Ministry published an agreement with the Council of Ministers of November 13, 2009, which sets annual capacity ceilings for the entry into service of the registered installations.

Argentina

Renewables incentive measures

In May 2009, two important measures were introduced in Argentina to encourage electricity generation from renewable resources.
On May 15, 2009, Decree 562/2009 was approved, introducing mechanisms such as tax incentives, accelerated depreciation and subsidized rates to promote the generation of electricity from renewable resources. On May 22, 2009, the government announced the GENREN (*Generación Renovable*) program, based on which ENARSA (the state energy company) held a tender in December 2009 for 1,000 MW generated from renewable resources, with the possibility of a 15-year supply contract. Each individual project may not exceed 50 MW. Ceilings were established for each technology in participating in the tender, with greater space being granted to wind power, for which 500 MW were reserved.

Bulgaria

Renewables incentive law

The law governing renewable and alternative energy resources and biofuels introduced incentives based on specific guaranteed feed-in rates for the various energy sources and power purchasing agreements of 15 years for wind power and up to 25 years for solar power with *Natsionalna Elektricheska Kompania* (NEK). At the end of March 2009 the rates for wind plants were announced: about €97/MWh for the first 2,250 hours of generation (+1.6% on the previous year) and about €88/MWh (+2.4% on the previous year) for subsequent hours.

Brazil

Wind generation auction

On February 10, 2009, the Ministry for Energy and Mineral Resources published for consultation *Portaria* no. 52 concerning the regulation of a wind power auction for 2009, which will lead to 20-year contracts for generation as from January 2012 (*Contratos de Energia de Reserva* - CER). On May 28, 2009, the Ministry for Energy and Mineral Resources, through *Portaria* no. 211 and *Portaria* no. 366, set out the detailed procedures for the auction, the qualifications for eligible projects and the characteristics of the 20-year contracts to be awarded via auction.
The auction was held on December 14, 2009, with a final price of €148.39 Real/MWh (€59.71/MWh) and 1,800 MW awarded out of 10,000 MW bid.

Instrução Normativa no. 7

On April 13, 2009, the *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (IBAMA) published *Instrução Normativa* no. 7, establishing that coal-fired plants and fuel-oil plants must prepare a plan to reduce CO_2 emissions (reforestation programs, generation using renewable resources and energy efficiency programs) in order to receive environmental authorization.

General regulations for renewable resources

In June 2009, a Special Parliamentary Commission on Renewable Energy Resources was created to examine 16 bills on this issue and to consolidate them into one piece of legislation.

The bills were tabled starting in 2003 and include proposals such as creating a special fund to encourage research and generation using renewable resources, making changes to the Proinfa program (*Programa de Incentivo às Fontes Alternativas de Energia*) and introducing tax incentives to purchase plants.

One of the bills analyzed is bill no. 630/2003, which provides for the creation of a fund to finance research and to encourage the generation of electricity using renewable resources. The new law would require distributors to acquire at least 600 MW per year from renewable resources (divided equally between wind, biomass and mini-hydroelectric power) for a period of ten years starting from 2011, with 20-year supply contracts chosen based on the lowest rate.

Chile

Renewable energy support law

On December 1, 2009 the CNE (*Comisión Nacional de Energía*) published the rules implementing Law 20257 of April 1, 2008, concerning the promotion of energy generation from unconventional renewable resources (ERNC). They establish a mandatory percentage share for such energy and introduce a transferable certificates mechanism. As from January 1, 2010 and until 2014, 5% of electricity sold to distribution companies or end users must be certified as having been generated from unconventional renewable resources. The proportion increases by half a percentage point a year from 2015 to 2024, to reach 10%.

The rules also contain detailed provisions governing the identification of renewable resources that ensure compliance with statutory obligations and the contracts establishing those obligations. They also provide for a register of renewable resources, which shall be implemented and managed in coordination with the rate department (*Direción de Peajes*) of the country's two CDECs (*Centro de Despacho Económico de Carga*). The register will contain a list of renewables generation plants, the amount of electricity they produce, exchanges of excess renewable electricity among companies and penalties paid for non-compliance.

France

Renewable energy support law

In July 2009, the French National Assembly approved the *Grenelle de l'Environnement* law, which was promulgated on August 3, 2009. The main energy commitments set out in the law concern increasing energy efficiency in final consumption and the development of renewable energy, with a target of meeting 23% of total energy requirements using renewable resources by 2020.

The "*Grenelle* 2" law, which will implement the provisions of "*Grenelle* 1", with amendments, was approved by the Senate on October 8, 2009, and is expected to be adopted officially by the end of the 1st Half of 2010. Some of the changes introduced with "*Grenelle* 2" have a direct impact on the energy sector. These include the preparation of regional plans for procedures for connecting renewables to the grid, the extension of energy efficiency requirements to fuel distributors, the drafting of a regulatory framework for CCS technology, the extension of the benefits of *obligation d'achat* to local governments and the establishment of a target for expanding wind power capacity by 25,000 MW by 2020 (on-shore wind power capacity entering service in 2009 currently benefits from a sales price of about €86/MWh).

Greece

Investment incentive law

On March 6, 2009, a number of amendments to the investment incentive law were introduced, among other things eliminating the option of grants for photovoltaic plants with installed capacity of over 2 MW. Applications submitted to the competent authorities prior to the entry into force of the law are excluded from the scope of the amendments.

Renewable energy support law

Within the Greek incentive system for generation with renewables (based on Law 2368/2006), which envisages a feed-in mechanism with annually-updated guaranteed rates that vary by source, a new regime for photovoltaic generation has been introduced (Law 3734/2009), with the specification of new rates guaranteed for 20 years, assigned on the basis of the date the plant entered service. Photovoltaic projects for which the contracts were signed before the entry into force of the new law can elect to adopt the new rates.
In June 2009, the government adopted a series of measures targeted at encouraging the use of residential photovoltaic systems. Specifically, systems of up to 10 kW installed on roofs of buildings in the peninsular system will benefit from a rate of €550/MWh, guaranteed for 20 years and indexed to 25% of inflation. There are also tax incentives and exemptions applicable to the sale of electricity generated by these systems.
In November, the government announced that it will introduce a new mechanism for promoting renewable resources in 2010. A new regulatory framework to streamline the authorization of plants operating with renewable resources will also be drafted.

Mexico

Renewable energy support law

In October 2008, a new framework law for promoting renewable energy resources was approved. It calls for the creation of a special fund and the introduction of a new feed-in system. At this time, secondary legislation for implementing the framework law is in the process of being approved and SENER (*Secretaría de Energía*) and CRE (*Comisión Reguladora de Energía*) are preparing the technical regulations.
On June 22, 2009, CRE circulated the draft regulation of the law for promoting renewable energy, published in its final version in the September 2, 2009 *Diario Official de la Federación*. On July 7, 2009, SENER formally presented the national strategy for energy transition and the sustainable use of energy.

Panama

Resolución de Gabinete 101

On August 23, 2009, *Resolución de Gabinete 101* was approved under which

ANAM (*Autoritad Nacional del Ambiente*) will have the power to update the rates for the use of hydroelectric resources, setting a level of at least $20/MWh. The amount collected will contribute to financing a discount (between 16% and 25%) for customers that consume less than 500 kWh/month, a discount that Electra Noreste, Edemet and Edechi will have to agree upon for consumption between September and December 2009.

Resolution no. 101 also opens the door for a possible revision of the regulation of the electricity sector by permitting the Energy Secretariat and the regulator, ASEP, to completely review Law 6 of 1997 (currently in effect) and by requiring the antitrust authority to monitor competition in the electricity generation market and to adopt measures to counter monopolistic behavior.

In September 2009, the government submitted proposed amendments to Law 6/1997. The proposal provides for the transmission company ETESA to hold the auctions for the sourcing of electricity by distribution companies, to which the contracts with generators would subsequently be transferred.

Peru

Renewable energy support law

As announced in June, on September 15, 2009, the Ministry for Energy and Mineral Resources published its proposed rules for the auction to award renewable energy resources contracts ("*Proyecto de Bases para la Subasta de Suministro de Electricidad con Recursos Energéticos Renovables*"). Based on this document – which implements the law promoting renewable energy resources (Legislative Decree 1002 of May 2008) – generation projects that take part in the next auction for renewable energy resources supply contracts must be in operation no later than December 31, 2009. Four types of renewable technologies are eligible for the generation contracts being auctioned (1.31 GWh/year, with a total of 500 MW). The auction is to assign contracts to supply electricity to the SEIN (*Sistema Eléctrico Interconectado Nacional*) at a rate guaranteed for 20 years.

The first renewable energy resources supply contract auction in Peru was scheduled for October 2009 but owing to delays in carrying out the economic study and the dispatching simulation it was postponed. The regulator, Osinergmin (*Organismo Supervisor de la Inversión en Energía y Minería*), will be responsible for managing the auction.

The rules for the new auction were approved by the Ministry for Energy and Mineral Resources with Resolution no. 078-2009.

Romania

Renewable energy support law

November 2008 saw the approval of a new law to support power generation from renewable energy resources, which retains the renewables support mechanisms introduced with the 2005 law (quantitative requirement for electricity suppliers and a system of transferable certificates, which can be traded bilaterally or on a dedicated market). Approved renewable energy plants will enjoy a 15-year duration for green certificates. More specifically, two certificates are granted for each MWh produced by wind plants until 2015 and the minimum and maximum values of the green certificates are set at €27 and €55/MWh respectively.

The Ministry for the Economy notified the Commission of the new version of the law.

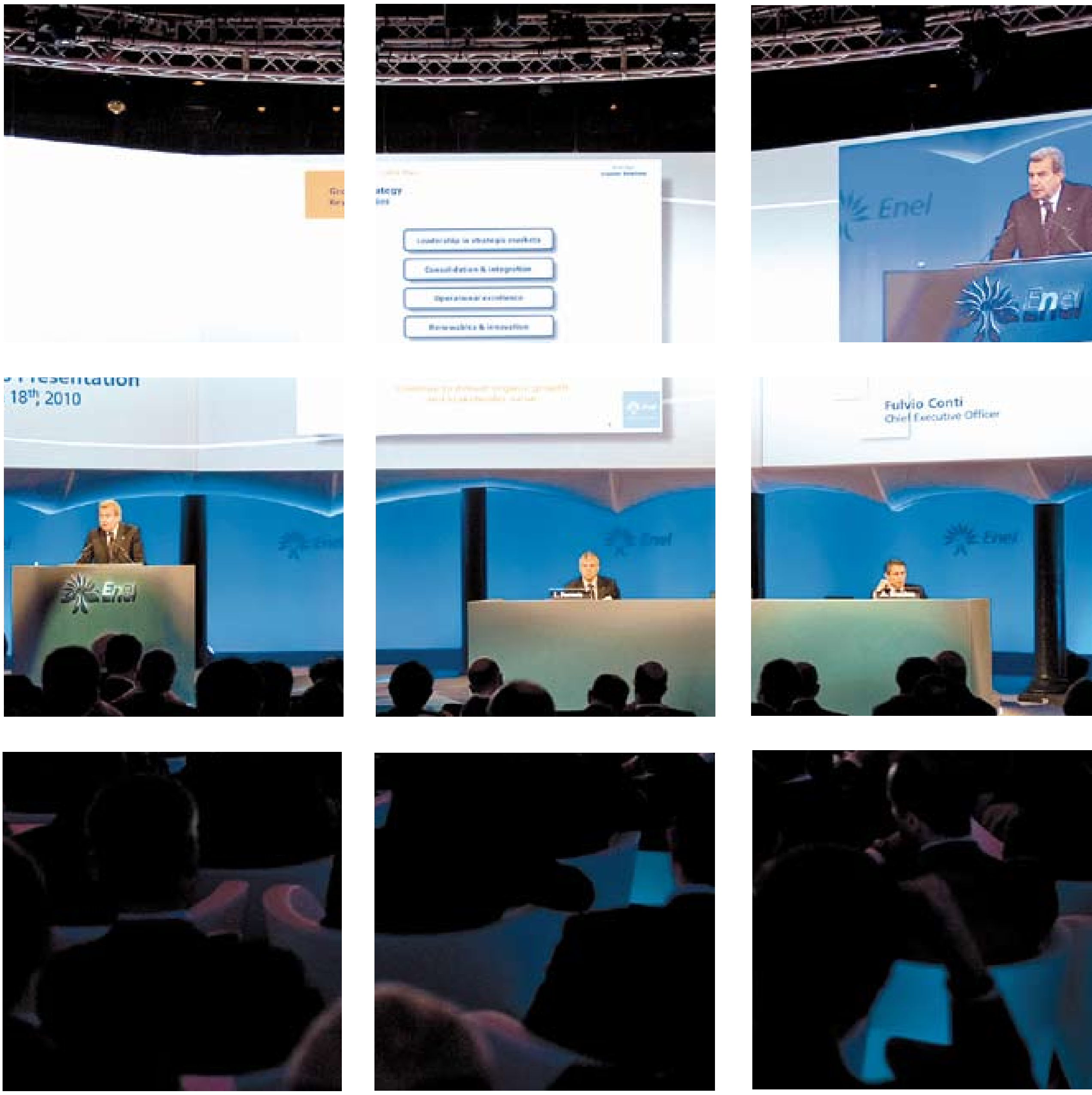
United States

Renewable energy support law

The United States does not have a rate incentive mechanism for renewables at the federal level. To date, 30 states have adopted a system mandating shares of energy generated from such sources (Renewable Portfolio Standard - RPS), accompanied by transferable certificates validating compliance with the requirements. In order to ensure compliance, suppliers hold auctions for long-term contracts (10-15 years) for the purchase of certified electricity.
Congress is continuing to discuss a bill establishing a mandatory federal-level RPS mechanism to support renewables. In recent months, the discussion on RPS and lowering CO_2 emissions has been swept up in the broader debate over the energy and climate bill (HR 2454 - American Clean Energy and Security Act of 2009). On June 26, 2009, the House approved the final version of the bill. The bill is currently being debated in the Senate. At the same time, the Senate Committee on Environment and Public Works approved the American Clean Energy Leadership Act (S. 1462), which promotes an RPS system similar to that contained in HR 2454.

Recovery Plan

On February 17, 2009, President Obama signed the $787 billion stimulus bill approved by Congress on February 12, 2009.
Among other measures, the plan appropriates about $60 billion for the energy sector, of which $11 billion for infrastructure development projects for electricity grids, which among other benefits would reduce congestion costs. The plan approved by the House and the Senate also establishes specific incentive mechanisms for renewables, including an Investment Tax Credit (ITC) and the extension of the Production Tax Credit to 2012 for wind power and 2013 for geothermal, incremental hydroelectric and biomass power.


Enel
Leadership in strategic markets
Consolidation & integration
Operational excellence
Renewables & innovation
18th, 2010
Fulvio Conti
Chief Executive Officer

Overview of the Group's performance and financial position

Definition of performance indicators

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

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

Net non-current assets: calculated as the difference between "Non-current assets" and "Non-current liabilities" with the exception of:
> "Deferred tax assets";
> "Financial receivables due from other entities", "Financial receivables in respect of the Spanish electrical system deficit", "Other securities designated as at fair value through profit or loss" and other items reported under "Non-current financial assets";
> "Long-term loans";
> "Post-employment and other employee benefits";
> "Provisions for risks and charges";
> "Deferred tax liabilities".

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

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

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

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

Main changes in the scope of consolidation

In the two periods examined here, the scope of consolidation changed as a result of the following main transactions:

2008

> acquisition, on March 5, 2008, of 85% of Enel Productie (formerly Global Power Investment), a Romanian company active in the generation of electricity; on May 19, 2009, an additional 15% was acquired, giving Enel full control;

> acquisition, on April 25, 2008, of 50% of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) and the concurrent subscription of a capital increase approved by the company's shareholders. Following the operation, Enel holds 64.4% of the company. As from the conclusion of the changes in the company's governance arrangements needed to define control on June 4, 2008, the company is consolidated on a line-by-line basis, taking account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6%;

> acquisition, on May 19, 2008, of 100% of International Wind Parks of Crete and Hydro Constructional, which operate in Greece in the generation of electricity from renewables;

> conclusion, on May 28, 2008, of the changes in the governance arrangements of Enel OGK-5, which gave Enel full control as from that date. Enel, acting through the subsidiary Enel Investment Holding, had acquired 59.80% of the Russian company in a series of purchases, of which 22.65% in the public tender completed on March 6, 2008, before selling a minority stake of 4.1% on June 25, 2008. As from May 28, 2008, the company is consolidated on a line-by-line basis;

> disposal, on June 26, 2008, of the assets specified in the agreements signed between Enel and Acciona on March 26, 2007, and between Enel, Acciona and E.ON on April 2, 2007 and March 18, 2008, consisting of:
  - the assets and liabilities held directly or indirectly by Endesa in Italy, France, Poland and Turkey, as well as a number of other assets in Spain (hereinafter "Endesa Europa");
  - the assets and liabilities in respect of Enel's equity investments in Enel Viesgo Generación, Enel Viesgo Servicios and Electra de Viesgo Distribución and the equity investments held by them;

> acquisition, on June 30, 2008, of 80% of Marcinelle Energie, which is building a combined-cycle gas turbine plant in Belgium. The company is consolidated taking account of the put option on 20% granted to Duferco at the time of the sale;

> disposal, on July 25, 2008, of 51% of Hydro Dolomiti Enel (HDE), a company established by Enel Produzione on May 12, 2008, for the development, together with other partners, of hydroelectric power in the Autonomous Province of Trento. Taking account of the governance structure provided for by the agreement, Enel will exercise a dominant influence over HDE until approval of the financial statements for the 2010 financial year and will therefore consolidate the company on a line-by-line basis until that time.

2009

> acquisition, on January 9, 2009, of 100% of KJWB (now Endesa Ireland), which operates in Ireland in the electricity generation sector. As it is controlled by Endesa, the company was consolidated on a proportionate basis until June 25, 2009, and on a full line-by-line basis thereafter;
> disposal, on April 1, 2009, of the entire share capital of Enel Linee Alta Tensione (ELAT), the company to which Enel Distribuzione transferred, with effect from January 1, 2009, a business unit consisting of high-voltage power lines and the related legal relationships;
> acquisition, between April 22 and June 23, 2009, of 100% of International Wind Parks of Rhodes, Glafkos Hydroelectric Station and International Wind Parks of Achaia, which operate in Greece in the generation of electricity from renewables;
> acquisition, on June 25, 2009, by Enel, acting through its subsidiary Enel Energy Europe, of the 25.01% of Endesa held, directly and indirectly, by Acciona. Following the acquisition, Enel holds 92.06% of Endesa and exercises full control over the company. As a result, as from that date, Endesa is consolidated in the Enel Group on a full, line-by-line basis rather than proportionately, with separate reporting of the minority interest of 7.94%;
> disposal, on September 23, 2009, of 51% of SeverEnergia, a Russian company 100% owned until that date by Artic Russia, in which Enel and Eni have stakes of 40% and 60%, respectively. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company through Artic Russia, as from that date SeverEnergia has been accounted for using the equity method rather than being consolidated on a proportionate basis;
> disposal, on September 30, 2009, by Enel Distribuzione of 80% of Enel Rete Gas. Following the transaction, Enel's stake in Enel Rete Gas fell from 99.88% to 19.8%, with a consequent loss of control. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company, as from that date Enel Rete Gas has been accounted for using the equity method rather than being consolidated on a line-by-line basis;
> disposal, on December 10, 2009, of the 100% of Avisio Energia held by Hydro Dolomiti Enel; following the disposal, the company, which operates in the gas sale and transport sector in Italy, was deconsolidated;
> acquisition, on December 30, 2009, of 100% of Aioliko Voskero, a company operating in Greece in the renewables generation sector.

For the purpose of accounting for the terms of the agreement of March 26, 2007, between Enel and Acciona, and following achievement of joint control of Endesa, the assets (net of associated liabilities) in respect of renewable energy operations held by Endesa and due to be transferred to Acciona were classified as "Net assets held for sale" in the reclassified balance sheet at December 31, 2008.
Beginning on June 25, 2009, and continuing during the 2nd Half of 2009, Endesa also sold Acciona certain of the assets indicated above, partially modifying, in the contract of February 20, 2009, the assets involved compared with those specified in the agreement of March 26, 2007, for €2,814 million.
At December 31, 2009, the item "Net assets held for sale" therefore includes, in the amount of €3 million, the assets and liabilities of the Endesa renewable energy assets, which although they were included among operations to be sold had not yet been transferred to Acciona pending completion of authorization

requirements. Net assets held for sale also include certain other assets held by Endesa, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

In the reclassified income statement, the income or loss, net of the related tax effect, attributable to Enel Rete Gas is reported under "discontinued operations" until the date of its deconsolidation, as have the effects of the disposal of the company on September 30, 2009. As regards those effects, in addition to the €136 million in respect of the adjustment of the value of those assets – carried out in the 1st Quarter of 2009 when the parties reached agreement on a consensus valuation of the assets and liabilities involved in the sale – the item "Net income from discontinued operations" also reflects the loss of €73 million resulting from the sale itself.
In addition to the Italian gas distribution activities, the results of the discontinued operations for 2008 reported for comparative purposes include the results of the assets of Endesa Europa until their sale to E.ON on June 26, 2008, as those net assets were acquired for the sole purpose of their resale.

Group performance

Millions of euro

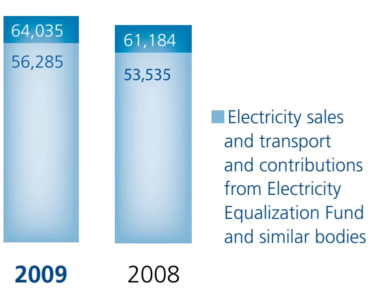
	2009	2008	2009-2008	
Total revenues	64,035	61,184	2,851	4.7%
Total costs	48,255	46,846	1,409	3.0%
Net income/(charges) from commodity risk management	264	(20)	284	-
GROSS OPERATING MARGIN	16,044	14,318	1,726	12.1%
Depreciation, amortization and impairment losses	5,289	4,777	512	10.7%
OPERATING INCOME	10,755	9,541	1,214	12.7%
Financial income	3,593	2,596	997	38.4%
Financial expense	5,334	5,806	(472)	-8.1%
Total financial income/(expense)	(1,741)	(3,210)	1,469	45.8%
Share of gains/(losses) on equity investments	54	48	6	12.5%
INCOME BEFORE TAXES	9,068	6,379	2,689	42.2%
Income taxes	2,520	585	1,935	-
NET INCOME FROM CONTINUING OPERATIONS	6,548	5,794	754	13.0%
NET INCOME FROM DISCONTINUED OPERATIONS	(158)	240	(398)	-
NET INCOME (Group and minority interests)	**6,390**	**6,034**	**356**	**5.9%**
Minority interests	(995)	(741)	(254)	34.3%
GROUP NET INCOME	**5,395**	**5,293**	**102**	**1.9%**

Revenues

Millions of euro

	2009	2008	2009-2008
Electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies	56,285	53,535	2,750
Gas sold and transported to end users	2,996	3,307	(311)
Gains on the disposal of assets	363	328	35
Other services, sales and revenues	4,391	4,014	377
Total	**64,035**	**61,184**	**2,851**

Revenues (millions of euro)



In 2009, revenues from **electricity sales and transport and contributions from Electricity Equalization Fund and similar bodies** amounted to €56,285 million, up €2,750 million or 5.1% over 2008. This increase is connected primarily with the following factors:

> a €7,705 million increase in revenues from foreign operations, of which €6,460 million related to Endesa, mainly attributable to the positive effects (€2,824 million) of the regulatory changes from the adoption in Spain as from July 1, 2009 of the *Tarifa de Ultimo Recurso* (TUR) as well as the change in the method of consolidating the Spanish company (from proportionate to full line-item as from the end of the 2nd Half of 2009 following the acquisition of an additional 25.01%), €1,083 million in respect of international energy trading, €391 million from the different period of consolidation of Enel OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia and €296 million due to the increase in electricity sold by Enel France and

RusEnergosbyt. These positive effects were partially offset by a decline in revenues due to the deconsolidation of the Viesgo group, which was sold in June 2008 (a decrease of €610 million);
> a decrease of €3,122 million associated with the decline in revenues from the sale of electricity on the Power Exchange (mainly attributable to the decrease in average sales prices and in volumes sold), partially offset by an increase in revenues from sales to the Single Buyer under bilateral contracts entered into by the Italian generation companies;
> a €1,874 million decrease in revenues from the sale and transport of electricity in Italy, due essentially to a fall in revenues from the sale of electricity on the regulated market related to a decrease in quantities sold against a background of a downward trend in average sales prices.

Revenues from **gas sold and transported to end users** decreased by €311 million or 9.4%, mainly due to the decline in revenues on the domestic market (€297 million), attributable to lower quantities sold to business customers, which was only partially offset by a rise in the number of customers served.

Gains on the disposal of assets came to €363 million in 2009, accounted for by the gain on the sale of Enel Linee Alta Tensione (ELAT) on April 1, 2009 (€295 million) and the gain on the sale of 51% of SeverEnergia on September 23, 2009 (€68 million). In 2008, the item had amounted to €328 million, entirely attributable to the gain on the sale of 51% of Hydro Dolomiti Enel.

Other services, sales and revenues came to €4,391 million for 2009 (€4,014 million for 2008), an increase of €377 million or 9.4% year on year. The increase was essentially the net result of the following factors:
> a €175 million decrease in the sale of fuels for trading. Of this total, €151 million was attributable to the decrease in revenues from fuel trading in Spain, essentially as a result of the deconsolidation of the Viesgo group (a decrease of €119 million), and €24 million was attributable to the contraction in sales on the domestic market;
> a €377 million increase in revenues from the sale of assets, which mainly includes the effects of the sale of green certificates in Italy;
> a €115 million decrease in engineering and construction work, mainly in respect of business in the Iberian peninsula;
> an €86 million decrease in electricity and gas connection contributions;
> a €380 million increase in other revenues related to the change in the consolidation method for Endesa as well as the recognition of the price supplement for the sale (in 2002) of electricity distribution operations in the cities of Milan and Rozzano in the amount of €88 million and the settlement with Eni SpA concerning connection contributions and adjustment payments associated with corrections of metering documents for the Montalto di Castro power plant and the Treviso city-gate in the amount of €78 million.

Costs

Millions of euro

	2009	2008	2009-2008
Electricity purchases	23,660	24,037	(377)
Consumption of fuel for electricity generation	5,835	7,548	(1,713)
Fuel for trading and gas for sale to end users	2,003	3,067	(1,064)
Materials	1,408	1,329	79
Personnel	4,908	4,049	859
Services, leases and rentals	9,757	6,352	3,405
Other operating expenses	2,277	1,714	563
Capitalized costs	(1,593)	(1,250)	(343)
Total	**48,255**	**46,846**	**1,409**

Costs for **electricity purchases** decreased by €377 million in 2009 (down 1.6%). The decline is mainly attributable to the decrease in purchases for the domestic regulated market against a background of a downward trend in average purchase prices and the effect of the deconsolidation of the Viesgo group (down €389 million). This was partly offset by €2,061 million in higher purchase costs posted by Endesa, associated essentially with the impact (€832 million) of the introduction of the *Tarifa de Ultimo Recurso* (TUR) from July 1, 2009, as described in the remarks on revenues. It was also impacted by changes to the consolidation method applied to the company from the end of June 2009 onwards.

Costs for the **consumption of fuel for electricity generation** in 2009 amounted to €5,835 million, down €1,713 million on the previous year (a drop of 22.7%) as a result of the decrease in volumes on the domestic market and the strategy of provisioning supplies with more favorable average prices. Another factor was the decline in thermal generation by Endesa, which more than offset the effect of the change in consolidation method as from the end of June 2009.

Costs for the purchase of **fuel for trading and gas for sale to end users** came to €2,003 million, down €1,064 million or 34.7% over 2008. The change essentially reflects the effects of lower costs for the purchase of gas for sales to end users as a result of the decline in volumes sold as well as lower costs for the purchase of gas in the Spanish market, taking account of the deconsolidation of the Viesgo group.

Costs for **materials** came to €1,408 million in 2009, up €79 million.

Personnel costs for 2009 totaled €4,908 million, an increase of €859 million or 21.2%, with an increase in the average workforce of 11.2%. Excluding the effects of the change in the scope of consolidation of a number of foreign companies as well as the change in the consolidation method used for Endesa and charges for early retirement incentives, personnel costs in 2009 rose by €116 million or 4.3%, whereas the average workforce contracted by 2.7%. The variation over the period was mainly ascribable to pay increases as from January 1, 2009 envisaged in the most recent renewal of the industry's collective bargaining agreement in Italy, and higher social security contributions as from January 1, 2009.

Costs for **services**, **leases and rentals** totaled €9,757 million in 2009, up €3,405 million or 53.6% over 2008. This development essentially reflects increased electricity transport costs for Endesa (€2,733 million), associated both with the effects of the regulatory changes mentioned above (€1,378 million) and the change in the consolidation method used for the company, as well as increased charges recognized by the companies of the Sales Division for customer management services (about €80 million).

Other operating expenses in 2009 came to €2,277 million, up €563 million or 32.8% over the previous year. The increase is mainly attributable to increased costs for green certificates (€414 million) and the change in the Endesa consolidation method (about €240 million). These effects were only partially offset by the decline in charges for CO_2 emissions (€137 million), as well as the impact of the recognition in 2008 of the loss of €109 million on the sale of the Viesgo group to E.ON at the end of June 2008.

In 2009 **capitalized costs** rose by €343 million or 27.4%, mainly connected with engineering and innovation activities and the contribution of the foreign companies.

Net income/(charges) from commodity risk management showed net income of €264 million for 2009, compared with a net charge of €20 million for the previous year. More specifically, the figure for 2009 comprises €269 million in net realized income on positions closed during the year (net income of €123 million in 2008), partially offset by €5 million in net unrealized charges from the fair value measurement of outstanding contracts at the end of the year (net charges of €143 million in 2008).

Depreciation, **amortization and impairment losses** rose by €512 million or 10.7%. The variation is mainly the result of higher depreciation and amortization (up €554 million), essentially due to the change in the method used to consolidate Endesa and that company's redefinition, in the 1st Half of the year, of the renewable assets held for sale to Acciona. The figure for 2008 included the €168 million adjustment to the net assets of the Viesgo group, sold to E.ON, to their estimated value based on the appraisal conducted at the end of the 1st Quarter of 2008 by the investment banks.

Operating income came to €10,755 million in 2009, an increase of €1,214 million on 2008 (up 12.7%).

Net financial expense in 2009 came to €1,741 million, down €1,469 million over the previous year. In particular, the increase in financial income in 2009 (€997 million) is mainly due to the €970 million associated with the early exercise of the put option granted to Acciona on its 25.01% stake held directly and indirectly in Endesa. The decrease in financial expense (€472 million) reflects both the decline in interest rates in 2009 compared with the previous year due to the international financial crisis and the reduction in Enel's average net debt. In addition, losses on equity investments in 2008 included the effects of the reduction in the value of the investment in Bayan Resources (€118 million).

The **share of gains/(losses) on investments accounted for using the equity method** showed a net gain of €54 million in 2009, up €6 million on 2008, which included the equity valuation of OGK-5 prior to its consolidation as from the end of May 2008. In 2009, the item includes income from the investment in SeverEnergia, which since the sale on September 23, 2009 of 51% of its share capital has been accounted for using the equity method rather than being consolidated on a proportionate basis.

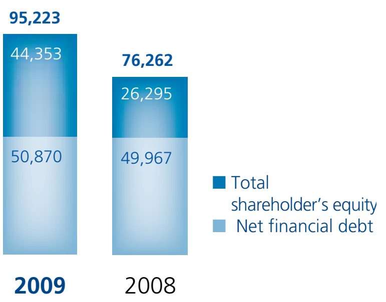
Income taxes for 2009 came to €2,520 million, equal to 27.8% of taxable income, compared with 9.2% in 2008.
While in 2009 the various changes in the theoretical tax liability do not generate a significant net effect, in 2008 taxes primarily reflected the net effects (€1,858 million) of the adjustment of deferred taxation following the realignment of the differences between the statutory and tax values of property, plant and equipment of a number of Italian companies (Law 244/07) net of the expense in respect of the related specific tax (€1,521 million), as well as the effects (€290 million) on deferred taxation resulting from the application of the IRES surtax for the energy industry to specific Italian companies (Decree Law 112/08).

Analysis of the Group's financial position

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Net non-current assets:			
- property, plant and equipment and intangible assets	94,426	71,726	22,700
- goodwill	19,372	16,039	3,333
- equity investments accounted for using the equity method	1,029	397	632
- other net non-current assets/(liabilities)	(2,907)	(3,160)	253
Total	**111,920**	**85,002**	**26,918**
Net current assets:			
- trade receivables	13,010	12,378	632
- inventories	2,500	2,182	318
- net receivables due from Electricity Equalization Fund and similar bodies	(1,011)	(805)	(206)
- other net current assets/(liabilities)	(4,407)	(4,524)	117
- trade payables	(11,174)	(10,600)	(574)
Total	**(1,082)**	**(1,369)**	**287**
Gross capital employed	**110,838**	**83,633**	**27,205**
Sundry provisions:			
- post-employment and other employee benefits	(3,110)	(2,910)	(200)
- provisions for risks and charges and net deferred taxes	(12,853)	(7,921)	(4,932)
Total	**(15,963)**	**(10,831)**	**(5,132)**
Net assets held for sale	**348**	**3,460**	**(3,112)**
Net capital employed	**95,223**	**76,262**	**18,961**
Total shareholders' equity	**44,353**	**26,295**	**18,058**
Net financial debt	**50,870**	**49,967**	**903**

Net financial debt (millions of euro)



Property, plant and equipment and intangible assets amounted to €94,426 million at December 31, 2009 (including investment property), an increase of €22,700 million. The rise was mainly the result of the change in the method of consolidation for Endesa from proportionate to full, following the acquisition of complete control of the company with the purchase of a 25.01% equity interest (adding €17,698 million). It also reflects investments for the period in the amount of €6,825 million and the effects of the completion in 2009 of the purchase price allocation process for a number of acquisitions (including Enel OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia) for a total of €682 million net of depreciation, amortization and impairment losses on those assets of €4,708 million. The remainder of the increase is largely ascribable to positive adjustments from exchange rate differences in the period (€1,928 million) and to the change in the Endesa renewable energy assets classified as held for sale as at December 31, 2008, in accordance with the agreement of February 20, 2009, with the sale to Acciona of nearly all of these assets on June 25, 2009 and in the 2nd Half of 2009.

Goodwill amounted to €19,372 million, an increase of €3,333 million. This increase mainly reflects the recognition of the goodwill related to the 25.01% equity interest in Endesa and the effects of the aforementioned sale of renewable energy assets to Acciona, for a total net balance of €3,187 million. In addition, the increase reflects the definitive recognition of goodwill in respect of Endesa's acquisition of 100% of KJWB (now Endesa Ireland), an Irish company to which 20% of the generation assets of the Electricity Supply Board had previously been transferred (€212 million).

During 2009, as permitted under IFRS 3 – Business Combinations, work was completed on the allocation of the difference between the purchase price and the assets acquired net of liabilities assumed of Enel OGK-5, Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia), Marcinelle Energie, Enel Erelis, Hydro Constructional, International Wind Parks of Crete, International Wind of Achaia, International Wind of Rhodes and Glafkos Hydroelectrical Station. The residual goodwill, where recognized, is therefore to be considered definitive. As regards goodwill arising from other acquisitions completed during 2009 (the 25.01% of Endesa, Aioliko Voskero and Renovables de Guatemala), the amount recognized under that item should be considered provisional pending conclusion of the analysis required for more accurate allocation to the assets acquired and/or liabilities assumed.

Equity investments accounted for using the equity method amounted to €1,029 million, up €632 million from the previous year. The increase is essentially due to the recognition of €287 million relating to the equity investment in SeverEnergia, reclassified as an associate following the sale by Enel and Eni of 51% of the company to Gazprom on September 23, 2009, an operation that reduced Enel's investment from 40% to 19.6%, resulting in the loss of joint control. The increase in the period also reflects the recognition, in the amount of €144 million, of the equity investment in Enel Rete Gas as a consequence of the sale on September 30, 2009 of 80% of the share capital of the company. Until that date, Enel had controlled 99.88% of the company, the value of which at December 31, 2008 was already recognized under assets and liabilities held for sale. The remainder of the increase is essentially attributable to the effect of the change in the method used to consolidate Endesa from proportionate to full and the reclassification from assets held for sale of a number of equity investments no longer included among the renewables assets to be sold by Endesa to Acciona after the redefinition of the assets to be included in the transaction, for a total of €162 million.

The balance of other *net non-current assets*/(*liabilities*) at December 31, 2009, showed a net liability of €2,907 million, decreasing by €253 million from December 31, 2008. This change is due essentially to the following factors:

> a €149 million decrease in non-current financial liabilities due to the greater liabilities connected with derivative instruments in the amount of €821 million, offset by the effect of the recognition at December 31, 2008 of the fair value measurement of the put option that Enel granted to Acciona, in the amount of €970 million;

> a decrease of €1,172 million in receivables due from the Electricity Equalization Fund and similar bodies, of which €1,275 million related to Endesa. In particular, the latter decrease reflects the change in the classification of receivables in respect of the extra-peninsular rate deficit (from operating to financial) as a result of recent regulatory changes concerning the Spanish electrical system, which more than offset the effects of the different method used to consolidate Endesa;

> a decrease of €536 million in non-current financial assets, due essentially to a reduction in assets in respect of derivatives (€600 million);
> an increase of €167 million in other non-current receivables, partly attributable to a decline in advances in respect of purchases of equity investments (€65 million), more than offset by the increased value of equity investments in other companies measured at fair value (a total of €122 million) and the effects of the different method used to consolidate Endesa;
> a decrease of €1,602 million in other non-current liabilities, essentially due to the adjustment of certain liabilities in respect of some types of plant in the Spanish electricity transmission grid as part of the provisional allocation of purchase price of 25.01% of Endesa.

Net current assets came to a negative €1,082 million at December 31, 2009, an increase of €287 million compared with December 31, 2008. This change is due primarily to the following factors:

> a €632 million increase in *trade receivables*, the net result of the increase due to the changed method of consolidation of Endesa, partially offset by the decrease in receivables from the sale of electricity and gas on the domestic free market as well as lower trade receivables in respect of sales of electricity on the Power Exchange;
> an increase of €318 million in *inventories*, mainly due to the change in the scope of consolidation of Endesa;
> a €206 million decline in *net receivables due from Electricity Equalization Fund and similar bodies*. The change primarily reflects the increase in the payable in respect of the equalization mechanism in 2009 for the purchase of electricity in Italy and the collection of all equalization receivables for 2006, 2007 and 2008;
> an increase of €117 million in *other current assets less related liabilities*. This change is due to the following factors:
  – a €670 million decrease in net income tax liabilities. The decrease is largely the result of tax payments of €3,739 million, partially offset by the recognition of current income taxes totaling €2,725 million. The tax payments regard 2009 installments of the gains tax due for the realignment – essentially carried out in 2008 – of the statutory and tax values of the property, plant and equipment of a number of Italian companies (Law 244/07) as well as payment of the balance for the 2008 IRES surtax;
  – an increase of €593 million in net other non-financial liabilities, the net result of the reduction in net tax liabilities in respect of indirect taxes (€509 million), which was more than offset by the effect of the change in the consolidation method used for Endesa;
> a €574 million increase in *trade payables*, essentially the net result of lower payables for the purchase of electricity, offset by the effect of the change in the Endesa consolidation method.

Sundry provisions amounted to €15,963 million, up €5,132 million compared with the same period of the previous year. This change is connected primarily with the following factors:

> a €3,008 million increase in net deferred taxes related mainly to the deferred taxes resulting from the change in consolidation method used for Endesa, as well as the provisional allocation of the purchase price for the acquisition of 25.01% of Endesa;
> an increase of €1,924 million in provisions for risks and charges, largely

reflecting the change in the Endesa consolidation method (€1,182 million) and accruals to the provision for early retirement incentives (€733 million).

Net assets held for sale (€348 million at December 31, 2009) essentially consist of assets held by Endesa in Greece and Latin America that, as a result of decisions made by management, meet the requirements of IFRS 5 for classification as assets held for sale. The item also includes Endesa renewable energy assets that are covered by the terms of the agreement of February 20, 2009 but, pending the conclusion of the authorization process, have yet to be transferred to Acciona.
The balance at December 31, 2008, included both the net assets in respect of the high-voltage distribution grid (essentially accounted for by Enel Linee Alta Tensione (ELAT)), which was sold to Terna in April 2009, and the net assets connected with the Italian gas distribution network (essentially Enel Rete Gas, of which 80% was sold in September 2009).

Net capital employed came to €95,223 million at December 31, 2009, and was funded by shareholders' equity attributable to the Group and minority interests in the amount of €44,353 million and net financial debt of €50,870 million. With regard to the latter figure, the debt-to-equity ratio at December 31, 2009 came to 1.15 (compared with 1.90 at December 31, 2008).

Analysis of the financial structure

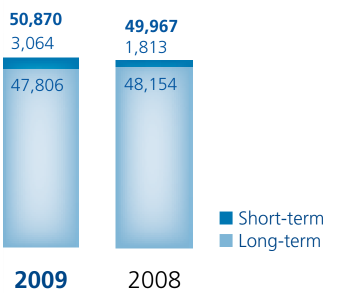
Net financial debt

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

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Long-term debt:			
- bank loans	21,632	29,392	(7,760)
- bonds	31,889	20,248	11,641
- preference shares	1,463	973	490
- other loans	866	432	434
Long-term debt	*55,850*	*51,045*	*4,805*
Long-term financial receivables and securities	(8,044)	(2,891)	(5,153)
Net long-term debt	**47,806**	**48,154**	**(348)**
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	1,438	590	848
- drawings on revolving credit facilities	20	14	6
- other short-term bank debt	927	1,564	(637)
Short-term bank debt	*2,385*	*2,168*	*217*
Bonds (short-term portion)	1,096	2,364	(1,268)
Other loans (short-term portion)	375	156	219
Commercial paper	6,573	3,792	2,781
Other short-term financial payables	22	97	(75)
Other short-term debt	*8,066*	*6,409*	*1,657*
Long-term financial receivables (short-term portion)	(767)	(524)	(243)
Factoring receivables	(304)	(367)	63
Financial receivables – cash collateral	(893)	-	(893)
Other short-term financial receivables	(1,156)	(694)	(462)
Cash and cash equivalents	(4,267)	(5,179)	912
Cash and cash equivalents and short-term financial receivables	*(7,387)*	*(6,764)*	*(623)*
Net short-term financial debt	**3,064**	**1,813**	**1,251**
NET FINANCIAL DEBT	**50,870**	**49,967**	**903**
Net financial debt of "Assets held for sale"	**63**	**795**	**(732)**

Net financial debt (millions of euro)



Net financial debt was equal to €50,870 million at December 31, 2009, a €903 million increase over December 31, 2008. The increase reflects the effects of the acquisition of 25.01% of the share capital of Endesa for €9,627 million as well as the effects of the full consolidation of Endesa's debt, which were offset by the finalization of the capital increase of Enel SpA for a total of €7,991 million (taking account of the receipts from option rights) and the sales of Enel Linee Alta Tensione, a number of hydroelectric and other renewable energy plants by Endesa to Acciona, 80% of Enel Rete Gas and 51% of Enel's stake in SeverEnergia for a total of €4,031 million.

Net long-term financial debt decreased by €348 million as the net result of the increase in gross long-term debt in the amount of €4,805 million and the increase in long-term financial receivables of €5,153 million; the increase is

essentially attributable to the regulatory changes regarding the Spanish electrical system deficit.
Long-term bank loans, which totaled €21,632 million, decreased by €7,760 million compared with December 31, 2008, principally as a result of the following factors:
> drawings of a nominal €8,000 million on the Credit Agreement 2009;
> an increase in Endesa's bank loans and the full consolidation of the same in the amount of €3,880 million;
> mandatory and voluntary repayments of the tranche maturing in 2010 of the original €35 billion Credit Agreement 2007 totaling €10,866 million;
> mandatory repayments of the 2007 and 2009s Credit Agreements following Endesa's sale of assets to Acciona and the issue of bonds in the European and US markets by Enel Finance International totaling €5,919 million;
> the repayment, in the amount of €3,273 million, of the five-year, €5 billion syndicated revolving line of credit established in November 2005.
Bonds amounted to €31,889 million, up €11,641 million, largely as a result of the full consolidation of Endesa's debt and:
> a multi-tranche bond issue for institutional investors, denominated in euros and pounds sterling with a total value of more than €6.5 billion;
> a multi-tranche bond issue for institutional investors amounting to $4,500 million, equal to about €3.1 billion;
> two privately placed bonds totaling €225 million.

Net short-term financial debt, amounting to €3,064 million at December 31, 2009, increased by €1,251 million from the end of 2008, €217 million of which related to short-term bank debt, €1,657 million to other loans, and €623 million to the increase in cash and cash equivalents and short-term financial receivables. Other short-term loans in the amount of €8,066 million include the issues of commercial paper by Enel Finance International, Endesa Internacional BV, Endesa Capital SA and Enel OGK-5 totaling €6,573 million, as well as the bonds maturing within one year in the amount of €1,096 million.

Net financial debt in respect of assets held for sale came to €63 million at December 31, 2009 (€795 million at December 31, 2008), all of which is accounted for by a number of Endesa companies in Greece and Brazil that meet the requirements of IFRS 5 for classification as assets and liabilities held for sale.

Cash flows

Millions of euro

	2009	2008	2009-2008
Cash and cash equivalents at the beginning of the period	5,211	1,463	3,748
- *of which discontinued operations*	*1*	*1*	*0*
Cash flows from operating activities	8,926	10,510	(1,584)
- *of which discontinued operations*	*(210)*	*(387)*	*177*
Cash flows from investing/disinvesting activities	(12,676)	(2,140)	(10,536)
- *of which discontinued operations*	*(60)*	*(113)*	*53*
Cash flows from financing activities	2,669	(4,510)	7,179
- *of which discontinued operations*	*273*	*500*	*(227)*
Effect of exchange rate changes on cash and cash equivalents	159	(112)	271
Cash and cash equivalents at the end of the period (1) (2)	4,289	5,211	(922)
- *of which discontinued operations* (3)	-	*1*	*(1)*

(1) Of which short-term securities equal to €97 million at December 31, 2009 (€73 million at December 31 2008).
(2) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €22 million at December 31, 2009 (€32 million at December 31 2008).
(3) Cash and cash equivalents pertaining to discontinued operations at the time of the disposal amounted to €4 million. They were deducted from the value of the cash flows from investing/disinvesting activities in respect of the disposal.

Cash flows from operating activities in 2009 were positive at €8,926 million, down €1,584 million or 15.1% over the previous year. The change reflects increased uses of cash connected with the change in net current assets, only partially offset by the rise in the gross operating margin associated in part with the change in the method used to consolidate Endesa following the acquisition of the additional 25.01% stake in that company.

Cash flows from investing/disinvesting activities in 2009 absorbed cash of €12,676 million (€2,140 million in 2008).
In particular, investments in property, plant and equipment and intangible assets came to €7,000 million, down €397 million essentially due to the investments in 2008 in respect of the generation assets of Endesa and Enel sold to E.ON; this factor was partially offset by greater investment by Endesa, partly attributable to the change in consolidation method.
Investments in entities or business units, net of cash and cash equivalents acquired in the amount of €556 million, totaled €9,548 million, up €7,921 million on 2008. They are largely accounted for by the additional acquisition of Endesa in the amount of €9,067 million (considered net of €560 million in cash at the acquisition date) as well as Endesa's acquisition of KJWB (now Endesa Ireland), an Irish company to which 20% of the generation assets of the Electricity Supply Board (ESB) had been transferred, for €295 million. In 2008, the item included the acquisition of OGK-5 for €828 million (the net effect of the price paid in the public tender including incidental expenses and the proceeds of the virtually simultaneous sale of 4.10% of its capital), the acquisition of 64.4% of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) for €334 million (net of €493 million in cash at the acquisition date), the effects (totaling €301 million) of acquisitions by Endesa during 2008, in particular that related to the finalization of the tender offer for 24% of two companies controlled by Endesa listed on the Lima Stock Exchange, and the acquisition of 30% of a number of wind projects in Greece in the amount of €122 million.
The disposal of entities or business units, net of cash and cash equivalents sold,

generated cash flows of €3,712 million, essentially attributable to the disposal of Endesa renewables assets to Acciona for €1,940 million, the completion of the sale to Terna of the entire share capital of Enel Linee Alta Tensione (ELAT) for €1,152 million, the sale of 80% of the holding in Enel Rete Gas for €516 million and the receipt at December 31, 2009 of the share of the receivable in respect of the sale to Gazprom, by Enel and Eni, of 51% of SeverEnergia for €96 million. In 2008, the item reported the cash flows generated by the sale to E.ON of Endesa Europa in the amount of €5,880 million (net of €191 million in cash at the date of sale) and of Viesgo in the amount of €702 million, as well as the sale of 51% of Hydro Dolomiti Enel for €338 million.

Cash flows from financing activities generated cash in the amount of €2,669 million, whereas such activities used cash in the amount of €4,510 million in 2008. Cash flows for 2009 essentially reflect the capital increase completed on July 9, 2009, in the total amount of €7,991 million, partially offset by the payment of dividends of €3,135 million (€3,401 million in 2008) and a decrease in net financial debt totaling €2,190 million (€1,128 million in 2008).

Cash flows from operating activities in the amount of €8,926 million and the contribution of financing activities totaling €2,669 million covered funding needs for investment activities during the year (€12,676 million). The deficit decreased cash and cash equivalents, which reached €4,289 million at December 31, 2009 (including that pertaining to net assets held for sale in the amount of €22 million), compared with €5,211 million at the end of 2008 (of which €32 million in respect of net assets held for sale). This decrease also reflects the positive effect of exchange rate fluctuations (€159 million).

Results by Division

The representation of divisional performance and financial results presented here is based on the approach used by management in assessing Group performance for the two periods under review, taking account of the organizational structure introduced by the Group in September 2008, with the establishment of the "Renewable Energy" Division alongside the existing Divisions in the organization implemented in December 2007 and operational since January 1, 2008.

Results by Division for 2009 and 2008

2009 RESULTS (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	20,034	12,393	212	2,577	21,529	5,358	1,520	335	116	(39)	**64,035**
Revenues from other segments	296	5,984	691	4,665	3	182	231	302	976	(13,330)	**-**
Total revenues	**20,330**	**18,377**	**903**	**7,242**	**21,532**	**5,540**	**1,751**	**637**	**1,092**	**(13,369)**	**64,035**
Net income/(charges) from commodity risk management	(871)	811	-	-	173	31	116	4	-	-	**264**
Gross operating margin	**393**	**3,024**	**17**	**3,986**	**5,928**	**1,424**	**1,178**	**(25)**	**124**	**(5)**	**16,044**
Depreciation, amortization and impairment losses	383	542	3	880	2,487	644	240	9	101	-	**5,289**
Operating income	**10**	**2,482**	**14**	**3,106**	**3,441**	**780**	**938**	**(34)**	**23**	**(5)**	**10,755**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	**(1,687)**
Income taxes	-	-	-	-	-	-	-	-	-	-	**2,520**
Net income from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,548**
Net income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(158)**
Net income (Group and minority interests)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,390**
Operating assets	**6,598**	**15,054**	**342**	**17,272**	**78,995** (2)	**12,292**	**6,423**	**1,229**	**2,197**	**(6,142)**	**134,260**
Operating liabilities	**5,471**	**4,218**	**363**	**5,682**	**13,543** (3)	**4,814**	**804**	**1,090**	**1,612**	**(4,981)**	**32,616**
Capital expenditure	**80**	**783**	**5**	**1,112**	**2,962**	**1,014**	**771**	**6**	**92**	**-**	**6,825**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €485 million regarding units classified as "Held for sale".
(3) Of which €102 million regarding units classified as "Held for sale".

2008 RESULTS [1]

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	22,447	14,253	167	1,843	15,788	4,487	1,675	405	159	(40)	**61,184**
Revenues from other segments	162	7,890	838	4,694	17	221	177	322	1,010	(15,331)	**-**
Total revenues	**22,609**	**22,143**	**1,005**	**6,537**	**15,805**	**4,708**	**1,852**	**727**	**1,169**	**(15,371)**	**61,184**
Net income/(charges) from commodity risk management	580	(368)	-	-	(64)	(114)	(44)	(10)	-	-	**(20)**
Gross operating margin	**554**	**3,113**	**14**	**3,719**	**4,647**	**1,044**	**1,188**	**(71)**	**116**	**(6)**	**14,318**
Depreciation, amortization and impairment losses	439	854	3	875	1,799	488	207	23	89	-	**4,777**
Operating income	**115**	**2,259**	**11**	**2,844**	**2,848**	**556**	**981**	**(94)**	**27**	**(6)**	**9,541**
Net financial income/(expense) and income/(expense) from equity investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	(3,162)
Income taxes	-	-	-	-	-	-	-	-	-	-	585
Net income from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,794**
Net income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**240**
Net income (Group and minority interests)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,034**
Operating assets	**8,105**	**15,357**	**217**	**19,773** (2)	**53,201** (4)	**12,562**	**5,593**	**1,233**	**1,883**	**(5,714)**	**112,210**
Operating liabilities	**6,127**	**4,468**	**474**	**6,023** (3)	**9,255** (5)	**5,098**	**691**	**1,351**	**1,658**	**(5,150)**	**29,995**
Capital expenditure	**72**	**887**	**-**	**1,407**	**2,382**	**681**	**951**	**13**	**109**	**-**	**6,502**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,871 million regarding units classified as "Held for sale".
(3) Of which €324 million regarding units classified as "Held for sale".
(4) Of which €2,368 million regarding units classified as "Held for sale".
(5) Of which €36 million regarding units classified as "Held for sale".

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

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008
Total assets	**160,457**	**133,207**
Financial assets, cash and cash equivalents	18,410	13,251
Tax assets	7,787	7,746
Segment assets	**134,260**	**112,210**
- of which:		
Sales	6,598	8,105
Generation and Energy Management	15,054	15,357
Engineering and Innovation	342	217
Infrastructure and Networks (1)	17,272	19,773
Iberia and Latin America (2)	78,995	53,201
International	12,292	12,562
Renewable Energy	6,423	5,593
Parent Company	1,229	1,233
Services and Other Activities	2,197	1,883
Eliminations and adjustments	(6,142)	(5,714)
Total liabilities	**116,104**	**106,912**
Loans and other financial liabilities	71,141	66,079
Tax liabilities	12,347	10,838
Segment liabilities	**32,616**	**29,995**
- of which:		
Sales	5,471	6,127
Generation and Energy Management	4,218	4,468
Engineering and Innovation	363	474
Infrastructure and Networks (3)	5,682	6,023
Iberia and Latin America (4)	13,543	9,255
International	4,814	5,098
Renewable Energy	804	691
Parent Company	1,090	1,351
Services and Other Activities	1,612	1,658
Eliminations and adjustments	(4,981)	(5,150)

(1) Of which €2,871 million regarding units classified as "Held for sale" at December 31, 2008.
(2) Of which €485 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(3) Of which €324 million regarding units classified as "Held for sale" at December 31, 2008.
(4) Of which €102 million regarding units classified as "Held for sale" (€36 million at December 31, 2008).

Sales

The Sales Division is responsible for commercial activities, with the objective of developing an integrated package of electricity and gas products and services for end users. The activities are carried out by:

> Enel Servizio Elettrico and Vallenergie (the operations of the latter are limited to the Valle d'Aosta region) for the sale of electricity on the enhanced protection market;

> Enel Energia for the sale of electricity on the free and safeguard markets and the sale of natural gas to end-users.

Operations

ELECTRICITY SALES

Millions of kWh

	2009	2008	2009-2008	
Free market:				
- mass-market customers	27,337	27,334	3	-
- business customers (1)	23,196	23,475	(279)	-1.2%
- safeguard market customers (2)	5,270	4,449	821	18.5%
Total free market	**55,803**	**55,258**	**545**	**1.0%**
Regulated market:				
- enhanced protection market customers	71,273	76,718	(5,445)	-7.1%
- safeguard market customers (2)	-	4,996	(4,996)	-100.0%
Total regulated market	**71,273**	**81,714**	**(10,441)**	**-12.8%**
Total	**127,076**	**136,972**	**(9,896)**	**-7.2%**

(1) Supplies to large customers and energy-intensive users (annual consumption greater than 1 GWh).
(2) As of May 1, 2008, sales on the safeguard market are included in the free market figures.

No. customers

	2009	2008	2009-2008	
Free market:				
- mass-market customers	2,395,647	1,711,837	683,810	39.9%
- business customers (1)	48,621	28,717	19,904	69.3%
- safeguard market customers	92,363	73,104	19,259	26.3%
Total free market (2)	**2,536,631**	**1,813,658**	**722,973**	**39.9%**
Enhanced protection market	**27,186,504**	**28,419,119**	**(1,232,615)**	**-4.3%**
Total	**29,723,135**	**30,232,777**	**(509,642)**	**-1.7%**

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

The slowdown in the national economy in the wake of the crisis that swept through the industrial countries in the 2nd Half of 2008 and the process of liberalizing the domestic electricity market affected the dynamics of the operating performance of the Sales Division, both in terms of the types of customers served and volumes sold. Specifically, electricity sold in 2009 totaled 127,076 million kWh, a fall of 9,896 million kWh compared with the previous year, and the reduction in the number of customers on the enhanced protection market was only partially offset by the increase in the number of customers on the free market.

GAS SALES AND CUSTOMERS

	2009	2008	2009-2008	
Gas sales (millions of m^3)				
- mass-market customers (1)	3,301	3,222	79	2.5%
- business customers	1,868	2,455	(587)	-23.9%
Total sales	**5,169**	**5,677**	**(508)**	**-8.9%**
Customers at year-end (2)	**2,773,370**	**2,643,970**	**129,400**	**4.9%**

(1) Includes residential customers and microbusinesses.
(2) Includes dual-energy customers.

Gas sales for 2009 totaled 5,169 million cubic meters, a decrease of 508 million cubic meters from the previous year. This decrease was essentially due to the decline in the volume of sales to business customers (related essentially to the decline in demand by industrial consumers as a result of the recession), which was only partially offset by the increase in sales to mass-market customers.
At December 31, 2009, customers served numbered some 2.8 million, an increase of about 0.1 million over December 31, 2008.

Performance

Millions of euro

	2009	2008	2009-2008
Revenues	20,330	22,609	(2,279)
Net income/(charges) from commodity risk management	(871)	580	(1,451)
Gross operating margin	*393*	*554*	*(161)*
Operating income	10	115	(105)
Operating assets	6,598	8,105	(1,507)
Operating liabilities	5,471	6,127	(656)
Employees at year-end (no.)	3,962	4,170	(208)
Capital expenditure	80	72	8

Revenues for 2009 came to €20,330 million, a decrease of €2,279 million compared with the same period of 2008 (-10.1%), due to the following:

> a €2,311 million decline in revenues on the regulated electricity markets due mainly to the 10.4 TWh decline in quantities sold to customers on the safeguard market served during the first four months of 2008 (5.0 TWh), in addition to the 5.5 TWh decline in sales on the enhanced protection market;
> a €298 million decline in revenues on the natural gas market due essentially to the reduction in volumes sold to business customers;
> a €342 million increase in revenues from electricity sales on the free market due essentially to the increase in volumes sold (an increase of 0.8 TWh on the safeguard market, partially offset by the 0.3 TWh decline on the free market).

The *gross operating margin* for 2009 amounted to €393 million, a fall of €161 million over 2008. This decrease is due primarily to the following factors:

> a €123 million decrease in margins on electricity on the free market, despite the slight increase in volumes sold, reflecting the negative effect of lower average sales prices;
> a reduction of €4 million in the margin on energy sales on the regulated markets, mainly attributable to lower volumes sold;
> a €31 million increase in charges for early-retirement incentives.

Operating income, after depreciation, amortization and impairment losses of €383 million (€439 million in the previous year), came to €10 million, a decrease of €105 million from the same period of 2008. The decrease reflects the decline in the gross operating margin, partially offset by the reduction in depreciation, amortization and impairment losses, mainly attributable to the decrease in provisions for doubtful accounts.

Capital expenditure

Capital expenditure came to €80 million, up €8 million over 2008, and primarily concerns investments in intangible assets.

Generation and Energy Management

The Generation and Energy Management Division operates in the field of electricity generation and energy products. The main activities of the Division are as follows:

> the generation and sale of electricity:
  – schedulable thermal and hydroelectric power plants in Italy through Enel Produzione and Hydro Dolomiti Enel (the latter limited to the province of Trento);
  – trading on international and domestic markets, primarily through Enel Trade, Enel Trade Hungary and Enel Trade Romania;
> the supply and sale of energy products through Enel Trade:
  – provisioning for all of the Group's needs;
  – the sale of natural gas to distributors;
> the development of natural gas storage projects, through Enel Stoccaggi, and regasification plants, through Nuove Energie.

Operations

NET ELECTRICITY GENERATION

Millions of kWh

	2009	2008	2009-2008	
Thermal	50,186	64,654	(14,468)	-22.4%
Hydroelectric	22,099	20,738	1,361	6.6%
Other resources	2	-	2	-
Total net generation	**72,287**	**85,392**	**(13,105)**	**-15.3%**

In 2009, net electricity generation totaled 72,287 million kWh, a decrease of 15.3% compared with 2008. More specifically, the growth in hydroelectric power generation (an increase of 1,361 million kWh), fostered by improved water availability, was more than offset by the decline in thermal power generation (down 14,468 million kWh), which was affected above all by the reduced operations required of the plants, especially the combined-cycle plants.

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh

	2009		2008		2009-2008	
High-sulfur fuel oil (S>0.25%)	1,772	3.3%	2,181	3.2%	(409)	-18.8%
Low-sulfur fuel oil (S<0.25%)	1,942	3.6%	3,521	5.1%	(1,579)	-44.8%
Total fuel oil	*3,714*	*6.9%*	*5,702*	*8.3%*	*(1,988)*	*-34.9%*
Natural gas	20,313	37.8%	32,224	46.9%	(11,911)	-37.0%
Coal	29,233	54.3%	30,422	44.2%	(1,189)	-3.9%
Other fuels	532	1.0%	410	0.6%	122	29.8%
TOTAL	**53,792**	**100.0%**	**68,758**	**100.0%**	**(14,966)**	**-21.8%**

Gross thermal generation in 2009 declined by 21.8% compared with 2008. This decline, which was seen in all types of fuel and of plant technologies, was the result of the significant reduction in electricity demand connected with the slowdown in the domestic economy, in conjunction with a variety of other

factors, such as the increase in imported electricity, the natural gas supply crisis of January 2009 and the increase in hydroelectric generation (supported by greater water availability).
The most significant reduction was seen in generation from natural gas (down 37.0%) due mainly to the reduced operations of the combined-cycle plants.
The decline in coal-fired generation (3.9%) was due to the reduced operations required of small-scale plants in response to a decline in demand, as well as to the larger plants being run at lower average power levels, as such plants were also affected by reduced availability due to accidental events. The reduced power generation of the larger plants was only partially recouped with the start of operations of sections 3 and 4 of the Torrevaldaliga Nord plant.
Finally, fuel-oil generation also declined, despite being boosted in the early part of the year by the gas emergency and by fuel price developments that made the use of this raw material more competitive.

NET EFFICIENT GENERATION CAPACITY

MW

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Thermal plants (1)	24,855	24,862	(7)
Hydroelectric plants	12,922	12,914	8
Alternative resources	6	-	6
Total	**37,783**	**37,776**	**7**

(1) 677 MW of which unavailable due to transformation activities (1,320 MW at December 31, 2008) and 1,055 MW unavailable due to long-term technical issues (876 MW at December 31, 2008).

Net efficient domestic generation capacity as of December 31, 2009, is essentially in line (up 7 MW) with that of the end of 2008.

Performance

Millions of euro

	2009	2008	2009-2008
Revenues	18,377	22,143	(3,766)
Net income/(charges) from commodity risk management	811	(368)	1,179
Gross operating margin	*3,024*	*3,113*	*(89)*
Operating income	2,482	2,259	223
Operating assets	15,054	15,357	(303)
Operating liabilities	4,218	4,468	(250)
Employees at year-end (no.)	6,703	6,829	(126)
Capital expenditure	783	887	(104)

Revenues for 2009 amounted to €18,377 million, down €3,766 million or 17.0% with respect to the previous year. In addition to the effect of the recognition in 2008 of the €328 million capital gain on the sale of 51% of Hydro Dolomiti Enel, the decrease is mainly attributable to the following factors:

> a €3,355 million decrease in revenues from electricity sales on the Power Exchange related mainly to a decline in quantities sold (a fall of 12.4 TWh) in a context of falling average sales prices;
> a €1,064 million decline in revenues from electricity sales related to the reduction in volumes sold (down 1.4 TWh) on the free market by the Sales

Division (a decrease of €1,511 million), which was partially offset by an increase in revenues from electricity sales to domestic resellers (up €452 million);

> a €483 million decline in revenues from the sale of fuels for trading resulting from the €478 million decrease in natural gas sales and the €5 million decline in sales of other fuels; revenues from shipping services also contracted by €34 million;
> a decline of €33 million in revenues from the sale of CIP 6 power.

These effects were partially offset by:

> a €1,107 million increase in revenues due to growth in trading on the international energy markets (up 18.6 TWh);
> a €475 million increase in revenues from the sale of green certificates to the Energy Services Operator (ESO), partially offset by a decline of €86 million in revenues from sales of certified emission reductions (CERs);
> the recognition in 2009 of income in the amount of €78 million related to the settlement with Eni concerning the connection fees Enel paid to Snam SpA during the period 1991-1999 and to adjustment payments related to corrections to metering documents for the Montalto di Castro thermal power plant (concerning a number of months in 2004, 2006 and 2007) and for the Treviso city gate (for the period January-September 2003).

The *gross operating margin* in 2009 totaled €3,024 million, a decrease of €89 million or 2.9% with respect to the €3,113 million posted in 2008. The decrease was essentially due to the recognition in 2008 of the gain on the sale of Hydro Dolomiti Enel and the change in fair value of derivatives related to commodity risk management (a negative €76 million). These effects were partially offset by the revenues from the settlement agreement with Eni and an increase in margins on generation and natural gas trading.

Operating income came to €2,482 million, an increase of €223 million or 9.9% with respect to 2008, including a reduction of €312 million in depreciation, amortization and impairment losses. The latter decline mainly relates to the completion of the depreciation of several plants as well as the redefinition of the useful life of the Hydro Dolomiti Enel plants, thanks to the extension of the concession, and a number of thermal plants that have been kept in service to help safeguard the security of the electrical system.

Capital expenditure

Millions of euro

	2009	2008	2009-2008	
Generation plants:				
- thermal	591	733	(142)	-19.4%
- hydroelectric	93	91	2	2.2%
- alternative energy resources	38	25	13	52.0%
Total generation plants	**722**	**849**	**(127)**	**-15.0%**
Other investments in property, plant and equipment	40	20	20	100.0%
Investments in intangible assets	21	18	3	16.7%
TOTAL	**783**	**887**	**(104)**	**-11.7%**

Capital expenditure came to €783 million, €722 million of which for generation plants. The main investments for 2009 concerned the continuation of projects on the thermal plants in the amount of €591 million (including the coal conversion of the Torrevaldaliga Nord plant for €314 million and logistics operations for coal handling and refurbishment of dust capture systems at the Brindisi plant in the amount of €49 million) and the refurbishing and repowering of the schedulable hydroelectric plants in the amount of €43 million, while work on alternative energy systems within the scope of the Archimede Project totaled €35 million.

Engineering and Innovation

The mission of the Engineering and Innovation Division is to serve the Group by managing the engineering processes related to the development and construction of power plants, ensuring achievement of the quality, temporal and financial objectives set for it. The Division also coordinates and supplements the Group's research activities, ensuring the scouting, development and leveraging of innovation opportunities in all Group business areas, with a special focus on the development of major environmental initiatives.

Performance

Millions of euro

	2009	2008	2009-2008
Revenues	903	1,005	(102)
Gross operating margin	*17*	*14*	*3*
Operating income	14	11	3
Operating assets	342	217	125
Operating liabilities	363	474	(111)
Employees at year-end (no.)	1,202	1,020	182
Capital expenditure	5	-	5

Revenues for 2009 came to €903 million, down €102 million or 10.1% year on year. This decline was essentially due to the following:

> a €151 million decline in business with E.ON España (formerly Enel Viesgo Generación) for the completion of a number of activities regarding the development of thermal power plants in Spain;
> a €26 million decline in business with the Generation and Energy Management Division, related mainly to the coal conversion of the Torrevaldaliga Nord plant;
> a €58 million increase in business with the companies of the International Division, related mainly to the construction of combined-cycle plants at Marcinelle (€50 million) and Nevinnomyskaya (€23 million), as well as to work to modernize the thermal power plants in Slovakia (€18 million). These factors were partially offset by the decline in business with Enel Maritza East 3 (down €31 million) and Enelco (down €3 million);
> a €27 million increase in revenues from the charge-through of costs for personnel seconded to Group companies.

The *gross operating margin* for 2009 came to €17 million, increasing by €3 million due to the change in profitability on the business conducted during the two periods under review.

Operating income for 2009 totaled €14 million, an increase of €3 million, in line with the trend in gross operating margin.

Infrastructure and Networks

The Infrastructure and Networks Division is responsible for operating the electricity and gas distribution networks.
The activities are essentially carried out by:
> Enel Distribuzione and Deval (the latter's operations are limited to the Valle d'Aosta region) for the distribution of electricity;
> Enel Sole for public and artistic lighting.
Given that they concern a significant business unit in Italy, the income figures related to gas distribution activities by Enel Rete Gas have been classified among discontinued operations for the two periods being compared. In addition, on December 10, 2009, the sale of Avisio Energia, which until that date had operated in the gas distribution sector, was completed.

Operations

ELECTRICITY DISTRIBUTION AND TRANSPORT NETWORKS

	2009	2008	2009-2008
High-voltage lines at year-end (km) (1)	57	18,939	(18,882)
Medium-voltage lines at year-end (km)	342,289	340,427	1,862
Low-voltage lines at year-end (km)	757,337	752,789	4,548
Total electricity distribution network (km)	**1,099,683**	**1,112,155**	**(12,472)**
Electricity transported on Enel's network (millions of kWh)	**241,661**	**257,884**	**(16,223)**

(1) Includes units classified as "Held for sale" at December 31, 2008, for a total of 18,882 km.

The reduction in the size of the electricity distribution network, in particular the high-voltage lines, is essentially attributable to the sale on April 1, 2009, of Enel Linee Alta Tensione to Terna. Enel Distribuzione had previously transferred the high-voltage lines and related legal relationships to the company.
Energy transported on the Enel distribution network in Italy declined by 16,223 million kWh, reflecting the downward trend in domestic demand for electricity, essentially due to the slowdown in the country's economy.

Performance

Millions of euro

	2009	2008	2009-2008
Revenues	7,242	6,537	705
Gross operating margin	*3,986*	*3,719*	*267*
Operating income	3,106	2,844	262
Operating assets (1)	17,272	19,773	(2,501)
Operating liabilities (2)	5,682	6,023	(341)
Employees at year-end (no.) (3)	19,700	21,683	(1,983)
Capital expenditure	1,112	1,407	(295)

(1) Of which €2,871 million regarding units classified as "Held for sale" at December 31, 2008.
(2) Of which €324 million regarding units classified as "Held for sale" at December 31, 2008.
(3) Of which 1,289 in units classified as "Held for sale" at December 31, 2008.

Revenues for 2009 came to €7,242 million, up €705 million (10.8%) over 2008. This change reflects the €295 million gain on the sale of Enel Linee Alta Tensione, the company to which the high-voltage power distribution network was transferred effective as of January 1, 2009.
Other factors included:

> €247 million in prior-year items in respect of equalization mechanisms (mainly domestic equalization and distribution services) concerning electricity transport (€159 million) and the sale (in 2002) of the electricity distribution operations in the cities of Milan and Rozzano (€88 million);

> a €149 million increase in revenues on electricity transport resulting from the increase in average transport prices (including the equalization mechanisms) following the rate updates for the 2008-2011 regulatory period, the effects of which more than offset the reduction in quantities of electricity distributed to end users (down 16.2 TWh);

> an increase of €33 million in service continuity bonuses;

> a €58 million decrease in connection fees as a result of a decline in power demand, which was essentially related to low-voltage users.

The *gross operating margin* totaled €3,986 million, up €267 million or 7.2% due to:

> recognition of the €295 million gain on the sale of Enel Linee Alta Tensione mentioned above;

> an overall increase of €237 million in prior-year items, essentially attributable to equalization mechanisms and the price supplement for the sale of the electricity distribution operations in the cities of Milan and Rozzano;

> the recognition in 2009 of non-recurring revenues in respect of the electricity discount in the amount of €62 million;

> a €39 million increase in the margin on electricity transport;

> an increase of €33 million in service continuity bonuses, as noted in the comments on revenues;

> a €117 million decline in margins resulting from the sale of the high-voltage grid on April 1, 2009;

> a €105 million reduction in positive items related to prior-year periods related to the purchase of electricity from the Single Buyer following the alignment by Terna and Enel Distribuzione of withdrawal points on the high-voltage networks (Resolution 177/07);

> a €58 million decrease in connection fees as mentioned above in the section on revenues;

> an increase of €119 million in operating overheads, of which €135 million in respect of early retirement incentives.

Operating income, after depreciation, amortization and impairment losses in the amount of €880 million (€875 million in 2008), came to €3,106 million, an increase of €262 million or 9.2% over 2008, in line with developments in the gross operating margin.

Capital expenditure

Millions of euro

	2009	2008	2009-2008	
Electricity distribution networks	953	1,204	(251)	-20.8%
Gas distribution networks	2	1	1	100.0%
Alternative energy generation plants	-	-	-	-
Other investments in property, plant and equipment	74	147	(73)	-49.7%
Investments in intangible assets	83	55	28	50.9%
Total (1)	**1,112**	**1,407**	**(295)**	**-21.0%**

(1) The figure for 2009 does not include €63 million in capital expenditure pertaining to assets classified as "Held for sale" (€116 million in 2008).

Capital expenditure declined by €295 million due essentially to work on the low and medium-voltage network to increase service quality.

Iberia and Latin America

The Iberia and Latin America Division focuses on developing Group's presence and coordinating its operations in the electricity and gas markets of Spain, Portugal and Latin America (excluding activities performed by the Renewable Energy Division), formulating growth strategies in the related regional markets.
In 2009, the operational and performance figures for this Division solely reflect those for Endesa, which were consolidated on a proportionate basis at 67.05% until completion of the acquisition of the additional 25.01% stake at the end of June 2009, which allowed for line-by-line consolidation. In 2008, in addition to the proportionate figures of Endesa, they included the performance data of Enel Viesgo Generación, Enel Viesgo Servicios, Electra de Viesgo Distribución and the equity investments of these companies, all of which were sold to E.ON in June 2008.

Operations

NET ELECTRICITY GENERATION

Millions of kWh

	2009	2008	2009-2008
Thermal	53,898	52,409	1,489
Nuclear	18,854	17,508	1,346
Hydroelectric	38,893	29,808	9,085
Wind	1,966	1,897	69
Other resources	246	166	80
Total net generation	**113,857**	**101,788**	**12,069**

Net electricity generation in 2009 came to 113,857 million kWh, an increase of 12,069 million kWh on 2008, attributable to the increase of production by Endesa in the amount of 13,395 million kWh, partially offset by the reduction caused by the sale of Enel Viesgo Generación in the amount of 1,326 million kWh (all in the 1st Half of 2008).
In 2009, net power generation on the Iberian peninsula increased by 1,206 million kWh, where the effect of the change in the scope of consolidation (an increase of 14,777 million kWh) was supplemented by the increase of 10% in hydroelectric generation. These effects were only partially offset by the decline of 13% in nuclear power generation attributable to the unavailability of a number of plants and the decline of 24% in thermal generation, which reflected the decrease in electricity demand.
In addition, production increased by 11,519 million kWh in Latin America due mainly to the change in consolidation method (an increase of 10,232 million kWh), as well as to the greater water availability in the 1st Half of 2009 in Argentina, Chile and Peru. Power generation also increased by 670 million kWh in the other European countries, which includes the 506 million kWh increase in output attributable to the thermal power plants acquired in Ireland in January 2009.

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh

	2009		2008		2009-2008
High-sulfur fuel oil (S>0.25%)	7,357	9.7%	5,802	7.9%	1,555
Low-sulfur fuel oil (S<0.25%)	284	0.4%	410	0.6%	(126)
Total fuel oil	*7,641*	*10.1%*	*6,212*	*8.5%*	*1,429*
Natural gas	20,252	26.6%	21,211	29.0%	(959)
Coal	20,647	27.1%	22,884	31.3%	(2,237)
Nuclear fuel	19,711	25.9%	18,236	25.0%	1,475
Other fuels	7,874	10.3%	4,507	6.2%	3,367
Total	**76,125**	**100.0%**	**73,050**	**100.0%**	**3,075**

The increase of 3,075 million kWh in gross thermal generation is largely attributable to the effect of the change in the method of consolidating Endesa (an increase of 17,530 million kWh), partially offset by the reduction (-13,512 million kWh) in thermal generation and the change in the scope of consolidation related to Enel Viesgo Generación (a decrease of 943 million kWh).

NET EFFICIENT GENERATION CAPACITY

MW

	at Dec. 31, 2009	at Dec. 31, 2008 (1)	2009-2008	
Thermal plants	20,748	12,728	8,020	63.0%
Hydroelectric plants	13,264	9,445	3,819	40.4%
Wind plants	810	1,209	(399)	-33.0%
Nuclear plants	3,522	2,344	1,178	50.3%
Alternative resources	74	54	20	37.0%
Total net efficient capacity	**38,418**	**25,780**	**12,638**	**49.0%**

(1) Includes the assets related to Endesa's renewable energy operations classified as "Held for sale" (1,411 MW at December 31, 2008).

Net efficient generation capacity at December 31, 2009 increased by 12,638 MW, essentially due to the change in the scope of consolidation (up 12,669 MW), the increase of 1,068 MW in thermal generation capacity as a result of the acquisition of KJWB (now Endesa Ireland), and the entry into service of a number of thermal and wind plants in Latin America (a total of 565 MW) and in Spain's extra-peninsular system (241 MW). These factors were partially offset by the decrease in wind capacity (down 1,124 MW) and hydroelectric capacity (down 852 MW) following the disposal of certain plants to Acciona, nearly all of which at the end of June 2009.

ELECTRICITY DISTRIBUTION AND TRANSPORT NETWORKS

	2009	2008	2009-2008
High-voltage lines at year-end (km)	32,698	21,919	10,779
Medium-voltage lines at year-end (km)	258,792	165,119	93,673
Low-voltage lines at year-end (km)	302,783	196,503	106,280
Total electricity distribution network (km)	**594,273**	**383,541**	**210,732**
Electricity transported on Enel's distribution network (millions of kWh)	**139,370**	**124,676**	**14,694**

As at December 31, 2009, the size of the electricity distribution network of the Iberia and Latin America Division had increased by 210,732 km, essentially due to the change in the scope of consolidation as well as the entry into service of a further 22,252 km of power lines in the Iberian peninsula and in Latin America.
The increase in electricity transported, equal to 14,694 million kWh, also reflected the change in the scope of consolidation, partially offset by a decline in transport volumes related to the sale of Electrica de Viesgo Distribución.

ELECTRICITY SALES

Millions of kWh

	2009	2008	2009-2008
Free market:			
- Iberian peninsula	72,137	32,417	39,720
- Latin America	5,738	4,616	1,122
Total free market	**77,875**	**37,033**	**40,842**
Regulated market:			
- Iberian peninsula	15,371	43,133	(27,762)
- Latin America	34,522	26,751	7,771
Total regulated market	**49,893**	**69,884**	**(19,991)**
TOTAL	**127,768**	**106,917**	**20,851**
- of which Iberian peninsula	*87,508*	*75,550*	*11,958*
- of which Latin America	*40,260*	*31,367*	*8,893*

Electricity sales to end users by the Iberia and Latin America Division for 2009 came to 127,768 million kWh, up 20,851 million kWh compared with 2008. This was due to the 23,295 million kWh increase in sales by Endesa, which was partially offset by the change in the scope of consolidation related to Electra de Viesgo Distribución and Viesgo Energía (a decrease of 2,444 million kWh), which were sold in the 1st Half of 2008.
Of the total increase in sales by Endesa, 25,576 million kWh are related to the change in consolidation method, which was partially offset by the decline in demand for electricity, a phenomenon that affected the Iberian peninsula in particular. Finally, following the introduction of the *Tarifa de Ultimo Recurso* in Spain on July 1, 2009, which required a change in the type of electricity sales service offered in the former regulated market (no longer provided by the distributor but rather by a separate sales company, the *Comercializadores de Ultimo Recurso*), all sales on that market are to be considered sales conducted on the free market.

Performance

Millions of euro

	2009	2008	2009-2008
Revenues	21,532	15,805	5,727
Net income/(charges) from commodity risk management	173	(64)	237
Gross operating margin	*5,928*	*4,647*	*1,281*
Operating income	3,441	2,848	593
Operating assets (1)	78,995	53,201	25,794
Operating liabilities (2)	13,543	9,255	4,288
Employees at year-end (no.) (3)	26,305	17,827	8,478
Capital expenditure (4)	2,962	2,382	580

(1) Of which €485 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(2) Of which €102 million regarding units classified as "Held for sale" (€36 million at December 31, 2008).
(3) Of which 1,330 in units classified as "Held for sale" (124 at December 31, 2008).
(4) The figure for 2009 does not include €134 million in investments by units classified as "Held for sale" (€790 million at December 31, 2008).

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	2009-2008	2009	2008	2009-2008	2009	2008	2009-2008
Europe	14,666	10,202	4,464	3,248	2,648	600	1,602	1,439	163
Latin America	6,866	5,603	1,263	2,680	1,999	681	1,839	1,409	430
Total	**21,532**	**15,805**	**5,727**	**5,928**	**4,647**	**1,281**	**3,441**	**2,848**	**593**

Revenues for 2009 rose by €5,727 million or 36.2% due to:

> a €4,464 million increase in revenues in Europe, €5,259 million of which related to the increase in Endesa revenues, which was partially offset by a decrease of €795 million due to change in the scope of consolidation when the Viesgo group was sold to E.ON in June 2008. The increase in Endesa revenues is essentially related to the change in the method of consolidation for the company (€2,387 million) and to the application of the aforementioned *Tarifa de Ultimo Recurso* (TUR) as from July 1, 2009 (€2,824 million), which involved the separate recognition in the income statement of the sales company of the revenues and costs concerning, respectively, the sale and purchase of electricity, including transport costs, which had previously been offset;

> a €1,263 million increase in revenues for Endesa in Latin America, due mainly to the change in consolidation method (€1,360 million).

The *gross operating margin* reached €5,928 million, an increase of €1,281 million (up 27.6%) over 2008. Of particular note was the following:

> the €681 million increase in the gross operating margin in Latin America, due substantially (€547 million) to the change in consolidation method, as well as to power generation, which benefited from the favorable water availability in a number of countries;

> the €600 million increase in the gross operating margin in Europe, €565 million of which essentially related to the increase in the contribution from Endesa (nearly entirely due to the change in consolidation method), and €35 million in respect of the positive effect of the deconsolidation of Viesgo, including the loss resulting from the sale to E.ON.

Operating income in 2009 totaled €3,441 million, an increase of €593 million on 2008, of which €351 million attributable to Endesa, which recognized greater depreciation and amortization in the amount of €895 million. In addition to plant entering service during the year, the increase in depreciation and amortization mainly reflected the change in the method of consolidation (€393 million) and the depreciation and amortization recognized on the assets classified in 2008 as held for sale but not subsequently sold to Acciona under the terms of the agreement of February 20, 2009 (€178 million). This performance also reflects the positive effect of the deconsolidation of the Viesgo group in the amount of €242 million (which includes the loss on the sale and the adjustment made in the 1st Quarter of 2008 to the value of the net assets that were subsequently sold to E.ON).

Capital expenditure

Millions of euro

	2009	2008	2009-2008
Generation plants:			
- thermal	902	770	132
- hydroelectric	122	70	52
- nuclear	143	93	50
- alternative energy resources	133	50	83
Total generation plants	**1,300**	**983**	**317**
Electricity distribution networks	1,324	1,148	176
Gas distribution networks	80	31	49
Other investments in property, plant and equipment	130	148	(18)
Investments in intangible assets	128	72	56
Total (1)	**2,962**	**2,382**	**580**

(1) The figure for 2009 does not include €134 million in investments by units classified as "Held for sale" (€790 million in 2008).

Capital expenditure amounted to €2,962 million, up €580 million on the previous year. It includes €1,300 million in respect of generation plants, including: in Spain and Portugal, the construction of combined-cycle plants (Besós 5, Elecgas, Ca's Tresorer 2 and Granadilla 2), gas-fired plants (Ibiza, Mahon and Ceuta), and the construction and development of a number of wind facilities; in Latin America, among other projects, the completion of the combined-cycle plant at Quintero (with associated regasification terminal), the Bocamina II coal-fired plant and the Canela II wind plant.

Capital expenditure on the electricity grid, which came to €1,324 million (of which €960 million in Europe), concerned expansion of the distribution network and initiatives to boost the service quality and operating efficiency of the electrical system.

International

The mission of the International Division is to support Group's strategies for international growth, as well as to manage and integrate the foreign businesses not included in the Iberia and Latin America Division, monitoring and developing business opportunities that should present themselves on the electricity and fuel markets.
The chief geographical areas of operation for this Division are:
> central Europe, where the division is active in electricity sales in France (Enel France), power generation in Slovakia (Slovenské elektrárne), and the development of thermal power plants in Belgium (Marcinelle Energie);
> south-eastern Europe, with power generation and technical support activities in Bulgaria (Enel Maritza East 3 and Enel Operations Bulgaria), the development of generation capacity in Romania (Enel Productie), electricity distribution, sales and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania, and Enel Servicii Comune) and the development of thermal plants in Greece (Enelco);
> Russia, with electricity sales and trading (RusEnergoSbyt), power generation and sales (Enel OGK-5), and support services (Enel Rus) in the Russian Federation.

Operations

NET ELECTRICITY GENERATION

Millions of kWh

	2009	2008	2009-2008	
Thermal	45,244	29,266	15,978	54.6%
Nuclear	13,055	15,412	(2,357)	-15.3%
Hydroelectric	4,429	4,065	364	9.0%
Other resources	7	-	7	-
Total net generation	**62,735**	**48,743**	**13,992**	**28.7%**

Net generation abroad in 2009 totaled 62,735 million kWh, an increase of 13,992 million kWh over 2008 due to the different period of consolidation for Enel OGK-5 (up 16,615 million kWh), which was partially offset by the decrease in production for Slovenské elektrárne (down 2,635 million kWh, primarily from nuclear power as a result of the shutdown of the EBO V1 plant at the end of 2008).

CONTRIBUTION TO GROSS THERMAL GENERATION

Millions of kWh

	2009		2008		2009-2008
High-sulfur fuel oil (S>0.25%)	247	0.4%	174	0.4%	73
Natural gas	20,107	32.2%	12,807	26.5%	7,300
Coal	28,096	44.9%	18,616	38.5%	9,480
Nuclear fuel	14,081	22.5%	16,704	34.6%	(2,623)
Total	**62,531**	**100.0%**	**48,301**	**100.0%**	**14,230**

Gross thermal generation reflects the different period of consolidation for Enel OGK-5, which in 2009 generated 17,592 million kWh more power compared with the previous year (of which 10,218 million kWh from coal and 7,301 million kWh from natural gas), in addition to the aforementioned reduction in nuclear power generation in Slovakia.

NET EFFICIENT GENERATION CAPACITY

MW

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Thermal plants	10,223	10,039	184
Hydroelectric plants	2,329	2,329	-
Nuclear plants	1,762	2,122	(360)
Other resources	4	-	4
Total net efficient capacity	**14,318**	**14,490**	**(172)**

Net efficient generation capacity declined by 172 MW, mainly attributable to the reduction in nuclear capacity in Slovakia, only partially offset by the increase of 173 MW at the thermal plants of Enel Maritza 3.

ELECTRICITY DISTRIBUTION AND TRANSPORT NETWORKS

	2009	2008	2009-2008	
High-voltage lines at year-end (km)	6,023	5,090	933	18.3%
Medium-voltage lines at year-end (km)	37,762	37,591	171	0.5%
Low-voltage lines at year-end (km)	47,901	47,559	342	0.7%
Total electricity distribution network (km)	**91,686**	**90,240**	**1,446**	**1.6%**
Electricity transported on Enel's distribution network (millions of kWh)	**13,225**	**10,883**	**2,342**	**21.5%**

As at December 31, 2009, the size of the electricity distribution network showed an increase of 1,446 km, related essentially to investments in Romania.
The increase in electricity transported reflects the different period of consolidation of Enel Distributie Muntenia, which contributed 2,558 million kWh to the overall rise.

ELECTRICITY SALES

Millions of kWh	2009	2008	2009-2008	
Free market:				
- Romania	1,022	981	41	4.2%
- France	3,276	1,031	2,245	217.7%
- Russia	5,243	3,154	2,089	66.2%
Total free market	**9,541**	**5,166**	**4,375**	**84.7%**
Regulated market:				
- Romania	8,576	6,812	1,764	25.9%
- Russia	14,433	14,264	169	1.2%
Total regulated market	**23,009**	**21,076**	**1,933**	**9.2%**
TOTAL	**32,550**	**26,242**	**6,308**	**24.0%**
- of which Romania	*9,598*	*7,793*	*1,805*	*23.2%*
- of which France	*3,276*	*1,031*	*2,245*	*217.7%*
- of which Russia	*19,676*	*17,418*	*2,258*	*13.0%*

Electricity sold by the International Division in 2009 increased by 6,308 million kWh, mainly attributable to an increase of 2,258 million kWh in sales on the Russian market, mainly following the expansion of operations to new regions in eastern Russia, an increase of 2,245 million kWh in sales by Enel France and the different period of consolidation of Enel Energie Muntenia, which contributed 1,917 million kWh.

Performance

Millions of euro	2009	2008	2009-2008
Revenues	5,540	4,708	832
Net income/(charges) from commodity risk management	31	(114)	145
Gross operating margin	*1,424*	*1,044*	*380*
Operating income	780	556	224
Operating assets	12,292	12,562	(270)
Operating liabilities	4,814	5,098	(284)
Employees at year-end (no.)	15,752	16,865	(1,113)
Capital expenditure	1,014	681	(333)

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	2009-2008	2009	2008	2009-2008	2009	2008	2009-2008
Central Europe	2,587	2,366	221	910	780	130	552	440	112
South-eastern Europe	1,131	984	147	262	188	74	88	93	(5)
Russia	1,822	1,358	464	252	76	176	140	23	117
Total	**5,540**	**4,708**	**832**	**1,424**	**1,044**	**380**	**780**	**556**	**224**

Revenues in 2009 grew by €832 million or 17.7%, going from €4,708 million to €5,540 million. The performance was related to the following factors:

> the €464 million increase in revenues in Russia related mainly to the different period of consolidation for Enel OGK-5 (€288 million), to the gain on the sale of the 51% stake in SeverEnergia (€68 million), and to the increase in revenues for RusEnergoSbyt thanks to the increase in quantities sold;
> the €221 million increase in revenues in central Europe, primarily in Slovakia in the amount of €113 million (essentially due to the increase in average sales prices, which reflects Slovakia's entrance into the euro area and an increase in volumes), as well as to the €109 million increase in revenues from electricity sales by Enel France (related mainly to electricity sales following the agreement with EdF, with average sales prices also rising);
> the €147 million increase in revenues in south-eastern Europe due largely to the different consolidation period for Enel Distributie Muntenia and Enel Energie Muntenia in the amount of €151 million and the €46 million increase in revenues for Enel Maritza East 3 as a result of the increase in prices on the Bulgarian market. These positive effects were partially offset by a €52 million decline in revenues for the other Romanian firms due essentially to the reduction in rates for electricity distribution and sales (which reflect the adverse change in exchange rates).

The *gross operating margin* reached €1,424 million, an increase of €380 million or 36.4% over 2008. This increase is due to the following factors:

> a €176 million increase in Russia due essentially to both the different consolidation period for Enel OGK-5 (€104 million) and the gain on the sale of Enel's 51% stake in SeverEnergia;
> a €130 million increase in central Europe, €102 million of which related to Slovenské elektrárne (due mainly to the growth in the electricity margin, which benefited from a significant increase in volumes sold and sales prices) and €28 million to Enel France;
> a €74 million increase in south-eastern Europe, due essentially to the €45 million improvement in margins in Bulgaria due to the increase in sales prices, as well as to the start of operations of a new section of the Enel Maritza East 3 plant and the different consolidation period for Enel Distributie Muntenia and Enel Energie Muntenia in the amount of €22 million.

Operating income in 2009 came to €780 million, an increase of €224 million over 2008 (up 40.3%), taking account of greater depreciation, amortization and impairment losses in the amount of €156 million, €100 million of which is attributable to the changes in the scope of consolidation.

Capital expenditure

Millions of euro

	2009	2008	2009-2008
Generation plants:			
- thermal	512	366	146
- hydroelectric	3	5	(2)
- nuclear	236	135	101
- alternative energy resources	1	5	(4)
Total generation plants	**752**	**511**	**241**
Electricity distribution networks	155	109	46
Other investments in property, plant and equipment	86	46	40
Investments in intangible assets	21	15	6
Total	**1,014**	**681**	**333**

Capital expenditure came to €1,014 million, up €333 million on the previous year. This change includes €241 million in greater investments in generation plants, which in 2009 totaled €752 million, mainly related to the change in the scope of consolidation of Enel OGK-5 and Marcinelle Energie and greater investments for Slovenské elektrárne.

Renewable Energy

The Renewable Energy Division has the mission of developing and managing operations for the generation of electricity from renewable resources, ensuring their integration within the Group in line with Group's strategies. The geographical areas of operation for this Division are:

> Italy, with power generation using non-schedulable hydroelectric plants, as well as geothermal, wind and solar plants (Enel Green Power) and systems and franchising activities (Enel.si);

> the rest of Europe, with power generation from renewable sources (Enel Unión Fenosa Renovables in Spain; International Wind Parks of Thrace, Wind Parks of Thrace, International Wind Power, International Wind Parks of Crete, Hydro Constructional, International Wind Parks of Rhodes, International Wind Parks of Achaia, Glafkos Hydroelectric Station and Aioliko Voskero in Greece; Enel Green Power in Bulgaria; Enel Green Power Romania (formerly Blue Line) in Romania; and Enel Erelis in France);

> the Americas, with power generation from renewable resources (Enel North America and Enel Latin America BV, which, as of January 1, 2009, includes the results of Enel Latin America LLC, Inelec, and Americas Generation Corporation).

Operations

NET ELECTRICITY GENERATION

Millions of kWh

	2009	2008	2009-2008	
Italy:				
Hydroelectric	6,231	5,235	996	19.0%
Geothermal	5,001	5,181	(180)	-3.5%
Wind	499	467	32	6.9%
Other resources	2	2	-	-
Total net generation in Italy	**11,733**	**10,885**	**848**	**7.8%**
International:				
Hydroelectric	4,458	4,418	40	0.9%
Geothermal	155	37	118	318.9%
Wind	2,291	1,594	697	43.7%
Other resources	292	308	(16)	-5.2%
Total net generation abroad	**7,196**	**6,357**	**839**	**13.2%**
TOTAL	**18,929**	**17,242**	**1,687**	**9.8%**

Net electricity generation in 2009 increased by 1,687 million kWh (up 9.8%) to reach 18,929 million kWh. Of this increase, 848 million kWh can be attributed to the increase in power generation in Italy, where hydroelectric output benefited from greater water availability. This was partially offset by a reduction in geothermal generation, essentially as a result of a number of plants being shut down for scheduled maintenance. Outside Italy, power generation was up by 839 million kWh, essentially the result of increased wind generation following the start of operations at the Smoky Hills II (502 million kWh) and NeWind (94 million kWh) wind farms. This was partially offset by the shutdown of a number of plants for maintenance. Geothermal generation also rose by 118 million kWh.

NET EFFICIENT GENERATION CAPACITY

MW	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008	
Italy:				
Hydroelectric plants	1,509	1,510	(1)	-0.1%
Geothermal plants	695	671	24	3.6%
Wind plants	429	362	67	18.5%
Other resources	4	4	-	-
Total net efficient capacity in Italy	**2,637**	**2,547**	**90**	**3.5%**
International:				
Hydroelectric plants	995	988	7	0.7%
Geothermal plants	47	7	40	571.4%
Wind plants	1,081	875	206	23.5%
Other resources	48	47	1	2.1%
Total net efficient capacity abroad	**2,171**	**1,917**	**254**	**13.2%**
TOTAL	**4,808**	**4,464**	**344**	**7.7%**

Total net efficient capacity showed a 344 MW increase, 254 MW of which abroad, attributable to the geothermal plants at Still Water and Salt Wells in the United States and the entry into service of 95 MW of wind power in Spain, 57 MW in France, 37 MW in Greece and 21 MW in Bulgaria.

Performance

Millions of euro	2009	2008	2009-2008
Revenues	1,751	1,852	(101)
Net income/(charges) from commodity risk management	116	(44)	160
Gross operating margin	*1,178*	*1,188*	*(10)*
Operating income	938	981	(43)
Operating assets	6,423	5,593	830
Operating liabilities	804	691	113
Employees at year-end (no.)	2,685	2,432	253
Capital expenditure	771	951	(180)

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2009	2008	2009-2008	2009	2008	2009-2008	2009	2008	2009-2008
Italy	1,248	1,321	(73)	885	851	34	759	729	30
Europe	125	119	6	76	76	-	36	45	(9)
Americas	378	412	(34)	217	261	(44)	143	207	(64)
Total	**1,751**	**1,852**	**(101)**	**1,178**	**1,188**	**(10)**	**938**	**981**	**(43)**

Revenues decreased by €101 million (down 5.5%), from €1,852 million to €1,751 million. The drop (not including the positive performance of commodity risk management) is the net effect of a €73 million decrease in Italy, a €34

million decline in the Americas (due essentially to the recognition in 2009 of prior-year items in respect of the tax partnership) and an increase of €6 million in Europe (the effect of greater revenues from wind generation in Greece and France, partially offset by lower revenues in Spain in the amount of €4 million due to the decline in unit sales prices).
In Italy, the change in revenues was essentially the result of:

> a €108 million decline in sales of electricity, essentially ascribable to a reduction of €286 million in revenues on the Power Exchange, and a €20 million decline in revenues from small plants (Legislative Decree 387/03 and Law 293/04). These effects were partially offset by an increase of €167 million in revenues from bilateral contracts and €22 million in increased revenues from subsidized CIP 6 electricity;

> a €22 million increase in grants and reimbursements;

> the recognition in 2009 of the hydroelectric rent under Resolution ARG/elt 63/09 in the amount of €4 million.

The *gross operating margin* came to €1,178 million, down €10 million or 0.8% from 2008. The decrease is attributable to the decline of €44 million in the margin achieved in the Americas, essentially due to the prior-year items mentioned above, partially offset by the increase of €34 million in the domestic market. In addition to the hydroelectric rent, the latter is attributable to the increase of €39 million in the electricity margin. These effects were partly offset by the increase in overhead costs in the amount of €9 million.

Operating income came to €938 million, a decrease of €43 million over 2008 including greater depreciation, amortization and impairment losses in the amount of €33 million, related mainly to the start of operations at new plants.

Capital expenditure

Millions of euro

	2009	2008	2009-2008	
Generation plants:				
- hydroelectric	123	83	40	48.2%
- geothermal	151	237	(86)	-36.3%
- alternative energy resources	468	604	(136)	-22.5%
Total generation plants	**742**	**924**	**(182)**	**-19.7%**
Other investments in property, plant and equipment	14	10	4	40%
Investments in intangible assets	15	17	(2)	-11.8%
Total	**771**	**951**	**(180)**	**-18.9%**

Capital expenditure came to €771 million, down €180 million year on year. In 2009, €337 million in investment was made in Italy (€375 million in 2008) and €434 million abroad (€576 million in 2008). The expenditure mainly regarded projects involving power generation plants (€742 million), which includes a €468 million in investments in alternative energy plants (primarily wind plants), €151 million for geothermal plants and €123 million for hydroelectric plants.

Parent Company, Services and Other Activities

Millions of euro

	2009	2008	2009-2008
Parent Company			
Revenues	637	727	(90)
Gross operating margin	*(25)*	*(71)*	*46*
Operating income	(34)	(94)	60
Operating assets	1,229	1,233	(4)
Operating liabilities	1,090	1,351	(261)
Employees at year-end (no.)	731	749	(18)
Capital expenditure	6	13	(7)
Services and Other Activities			
Revenues	1,092	1,169	(77)
Gross operating margin	*124*	*116*	*8*
Operating income	23	27	(4)
Operating assets	2,197	1,883	314
Operating liabilities	1,612	1,658	(46)
Employees at year-end (no.)	4,168	4,406	(238)
Capital expenditure	92	109	(17)

Parent Company

In its capacity as an industrial holding company, Enel SpA defines strategic targets for the Group and coordinates activities of subsidiaries.
In addition, Enel SpA manages central treasury operations and insurance risk coverage, providing assistance and guidelines on organization, personnel management and labor relations, accounting, administrative, fiscal, legal, and corporate matters. Enel also currently holds a contract with Atel for the import of electricity on the Swiss border.

Performance

Revenues in 2009 were down €90 million or 12.4% compared with the previous year, slipping to €637 million. This can mainly be attributed to:

> a €59 million decrease in revenues from the sale of electricity to the Single Buyer, essentially ascribable to a reduction in the average sales price, the quantities sold virtually unchanged;

> a €31 million decrease in revenues for support and staff activities and seconded personnel.

The *gross operating margin* for 2009 came to a negative €25 million, an improvement of €46 million on 2008. This development, with virtually no change in the energy margin, is largely associated with:

> a decrease of €17 million in operating overheads;

> the positive impact (€24 million) of the adjustment of provisions for risks and charges following the updating of estimates in respect of prior-year litigation;

> the recognition by the Energy Services Operator of the guarantees of origin issued in France for electricity generated from renewables and imported in Italy, with a consequent reimbursement of green certificates in the amount of €4 million.

Operating income showed a loss of €34 million, an improvement of €60 million compared with 2008, thanks in part to a decline of €14 million in depreciation, amortization and impairment losses.

Services and Other Activities

The primary purpose of the Services and Other Activities area is to provide competitive services to the companies of the Group, such as real estate and facility management services, IT services, personnel training and administration, general administrative services, and factoring and insurance services.

Performance

Total *revenues* for the Services and Other Activities area for 2009 came to €1,092 million, compared with €1,169 million in 2008. The €77 million decrease (down 6.6%) essentially reflected lower revenues from the sale of hardware and software to Group companies following the completion of a number of IT development projects principally involving the Sales Division and Infrastructure and Networks Division (€25 million), a reduction of €26 million in revenues from real estate, IT and staff services, and a fall of €16 million in capital gains on the disposal of investment property.

The *gross operating margin* for 2009 came to €124 million, up €8 million or 6.9% on the previous year, essentially due to lower provisions for early retirement incentives (€17 million). This was only partially offset by the lower capital gains on investment property.

Operating income for 2009 came to €23 million, a decrease of €4 million over 2008, including greater depreciation, amortization and impairment losses in the amount of €12 million due to the entry into service of non-current assets and new capital expenditure, mainly for the modernization of the corporate LAN, the IP Telephony and Unix project, and the purchase of SAP licenses.

Main risks and uncertainties

Market liberalization and regulatory developments

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

CO_2 emissions

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

Commodity prices and supply continuity

As part of its ordinary operations, Enel is exposed to changes in the prices of fuel and electricity, which can have a significant impact on its results.
To mitigate this exposure, the Group has developed a strategy of stabilizing margins by contracting for supplies of fuel and the delivery of electricity to end users in advance.
The Group has also implemented a formal procedure that provides for the measurement of the residual commodity risk, the specification of a ceiling for maximum acceptable risk and the implementation of a hedging strategy using derivatives.
For a more detailed examination of management of commodity risk and the derivatives portfolio, please see note 3 of the Notes to the Consolidated Financial Statements.
In order to limit the risk of interruptions in fuel supplies, the Group has diversified fuel sources, using suppliers from different geographical areas and encouraging the construction of transportation and storage infrastructure.

Credit risk

In its commercial and financial activities, the Group is exposed to the risk that its counterparties might not be able to discharge all or part of their obligations, whether these involve payment for goods already delivered and services rendered or payment of the expected cash flows under financial derivatives contracts.
In order to minimize such risks, the Group assesses the creditworthiness of the counterparties to which it plans to maintain its largest exposures on the basis of information supplied by independent providers and internal rating models.
This process provides for the attribution of an exposure limit for each counterparty, the request for appropriate guarantees for exposures exceeding such limits and periodic monitoring of the exposures.
For certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit insurance companies.

Liquidity risk

Enel SpA (directly and through its subsidiary Enel Finance International SA) is responsible for the centralized Group Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa Internacional BV and Endesa Capital SA), meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.

Rating risk

The possibility of accessing the capital market and other sources of financing, and the related costs, depend, among other factors, on the rating assigned to the Group.
Enel's current rating is equal to: (i) "A-" with a stable outlook (Standard & Poor's); (ii) "A-" with a stable outlook (Fitch); and (iii) "A2" with a negative outlook (Moody's).

All the agencies removed the negative credit watch during the year. Enel's ratings are reported in detail in the section "Enel and the financial markets".
Any reduction in the rating could limit access to the capital market and increase finance costs, with a negative impact on the performance and financial situation of the Group.

Exchange rate and interest rate risk

The Group is exposed to exchange rate risk associated with cash flows in respect of the purchase or sale of fuel or electricity on international markets, cash flows in respect of investments or other items in foreign currency and, to a marginal extent, debt denominated in currencies other than the functional currency of the respective countries. The main exchange rate exposure of the Enel Group is in respect of the US dollar.
During the year, management of exchange rate risk was pursued through compliance with internal risk management policies, which call for hedging of significant exposures, encountering no difficulties in accessing the derivatives market.
The main source of exposure to interest rate risk for Enel is floating-rate debt. In order to obtain a balanced structure for the debt, Enel manages the risk by reducing the amount of debt exposed to interest rate fluctuations, curbing borrowing costs over time and limiting the volatility of results.
The management policies implemented by Enel SpA also seek to optimize the Group's overall financial position, ensure the optimal allocation of financial resources and control financial risks.
Under these policies, derivatives transactions for the management of interest rate risk and exchange rate risk are conducted, among other things, with careful selection of financial counterparties and close monitoring of the related exposures and ratings.
More detailed information is provided in note 3 to the consolidated financial statements.

Other risks

Breakdowns or accidents that temporarily interrupt operations at Enel's plants represent an additional risk associated with the Group's business. In order to mitigate such risks, the Group adopts a range of prevention and protection strategies, including preventive and predictive maintenance techniques and technology surveys to identify and control risks, and implement international best practices. Any residual risk is managed using specific insurance policies to protect corporate assets and provide liability coverage in the event of harm caused to third parties by accidents, including pollution, that may occur in during the production and distribution of electricity and gas.
As part of its strategy of maintaining and developing its cost leadership in the markets in which it has generation operations, the Group is involved in numerous projects for the development, improvement and reconversion of its plants. These projects are exposed to the risks commonly associated with construction activities, which the Group mitigates by requiring its suppliers to provide specific guarantees and, where possible, obtaining insurance coverage against all phases of construction risk.

Outlook

The size that the Group has achieved and the validity of the strategies adopted have enabled Enel, despite the adverse macroeconomic environment, to maintain its performance and represent a sound foundation for pursuing its objectives as well a tool for exploiting the advantages of any acceleration in the economic recovery.
On this basis, the Group will continue its programs to affirm its leadership in the areas in which it operates, benefiting from the optimal diversification of its plants by type of generation technology and by geographical area and from a competitive cost structure.
In addition, the Group will continue to invest in research and development in the renewables sector, pursuing technological excellence without neglecting environmental issues. Enel will also continue programs for the return of nuclear power in Italy, in line with developments in the regulatory framework.
The operational excellence programs under way and the synergies generated by the ever closer integration with Endesa will strengthen Enel's cost leadership and help boost operating cash flow.
The contribution of these programs and all the other actions that have been undertaken is expected to enable Enel to achieve the targets announced for 2010 in the new business plan. In particular, it is estimated that the extraordinary operation of the portfolio optimization already planned and the generation of operational cash flow are sufficient to reduce the level of debt, with a consequent improvement in the Group's financial structure. For this purpose a carporate reorganization of the Renewable Energy Division was started, also with the target of a future valorisation through the sale of a minority interest in Enel Green Power.

Research and development

In 2009, the Enel Group spent about €86 million on developing and demonstrating innovative technologies under its Technological Innovation Plan (€650 million for 2009-2013). Of total research spending, about 46% was focused on electricity generated from fossil fuels (with an emphasis on CO_2 capture and sequestration, hydrogen power, emissions reduction and improving plant efficiency), 50% for renewable energy resources (with a focus on photovoltaic and thermal solar power, geothermal, wind and biomass) and 4% for energy efficiency, electricity-powered mobility and the development of smart grids.

The following are the main projects and results:

> **Zero-emission thermal power generation - CO_2 capture and sequestration (CCS)**: CO_2 capture and sequestration (CCS) is the key technology for generating electricity without emitting CO_2 from sources such as coal, a fuel needed to guarantee a balanced generation mix. CCS technology has not yet reached commercial maturity, therefore, research efforts must focus on demonstrating the technologies currently available (such as post-combustion capture, coal gasification or oxygenated coal combustion) on an industrial scale and on improving performance (in terms of energy penalties, for example). Enel is among those cutting-edge companies experimenting with these technologies, focusing on capturing plants' CO_2 emissions (post-combustion capture), on innovative oxygenated coal combustion technologies and technologies for the gasification of fossil fuels (pre-combustion capture) and on CO_2 storage solutions. Enel's primary commitment is to post-combustion technologies, with the project to build a CCS demonstration plant in Porto Tolle (Rovigo) that will involve capturing of the plant's CO_2 emissions and their compression, transport and geological storage in a saline aquifer. The Porto Tolle plant is one of the most advanced in the world for demonstrating CCS on a pre-commercial scale and was among the recipients of funding under the EU's European Economic Recovery Plan (EERP) for the initial programs (funding starting at €100 million). The demonstration plant was preceded by the construction of a pilot CO_2 capture system in Brindisi. The following are the main projects carried out by Enel in this area:
  - **post-combustion capture**: in conjunction with the study being conducted in the lab on optimizing the selection of sorbents, in 2009, construction began on a pilot system at the Federico II plant in Brindisi (work is at an advanced stage and the plant should be commissioned in March 2010). This pilot system, one of the first of its scale in either Europe or the rest of the world, will enable the treatment of 10,000 Nm^3/h of emissions to separate between 15-20,000 metric tons per year of CO_2 and to permit optimization of the capture process, thereby augmenting Enel's know-how in preparation for the construction of the industrial-scale demonstration plant (roughly 250 MW) at Porto Tolle, a project that has been added to the

list of the EU's most mature, promising projects. It will become operational by the end of 2015;
  - **oxygenated coal combustion**: Enel's commitment to reducing CO_2 is not limited to post-combustion capture, but also includes a major effort in experimental research into oxy-combustion. The experimental plant in Livorno has been upgraded to allow oxy-combustion to be carried out at atmospheric pressure to assess the feasibility of this promising technology. At the experimental ITEA plant in Gioia del Colle, Enel is testing pressurized oxy-combustion, which is showing great promise in enhancing the overall efficiency of CCS-equipped plants;
  - **pre-combustion capture**: Enel has focused its activities in the area of pre-combustion capture, involving the gasification of fossil fuels, on improving systems for using hydrogen produced by the separation process. In 2009, construction and start-up were completed on the hydrogen demonstration plant in Fusina (Venice). The 16 MW plant – one of the first major accomplishments, with the support of the Region of Veneto and the Environmental Ministry, within the Hydrogen Park Consortium created in Porto Marghera to exploit the resources, opportunities and technical and scientific know-how historically existing in that area – can be powered using pure hydrogen (from the Marghera petrochemical complex) or various mixes of hydrogen and methane and is the first of its type in the world. The primary goal of the research program is to develop an industrial-scale hydrogen burner with very low NOx emissions;
  - **geological sequestration of carbon dioxide**: to ensure the feasibility of an industrial-scale solution for CO_2 emissions reduction, Enel's research staff has focused on every ring in the CCS value chain, including the final stage of storage. Therefore, preliminary assessments were made of the storage potential of off-shore areas in upper Lazio and the Adriatic and an in-depth study was undertaken to identify the optimal site for storing the CO_2 that will be separated from the Porto Tolle plant's emissions. Enel is testing out biological CO_2 storage solutions involving microalgae cultivation on a pilot scale at its Brindisi laboratory.

> **Containment of emissions and residues**: work continued on developing technologies for the containment of emissions, an area in which Enel can boast extensive experience, specifically:
  - for mercury, experimental work was conducted on the pilot circuit of La Spezia and the first testing was made of a process of electrocatalytic oxidation on a small-scale plant at Livorno. Laboratory testing of the absorption of mercury in a DeSOx system was also begun;
  - a study was begun to develop an integrated method for assessing the contribution of coal-fired plants to the concentration of atmospheric particulates in the surrounding areas;
  - to enhance the environmental performance of geothermal plants, a revised process for the lowering of the chloric acid content of superheated steam by means of the dry injection of sodium bicarbonate was completed;
  - a project was launched to promote the environmental and technical exploitation of residues of the clean-coal combustion process with their complete reuse in productions for the construction industry.

> **Improving the efficiency of coal plants**: Enel is an active participant in international projects to develop optimized components for high-efficiency coal plants. In a few years, technological advances will make it possible to raise the operating temperature (700 °C) and the pressure of coal-fired plants,

enabling the construction of plants with an efficiency of more than 50%. Enel is currently assessing the feasibility of a pilot system for testing innovative materials capable of reaching 700 °C (nickel alloys) to add to existing coal-fueled plants. Improving coal plant efficiency is crucial for developing CCS technologies.

> **Expert systems for gas turbine and coal plants**: work continues on consolidating, updating and expanding the advanced diagnostic system for the major machinery used at thermal power plants.

> **Generation from renewable resources**: strong growth in electricity generated from renewable resources forms the basis of the strategy for the sustainable development of the energy sector. Some forms of generation from renewable resources (such as photovoltaic) have already reached the mature stage, but their high cost (and low efficiency) limits their use on a large scale. Other technologies are still at the development stage. Research is focusing on improving existing technologies to reduce their costs and improve their efficiency, and on developing new generation concepts. Enel is also committed on the photovoltaic solar energy front (the major challenges are developing thin film, solar concentrators and new, cheaper alternatives to silicon), on thermal solar power (development of innovative plant designs, such as the use of an integrated energy storage system making it possible to generate electricity even at night or the direct production of steam, or of innovative components such as Fresnel mirrors), on wind power (the development of off-shore wind energy making it possible to install larger plants and to make use of stronger, steadier winds, or of systems for boosting the capacity of on-shore plants), on biomass (using biomass to fuel traditional plants – which coupled with the use of CCS technologies would render these plants carbon negative (1) – or gasification plants) and on other technologies such as innovative geothermal power (low geothermal heat making it possible to exploit relatively low-temperature springs, or enhanced geothermal systems for generating electricity from hot rocks where no steam is present). Specifically, Enel is working on the following projects:

- **thermal solar**: work has continued (now in the final stages) on the "Archimede Project", which involves the construction of a thermal solar demonstration facility based on linear parabolic collectors, generating around 5 MW of electricity, using ENEA technology coupled with the existing combined-cycle plant in Priolo Gargallo (Siracusa). With this innovative technology (it is the first demonstration plant in the world), it will be possible to boost the efficiency of the plant, thereby providing greater output thanks to the exploitation of the ability of the molten salts to reach temperatures exceeding 500 °C. The plant should be operational by May 2010;
- **innovative photovoltaic**: development of a major solar power laboratory in Catania, equipped with cutting-edge technology, was completed. The facility will be used to verify the performance of innovative photovoltaic systems and to develop new solutions with higher conversion efficiencies and lower costs. The laboratory will play a fundamental role in the initial and pre-industrial development of advanced photovoltaic technologies for expanding and consolidating the latest generation of thin-film photovoltaic modules;
- **innovative geothermal**: Enel is engaged in the study of a high-performance supercritical organic cycle that will make it possible to build more efficient geothermal plants where low-temperature sources are available. Enel is building a prototype 500 kWe circuit at the Livorno Experimental Site;
- **biomass and refuse-derived fuel**: Enel is focusing its activities on the co-combustion of biomass and refuse-derived fuel (RDF) in coal plants.

(1) A plant is deemed carbon negative when the balance of CO_2 emissions along the entire cycle is negative.

Monitoring work began at units 3 and 4 of the Fusina plant, which is fueled with a mixture of RDF (5%) and coal (95%). This activity, conducted as part of a European project coordinated by Enel, will make it possible to study the behavior of a traditional power station when it is fueled with biomass for the generation of renewable energy. Enel has also completed the "Energy Farm" project, whose purpose is to demonstrate both proven and innovative technologies for the conversion of various types of biomass into electrical and thermal energy, and for the production of bio-fuels;

- **wind power**: Enel is developing systems for forecasting the short-term output of Enel's wind farms in order to understand when and how much electricity will be generated in advance so that the flow of electricity to the grid can be better managed. A research project was also begun in 2009 to determine the technical specifications for small wind generators for domestic distributed generation. The systems are currently in the process of being selected. The test station should begin operation in the 1st Half of 2010;
- **energy storage**: in 2009, Enel devoted a great deal of attention to energy storage, an aspect strategic to integrating renewable resources into the power grid. The work done at Enel's energy storage test facility in Livorno on this issue is particularly important given the problems linked with managing the power grid. Work will begin in 2010 on determining the specifications for batteries (vanadium redox, lithium-ion and ZEBRA) for the most promising technologies for connecting storage systems with renewable-resources generation plants and the grid;
- **biodiesel**: Enel installed two new biodiesel engines at the plant on the island of Capraia, capable of generating more than 1 MWe of power, as part of its program to make the electricity generation systems on small islands more environmentally friendly;
- the **"Diamante"**: the "Diamante" is a new generation solar power plant, conceived and developed by Enel's research staff and the University of Pisa. The photovoltaic panels, mounted on the faces of a diamond-shaped structure, generate electricity that, when not being used, is stored in the form of hydrogen to be used when the skies are overcast. The hydrogen is stored, achieved using cutting-edge metal hydride powder, in tanks inside the structure. These innovative power plants are functional and attractive, achieving a harmonious balance between architecture, technology and nature. The first one was inaugurated in 2009 in Villa Medicea in Pratolino near Florence, where it supplies electricity day and night to the lighting system for a portion of the park and for several electric bicycles available to visitors;
- **energy efficiency combined with distributed generation**: the spread of the generation of electricity from renewable resources (by small and very small systems, too) means that the present grid, which had been designed to deliver electricity in only one direction, must now be transformed into a smart grid, capable of handling a growing amount of distributed generation, especially that from renewable resources, and of making better use of storage systems, of interacting with advanced systems for managing delivery to the end user and with systems for recharging electric vehicles, and of improving the grid's overall efficiency.

> **Distributed generation**: work continued on the development of smart grids as part of the European ADDRESS project, of which Enel Distribuzione is the project leader and coordinator, for developing an innovative infrastructure

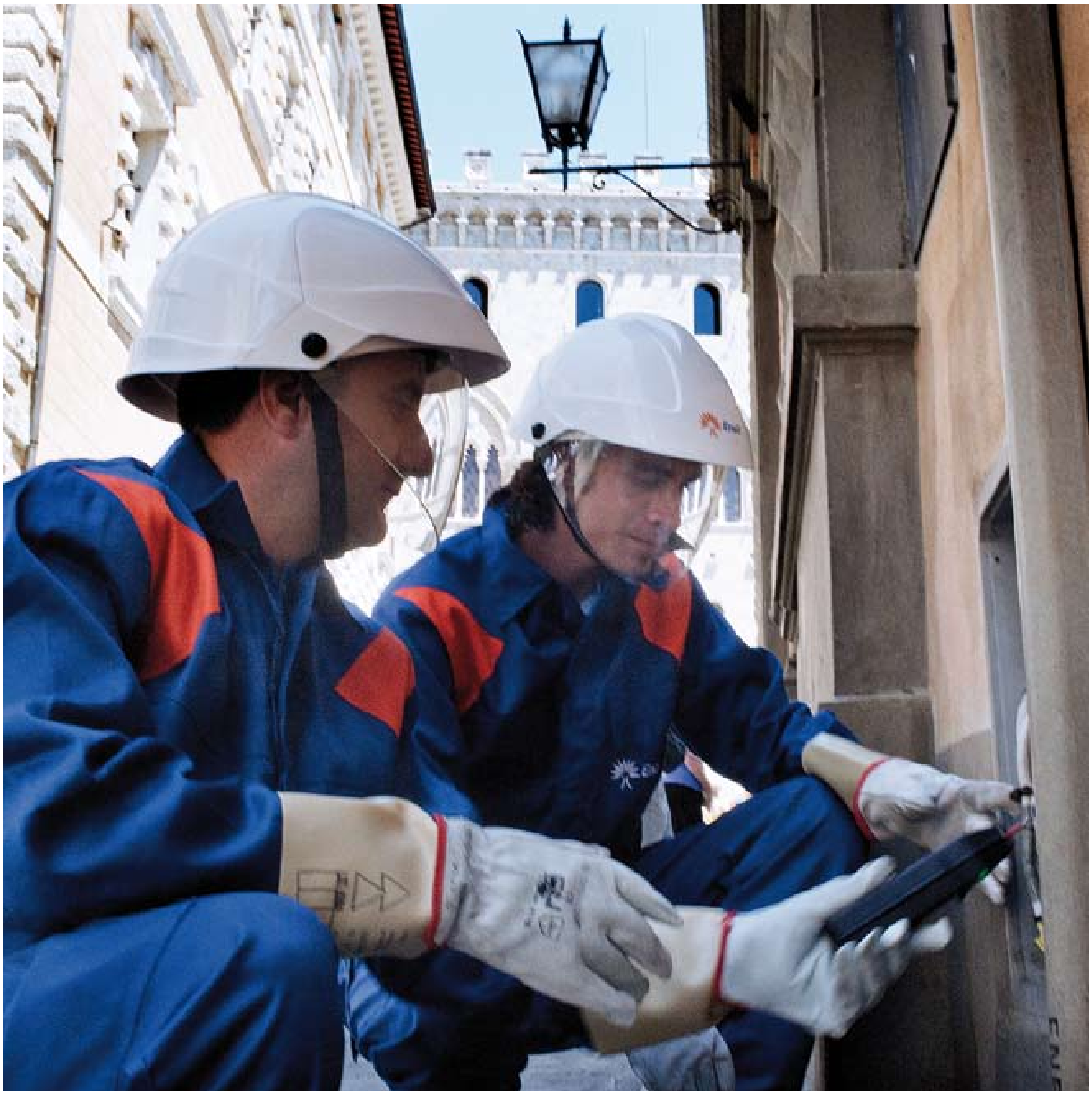
with the inclusion of news power grids and generation, compensation and load systems. Under the project, critical scenarios will be simulated and pilot programs will be run in several European countries. Other projects in this area include the Enel Home project to develop value-added services for efficiently managing energy usage in the home targeted at end users, and the Navicelli project for developing and testing new thermal and power grid management systems for a services/industry energy district that can interact with the electricity distribution grid in order to optimize the local network and the provision of grid services.

> **Leaf Community**: Enel is taking part in the Leaf Community project, which seeks to incorporate eco-sustainable practices into everyday life. The experimental community centers around the zero emissions Leaf House, built by Loccioni in Angeli di Rosora (Ancona). It consists of six apartment units, built using cutting-edge bio-construction techniques and powered by electricity generated from renewable resources (rooftop photovoltaic and thermal solar panels, geothermal heat pump). Top-of-the-line systems for reducing energy consumption are incorporated into the design (for example, the recovery and reuse of rain water). Enel supplied a hydrogen storage system so that the electricity generated by the photovoltaic panels can be stored for times when no sunlight is available and installed an electronic meter which allows the consumer to monitor consumption. The meter will soon be integrated with the home's automation systems.

> **Electric cars**: the project involves the development of an integrated mobility model that will give a strong boost to the widespread use of electric cars by both individuals and the business community and will lead to more efficient energy use. In 2009, Enel signed a groundbreaking agreement with Daimler-Mercedes to conduct a pilot program under which the car manufacturer will supply at least 100 electric Smart cars, starting sometime in 2010. Enel's contribution will be to develop the infrastructure for recharging these vehicles, with more than 400 dedicated recharging points located in customers' garages and parking facilities and at strategic points throughout the cities where the technology is being tested (Rome, Pisa and Milan). The project combines the specific skills and substantial experience of the two major groups, with the goal of furthering sustainable mobility in an urban context. Enel also signed an important agreement with Piaggio to support the development of electric commercial vehicles and hybrid scooters. The goal is to promote electric mobility by offering innovative services to corporate customers by addressing the specific needs of their fleets of electric vehicles.

> **Green ports**: this project involves providing an integrated suite of services with high environmental value to Italy's major ports in order to reduce polluting, climate-altering emissions caused by maritime traffic. Specifically, under the agreement signed with the Civitavecchia Port Authority, Enel's Technical Development and Plant Construction Area developed a cold ironing (land-based electricity) system to supply power to cruise ships berthed at the Port of Civitavecchia. The development of this highly innovative technology could provide the Enel Group with a potentially expandable market and have the highly positive benefit of reducing greenhouse gases and other atmospheric pollutants. It could, moreover, also offer markets for other products and services such as electric mobility for transporting people and goods, high-efficiency artistic lighting, systems for generating electricity from renewable resources and bundled energy plans making port buildings more energy efficient.

Human resources and organization



Organization

In 2009, Enel altered the Group's organizational structure in order to increase the efficacy of a number of strategic processes; in particular:

> in the area of corporate functions:
  - the Group Risk Management function was created and given the mission to ensure the effective implementation and management of the risk management process for the Group as concerns all financial, operational, business and other risks;
  - at the same time, the Finance function was grouped with Administration, Planning & Control, which was then renamed Administration, Finance & Control;
  - in the operations area, the Upstream Gas unit was created, reporting directly to the chief executive officer, with the mission of developing and managing the upstream gas segment for the Group.

Also within operations:

> the organization, processes and procedures for the new Renewable Energy Division have been redesigned in line with the Enel Integration Handbook of 2008;
> the organization and processes of the Sales Division have been redesigned in order to separate the processes of the free market from those of the enhanced protection market and to achieve greater efficiency in the organization and processes of the various sales chains;
> work has continued towards achieving the functional separation of the distribution activities of the Infrastructure and Networks Division in line with unbundling regulations.

As concerns international operations, work continues on the integration and rationalization of the businesses acquired, particularly in Slovakia and Romania, while in Russia a new organizational structure for Enel OGK-5 has been defined.

In terms of integration, the following projects have begun:

> Global in Enel, aimed at creating a new corporate intranet in order to promote the sharing of projects, culture and best practices within the Group, thereby enhancing the sense of team and involvement in company strategies;
> Enel and Endesa Performance Improvement, aimed at creating value through initiatives to achieve synergies, implementing programs of operational excellence and aligning significant processes. One of the project's objectives is to create a "coordination handbook", i.e. a set of policies covering the processes of planning, coordination and control for which it is necessary to

ensure the coordinated management between Enel and Endesa in terms of authorizations, the flow of information, timing, etc.;
> Nine Points for Safety, aimed at improving the organization and processes for managing workplace safety.

Also ongoing is the project aimed at defining a new model for managing enterprise business process modeling. This project has the ambitious goal of integrating the various methods of representing the Enel processes adopted by the line area, by auditing, by administration and by ICT. This integration will make it possible to keep the various methods constantly aligned, thereby achieving a significant benefit both in terms of compliance and in process definition, analysis and updating.

Finally, the Zenith project is continuing throughout the Group. This project is an essential point of reference in the programs of operational excellence and contributed to taking the Group's performance for 2008 to levels of excellence. In 2009, in the current climate of great economic uncertainty and so as to make another leap forward in process excellence, the Zenith project entered a new phase which has led to the definition of new actions and to the extension of the project to all of the Group's new businesses, for a potential improvement of some €2.7 billion over the course of 2009-2011.

Development and training

In 2009, training and development efforts focused on three important areas: the climate study; evaluation processes; and the talent management system.
Throughout 2009, efforts concerning the climate study conducted in December 2008 included the analysis of results, the dissemination of these results, and identifying and implementing actions for improvement. A highly detailed communication plan was prepared, which used a variety of means (brochures, videos, articles in the house organ, meetings, and so on) to provide the 53,000 participants with a report on the main issues of the organization as seen in the 2008 composite corporate image. In particular, the presentation of the results for the Group and the Divisions – which took place in conjunction with the convention and subsequent cascaded to the various regions – involved all levels of the organization and generated expectations for action.
In the 1st Half of the year, a database was prepared related to the over 600 units in which the study was conducted, as well as an online reporting tool to be used by the heads of those units. This enabled a number of managers in the 14 countries in which the survey was conducted to work on their own organizational climate, to contextualize the diagnoses, and to identify the priorities in improving their respective units. To help achieve this objective, 40 workshops were held, which enables all local managers to formulate a precise diagnosis based on the results for their respective units and to define targeted action plans. These plans comprise a total of more than 900 actions, which range from communication to the revision of working methods, from management styles to the system of meritocracy.
The Group's next climate study is scheduled for November 2010.

With regard to the evaluation process, in the first part of 2009, upon completion of the 2008 performance review for all executives and managers in Italy and abroad and the "360°" evaluation for the Group's first and second-line managers, the related feedback phase took place. In the 2nd Half of the year, with a view towards the 2009 performance evaluation scheduled for the 1st Quarter of 2010 and the extension of this program to new target populations (in Italy, all office staff will be evaluated for the first time), efforts were made to verify the 2008 experience, which led to updating the organization's leadership model and tuning the IT infrastructure supporting the evaluation process. The process of revising the organization's Professional System was also begun in 2009. This revision, which began with the Administration, Finance & Control area, will be progressively extended to all professional families, beginning with Nuclear, Transmission, and Information & Communication Technology. Following this revision process, the people within the families concerned will be involved in a process of updating the mapping of their professional skills and evaluating such skills. In that regard, in September 2009, in order to verify the status of the revision model, a pilot evaluation was conducted of the technical/professional skills of the Administration, Finance & Control area, which involved some 360 people in Italy and Romania.

As concerns the talent management system, in 2009:
> the level-two talent pool (TP2) was defined for the first time, and the level-one pool (TP1) was updated;
> development efforts for the level-one talent pool (TP1) for 2008 were also completed. This particularly involved coaching, provided by outside professionals, and mentoring, directly involving the first-line managers (which was a voluntary activity that concerned 60% of the population involved);
> finally, training efforts began for the new members of both the level-one and level-two talent pools.

With regard to training, on the other hand, the two main areas of focus concerned the systematizing and revision of a number of key initiatives of the leadership curriculum and the support of integration of the countries in the International Division.

The leadership curriculum is the set of training initiatives within the Group designed to disseminate and implement Enel's leadership model. Each training path has a specific target population (office staff, middle management, or senior management). More specifically, the leadership curriculum includes three types of initiative:
> programs related to changes in role or assignment: the Junior Enel Training International induction program for recent university graduates and the LINK program for new middle managers are already active; in 2010, these will be joined by the Welcome in Enel program for new hires that are not university graduates and the program for new senior managers;
> programs related to the results of performance reviews: 12 training modules for middle management have begun, each of which is designed to cover specific areas of improvement for the various targets (management, resource managers, professionals); in 2010, the post-performance-review modules for office staff and senior management will also be designed;
> programs for the talent pools: the two key initiatives have been systematized, namely the Leadership for Energy Executives Program (in partnership with Harvard Business School) for TP1 and the Leadership for Energy Management Program (in partnership with IESE and Bocconi) for TP2.

In 2009, a training campaign for all Enel senior management, i.e. the 5-day program Enel Business & Leadership in partnership with LUISS and Alma Mater, was also launched.

As concerns support for the integration of the countries of the International Division, in addition to the international leadership curriculum programs (i.e. JET International, Enel Business & Leadership, and the talent pool programs), specific technical training initiatives were also launched for each country aimed at disseminating best practices and creating local skills in training in order to be able to develop and maintain technical skills on their own.

Hiring

In 2009, the Hiring & University Relations unit focused on hiring new university and secondary-school graduates to begin work within the various professions in the organization, as well as on intensifying employer branding efforts in the segments in the job market of greatest value.
Recruiting used a variety of channels to reach candidates, including, first and foremost, the company's website, as well as through the schools and universities with which the company has specific partnership arrangements. Through agreements with specialist recruiting firms, it was also possible to find professionals with more "critical" technical skills (e.g. plant design, the upstream gas segment, and skills in renewable energy).
The selection process, which includes an assessment both of attitude and motivation and of technical and professional skills, was conducted using methods and tools based on the various recruitment target populations. For the hiring of university graduates in particular, tests of English as a foreign language and assessment centers were held.
In 2009, 998 people were hired in Italy, with about 76% being recent university or secondary-school graduates, of which 38% university graduates (with 33% of these being female) and 62% secondary-school graduates.
Hiring efforts particularly focused on strengthening the technical areas of the Engineering and Innovation Division and the Infrastructure and Networks Division, the power generation and energy management areas of the Generation and Energy Management Division, and the geothermal area of the Renewable Energy Division. Particular emphasis has been placed on hiring for the systems development area, for which 71 people were hired, and for the nuclear area, which currently employs 135 people. In the Infrastructure and Networks Division, hiring for technical areas and operations was concentrated mainly in the 1st Half of the year and concerned the areas of plant maintenance and management throughout Italy. During the 2nd Half of the year, significant efforts were directed towards the areas of business of the Sales Division, for which 41 recent university graduates were hired for the "quality promoter" project. Finally, staff areas were also strengthened, particularly in relation to governance units.
Work also continued in relation to the hiring of young talent from outside Italy through the international "Energy Without Frontiers" project, which has thus far led to the hiring of a total of 77 people.
Efforts have also intensified in the area of employer branding on university campuses, both through specially designed recruiting days connected with the presentation of business-specific projects and by continuing "alternative" educational partnerships, particularly in engineering and other technical fields. In particular, a number of initiatives – such as participation in the first Atomicareer event held in Brussels for the nuclear power industry – have sought to lend greater international visibility to this important Enel project.

Finally, more than 150 internships have been organized, mainly in staff functions, in marketing and in energy management and research. In addition, 103 internships have been arranged for secondary school graduates in technical fields for plant management and maintenance for the various regions of the Infrastructure and Networks Division.

Compensation and incentive systems

The compensation policy for 2009 focused on:
> a stronger integration between MBO and compensation processes and the company's appraisal system;
> an increase in variable remuneration linked to performance in projects of importance to the company;
> selective measures on fixed remuneration, confirming a merit policy aimed at fostering high-value skills within each professional family.

With regard to medium to long-term incentives, the 2009 Long-Term Incentive (LTI) Plan targets about 400 managers of companies of the Group and uses EBITDA and earnings per share as targets (as in 2007 and 2008, again in 2009, in line with the provisions of the unbundling resolution, 86 senior managers of the Infrastructure and Networks Division have been assigned an LTI plan with specific targets, such as EBITDA for the division and cash cost per customer).
Short-term incentives continued to be based primarily on management by objectives (MBO), involving about 98% of upper management and about 21% of middle management, as well as a specially designed system of incentives for all sales-related employees.

Workplace health and safety

In 2009, the Integrated Nine Point Safety Improvement Plan, launched in September 2008, was launched throughout the entire Group. This plan represents Enel's new strategy in reaching the goal of zero injuries and is based on the keen commitment of company leadership and a broad-based approach to safety. The activities developed for the project fall under 9 areas for improvement in safety processes, namely: culture; contractors; communication; response to events; training; planning and objectives; structural prevention; organization; and sharing experiences. For each of these themes, various projects and other initiatives have been developed, some of which have already been implemented, while others are to be implemented in 2010.
The second International Safety Week began on November 30, 2009. This initiative seeks to promote international awareness of the value of human life and the adoption of a unified approach to safety, as it is considered to be one of the organization's fundamental values. This second edition, which featured some 800 events throughout Enel, including the involvement of Endesa, followed on the success of the 2008 edition, for which, in May, Enel received valuable recognition from the Sodalitas Foundation, calling it the best initiative in promoting the value of human capital.
Other initiatives and events related to health and safety in the workplace during the year included the Safety Community, aimed at promoting the exchange and integration of best practices around the world, and Safety Days, which were organized for each division or company.

Work continued towards obtaining BS OHSAS 18001 certification for the worker health and safety management systems implemented within the Group, which included completing certification of Enel Green Power.
In 2009, mergers within the Enel Group became of particular importance. Following the completion of the Endesa acquisition, an integration project began in relation to safety, aimed at aligning significant processes, creating synergies and implementing programs of excellence in operations. Within the International and Renewable Energy Divisions, Safety Surveys were conducted in order to monitor safety management processes in the international areas.
As concerns efforts related specifically to occupational health and safety, the company continues to work on activities of training and awareness. Again in 2009, important training initiatives targeted the issues of safeguarding health, safety and hygiene in the workplace – with more than 1,000,000 hours of training in 2009 (more than 12 hours per person) – in line with that of previous years and a testament to the essential role that periodic and ongoing training plays in nurturing a culture of safety.
Beginning in April 2009, training began for the worker safety representatives (RLSs), in accordance with Legislative Decree 81/08. The training program, involving some 500 RLSs, has also been discussed with the trade unions as concerns the duration and organization of the courses and the topics to be covered.
The financial commitment allocated to safeguarding worker health and safety in 2009 came to about €59 million. The total investment in 2009 has risen to nearly €98 million, including the cost of safety-related personnel.
With regard to the adoption of the compliance model required by Legislative Decree 231/01, in June 2009, special section F, adopted after the extension of administrative liability of legal persons related to the crimes of manslaughter and serious or very serious personal injury committed in violation of workplace health and safety laws, was updated and approved by Enel's Board of Directors.

In 2009, there were three fatal accidents (2): one in Italy, due to complications during hospital care following an automobile accident; one in Slovakia during training to prepare for a scuba diving licensing exam; and one in Romania, by electrocution, during a repair operation.
The frequency rate for Enel went from 3.91 in 2008 to 3.59 in 2009, while the severity rate fell from 0.16 in 2008 to 0.14 in 2009.
Despite the constant improvement in accident rates, Enel continues to place a great deal of attention on safety issues in pursuit of the goal of "zero accidents", not only for our own employees, but also for those of the organizations that work for Enel.

(2) The accident figures reported here are calculated in conformity with the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases". The figures regard a population of 81,127 employees and do not include the employees of the companies consolidated on a proportionate basis. The calculation of days lost as a result of accidents regards calendar days and counting begins on the day following that of the accident.

Labor relations

Electricity area

At the Group level, 2009 saw an initial important success in discussions with the Italian trade unions with the renewal, on March 11, of the provisions governing union leave, which expired on December 31, 2008, and were extended to March 31, 2009. Under the new agreement, for the period 2009-2012, a ratio was introduced based on the number of active employees in order to determine the total number of hours, which includes a significant, progressive reduction in total hours and in the percentage of those eligible, including the company-level trade union representatives. As concerns these representatives, the agreement of November 5, 2008, concerning the payment of expenses has also been supplemented. In March 2009, there was also the signing of the national agreement to bring greater efficiency to ARCA and approval of a series of changes to its bylaws. Also of particular importance was the signing on April 27, 2009, by Enel, CGIL, CISL, UIL and the industry federations, of the Social Responsibility Protocol and of the Industrial, Environmental and Employment Policy Observatory. These two documents complete the discussion of the principles of sustainable development and, with inclusion of the Observatory, represent an important aspect of labor relations concerning the industrial, environmental and employment strategies that Enel intends to pursue. In the 2nd Half of 2009, the Observatory began actual operations with two extraordinary sessions, the first dedicated to Generation and Energy Management (with an updated report on the context in which this division operates, as well as on the operations and safety of the power plants, with a focus on the issues currently affecting the Federico II plant in Brindisi) and the second for Infrastructure and Networks (with a focus on strategy and on the 2009 additional investment plan).

Finally, on December 23, within the scope of the principles of the Social Responsibility Protocol, a framework agreement was signed with the national trade unions for the presentation of Enel training plans to Fondimpresa. By way of this agreement, beginning in 2010, Enel will be able to take advantage of significant resources resulting from the allocation of a portion of its social security contributions to Fondimpresa (established under Law 388/92, this is Italy's largest joint interprofessional fund for the management of permanent training for blue collar workers, office workers and middle management).

With regard to the second-level negotiations, on April 30, 2009, the amount to be paid under the 2008 performance bonus was determined, including amounts for May. As concerns unit productivity/quality, in July all of the divisions completed their reporting on the 2008 targets and paid the related bonuses, while also assigning the specific targets for 2009.

On May 22, based on Enel's commitments following the earthquake in Abruzzo on April 6, 2009, an agreement was signed with the trade unions Filcem, Flaei and Uilcem for the implementation of the measures Enel announced to aid the afflicted population. This agreement was then supplemented on September 3 with additional measures to aid Enel's employees living in the towns stricken by the earthquake.

On March 5, 2010 a draft agreement was signed for the renewal of the industry bargaining agreement (which expired on June 30, 2009). These negotiations have become quite complex given the context of labor relations that arose in Italy following the agreement of January 22, 2009, to revise contract structures and the inter-union agreement of April 15, 2009, both without the participation of CGIL, as well as the formal rejection by the three trade unions of the Enel agreement regarding the strike of November 1991, which was received on June 11, 2009. The agreement reached has a term of 42 months (expiring on December 31, 2012), with an average wage increase of €157 once fully implemented, plus the payment by companies of €4.00 to the supplementary pension fund (FOPEN) for enrolled employees. The agreement sets out the guidelines for rules governing strikes. One important aspect is the agreement between the parties to adopt procedures that ensure the continuity of service and safety for all users during electricity industry strikes.

In 2009, numerous meetings were held with the Italian national and local trade unions concerning the reorganization of the company's divisions.
For the Infrastructure and Networks Division in particular, the national discussions on the effects of the integration of high-voltage operations in the Zone Operational Network Units on the organization of the power grid reached a conclusion. Local union consultations were completed on July 1, 2009, enabling work to begin on implementing integration. Personnel training initiatives begun in 2009 to support the integration process will continue in 2010.
Also in July, the plan was presented to the trade unions with regard to taking on personnel for division operations under internship arrangements, which will make it possible to add 500 workers in the Operational Network Units.
In April, following the creation of the Renewable Energy Division, the Generation and Energy Management Division concluded talks with the national trade union secretariats concerning the new organization of the hydroelectric power units of the Generation business area. The procedures for transferring the "Bolzano" business unit of Enel Produzione SpA to the newly established Newco Srl (under Article 47 of Law 428/1990 as amended) have also begun. For the Sales Division, trade union talks concerning the division's reorganization were concluded on June 5, with a significant rationalization aimed at further developing its leadership position in the Italian power industry.
In October, talks concluded with the national trade unions concerning the new credit organization.
With regard to the Renewable Energy Division, in 2009, following the completion of national-level talks concerning the new organization, meetings were held and concluded with the regional trade union offices in order to verify and implement the local level measures concerning local operational units and the effects on personnel in general.
The Engineering and Innovation Division concluded talks with the national trade union secretariats, which began in 2008, concerning the new organization of the division and then concluded discussions with the regional offices regarding the related effects on personnel. After this, the division began new talks with the national secretariats regarding the fine-tuning of the division's existing organization.
The project has begun to establish a company out of the Engineering and Innovation Division. As such, procedures were begun (under Article 47 of Law 428/1990) for the transfer of this business unit from Enel Produzione to the new company effective as of April 1.
In March, within the Human Resources unit, Enel Servizi began the human resources transformation (HRT) program aimed at modifying the model of operations for the Personnel Service Center (PSC) so as to rationalize company processes, focus resources on higher value activities, and achieve important goals of a purely operational/functional nature. In April, as concerns the Information & Communication Technology unit, a new organizational structure was defined for the Demand & Delivery Management office of Infrastructure and Networks, seeking to leverage the organizational changes of the Infrastructure and Networks Division.
In July 2009, talks began concerning the reorganization of operations of the Information & Communication Technology unit of Enel Servizi.
Finally, on November 11, with the signing of the agreement under Article 2112 of the Italian Civil Code, the procedure under Article 47 of Law 428/1990 was completed for the merger of Sfera Srl into Enel Servizi Srl. The transfer of

employees to Enel Servizi Srl is to take place effective May 1, 2010.
In June, with regard to transnational information and consultation, Enel's European Works Council, established by way of the agreement of December 5, 2008, began operations with its first meeting with Group management following approval of the 2008 financial report and the 2009-2013 business plan. Work then continued with the meeting of the Select Committee on July 30 and the second plenary session of November 4-6, which focused on Group performance for the 3rd Quarter of 2009, as well as on the development plans for the Renewable Energy Division and the safety issues throughout the Group.

Gas area

In the 1st Half of 2009, work continued for the bilateral commissions and the working groups established concerning the "deferred commitments" (healthcare, on-call work) as established in conjunction with renewal of the financial section of the 2008-2009 national collective bargaining agreement for the gas and water industries of January 15, 2008. During the same period, as concerns the Gas area of the Infrastructure and Networks Division, regional talks continued regarding verification of the employee categories within Enel Rete Gas, and talks began regarding a new system for organizing on-call availability.
In June, the agreement concerning the 2008 performance bonus was signed. The national trade unions were also informed of the transfer of Enel Rete Gas to a third party. With regard to this event, on October 30, 2009, an agreement was signed with the unions to maintain the relationship between Enel Rete Gas and FOPEN.
In November, an agreement was signed with the national trade unions which will govern the gradual extension, throughout 2010, of the electricity-industry agreement to all Enel Energia employees currently on gas-industry contracts.

Staffing levels

As of December 31, 2009, the Enel Group employed a total of 81,208 people (75,981 at December 31, 2008).
The Group's workforce increased by 5,227 in 2009, which was mainly attributable to the change in the method of consolidation of Endesa (which added 8,814 workers) and the acquisition of companies abroad (an extra 348 workers), partially offset by disposals of companies (a decrease of 1,544) and the net effect of new hires and terminations, which produced a reduction in staffing levels of 2,391 workers. Terminations of employment referred mainly to voluntary incentive-based early retirements.
At December 31, 2009, the number of employees working for Group companies based outside Italy was 43,087.

Changes in the total number of employees with respect to December 31, 2008 are summarized below:

Employees at December 31, 2008		75,981 (1)
Changes in the scope of consolidation and acquisitions:		
- Acquisitions	348	
- Disposals	(1,544)	
- Full consolidation of Endesa	8,814	
		7,618
Hirings		4,644
Terminations of employment		(7,035)
Employees at December 31, 2009 (2)		**81,208**

(1) Includes Endesa in the proportion of 67.05%.
(2) Includes 1,330 in units classified as "Held for sale".

Reconciliation of shareholders' equity and net income of Enel SpA and the corresponding consolidated figures

Pursuant to CONSOB Notice no. DEM/6064293 of July 28, 2006, the following table provides a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Parent Company.

Millions of euro	Income statement	Shareholders' equity	Income statement	Shareholders' equity
	at Dec. 31, 2009		at Dec. 31, 2008	
Financial statements - Enel SpA	3,460	23,722	2,741	15,121
- Carrying amount and impairment adjustments of consolidated equity investments and equity investments accounted for using the equity method	(37)	(82,165)	314	(60,942)
- Shareholders' equity and net income (calculated using harmonized accounting policies) of the consolidated companies and groups and those accounted for using the equity method, net of minority interests	12,415	73,923	6,608	53,720
- Consolidation differences at the Group consolidation level	(484)	18,915	-	14,005
- Intragroup dividends	(9,325)	-	(4,045)	-
- Elimination of unrealized intragroup comprehensive income, net of tax effects and other minor adjustments	(634)	(1,890)	(325)	(1,506)
TOTAL GROUP	5,395	32,505	5,293	20,398
TOTAL MINORITY INTERESTS	995	11,848	741	5,897
CONSOLIDATED FINANCIAL STATEMENTS	**6,390**	**44,353**	**6,034**	**26,295**

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Income Statement

Millions of euro	Notes	2009		2008	
			of which with related parties		*of which with related parties*
Revenues					
Revenues from sales and services	6.a	62,171	8,481	59,577	11,749
Other revenues	6.b	1,864	374	1,607	16
	[Subtotal]	**64,035**	**8,855**	**61,184**	**11,765**
Costs					
Raw materials and consumables	7.a	32,638	13,757	35,695	17,310
Services	7.b	10,004	625	6,638	1,792
Personnel	7.c	4,908		4,049	
Depreciation, amortization and impairment losses	7.d	5,289		4,777	
Other operating expenses	7.e	2,298	263	1,714	24
Capitalized costs	7.f	(1,593)		(1,250)	
	[Subtotal]	**53,544**	**14,645**	**51,623**	**19,126**
Net income/(charges) from commodity risk management	8	**264**	**(25)**	**(20)**	**(23)**
Operating income		**10,755**		**9,541**	
Financial income	9	3,593	17	2,596	16
Financial expense	9	5,334		5,806	
Share of income/(expense) from equity investments accounted for using the equity method	10	54		48	
Income before taxes		**9,068**		**6,379**	
Income taxes	11	2,520		585	
Net income from continuing operations		**6,548**		**5,794**	
Net income from discontinued operations	12	**(158)**	**-**	**240**	**(44)**
Net income for the year (shareholders of the Parent Company and minority interests)		**6,390**		**6,034**	
Attributable to minority interests		995		741	
Attributable to shareholders of the Parent Company		5,395		5,293	
Earnings per share (euro)		*0.57*		*0.56*	
Diluted earnings per share (euro) (1)		*0.57*		*0.56*	
Earnings from continuing operations per share		*0.59*		*0.54*	
Diluted earnings from continuing operations per share (1)		*0.59*		*0.54*	
Earnings from discontinued operations per share		*(0.02)*		*0.02*	
Diluted earnings from discontinued operations per share (1)		*(0.02)*		*0.02*	

(1) Calculated on the basis of the average number of ordinary shares in the year, taking account of the dividend accrual date for the shares issued following the capital increase completed on July 9, 2009 (9,403,357,795 shares) adjusted for the diluting effect of outstanding stock options (0 in both years). For comparative purposes and in compliance with IAS 33.64, the figure for 2008 has been calculated on the basis of the same number of shares. Earnings per share and diluted earnings per share, calculated taking account of options exercised to date, have not changed with respect to those calculated using the above methodology.

Statement of Comprehensive Income

Millions of euro	Notes	2009	2008
Net income for the period		6,390	6,034
Other components of comprehensive income:			
- Effective portion of change in the fair value of cash flow hedges		(882)	(308)
- Income recognized in equity by companies accounted for using equity method		8	-
- Change in the fair value of financial investments available for sale		198	(80)
- Exchange rate differences		1,371	(1,869)
Income/(Loss) recognized directly in equity	26	695	(2,257)
Comprehensive income for the period		7,085	3,777
Attributable to:			
- shareholders of the Parent Company		5,257	3,891
- minority interests		1,828	(114)

Consolidated Balance Sheet

Millions of euro	Notes				
ASSETS		**at Dec. 31, 2009**		at Dec. 31, 2008	
			of which with related parties		*of which with related parties*
Non-current assets					
Property, plant and equipment	13	79,100		61,524	
Investment property		295		462	
Intangible assets	14	34,403		25,779	
Deferred tax assets	15	6,238		5,881	
Equity investments accounted for using the equity method	16	1,029		397	
Non-current financial assets	17	8,954		4,338	
Other non-current assets	18	976		1,937	
	[Total]	**130,995**		**100,318**	
Current assets					
Inventories	19	2,500		2,182	
Trade receivables	20	13,010	1,491	12,378	2,045
Tax receivables	21	1,534		1,239	
Current financial assets	22	4,186		3,255	
Cash and cash equivalents	23	4,170		5,106	
Other current assets	24	3,490	19	3,478	
	[Total]	**28,890**		**27,638**	
Assets held for sale	25	**572**		**5,251**	
TOTAL ASSETS		**160,457**		**133,207**	

Millions of euro	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY		**at Dec. 31, 2009**		at Dec. 31, 2008	
			of which with related parties		*of which with related parties*
Equity attributable to the shareholders of the Parent Company	26				
Share capital		9,403		6,186	
Other reserves		7,888		3,329	
Retained earnings (losses carried forward)		10,759		6,827	
Net income for the period [1]		4,455		4,056	
	[Total]	**32,505**		**20,398**	
Equity attributable to minority interests		11,848		5,897	
TOTAL SHAREHOLDERS' EQUITY		44,353		26,295	
Non-current liabilities					
Long-term loans	27	55,850		51,045	
Post-employment and other employee benefits	28	3,110		2,910	
Provisions for risks and charges	29	8,846		6,922	
Deferred tax liabilities	15	10,245		6,880	
Non-current financial liabilities	30	2,964		3,113	
Other non-current liabilities	31	1,829		3,431	
	[Total]	**82,844**		**74,301**	
Current liabilities					
Short-term loans	32	7,542		5,467	
Current portion of long-term loans	27	2,909		3,110	
Trade payables	33	11,174	2,841	10,600	3,765
Income tax payable		1,482		1,991	
Current financial liabilities	34	1,784		2,454	
Other current liabilities	35	8,145	15	7,198	8
	[Total]	**33,036**		**30,820**	
Liabilities held for sale	36	**224**		**1,791**	
TOTAL LIABILITIES		**116,104**		**106,912**	
LIABILITIES AND SHAREHOLDERS' EQUITY		**160,457**		**133,207**	

(1) Net income is reported net of the interim dividend (€940 million in 2009 and €1,237 million in 2008).

Statement of Changes in Consolidated Shareholders' Equity

	Share capital and reserves attributable to the shareholders of the Parent Company											
	Share capital	Share premium reserve	Legal reserve	Other reserves	Other retained earnings	Translation of financial statements in currencies other than euro	Reserve from measurement of financial instruments	Reserve from equity investments accounted for using equity method	Net income for the period	**Equity attributable to the shareholders of the Parent Company**	**Equity attributable to minority interests**	**Total shareholders' equity**
at January 1, 2008	6,184	651	1,453	2,250	5,942	(99)	493	-	2,679	**19,553**	**7,080**	**26,633**
Exercise of stock options	2	11	-	(1)	-	-	-	-	-	12	-	**12**
Charge for stock options plans for the period	-	-	-	6	-	-	-	-	-	6	-	**6**
Capital increases	-	-	-	-	-	-	-	-	-	-	7	**7**
Dividends	-	-	-	-	(1,794)	-	-	-	-	(1,794)	(370)	**(2,164)**
Allocation of net income from the previous year	-	-	-	-	2,679	-	-	-	(2,679)	-	-	**-**
Change in scope of consolidation	-	-	-	-	-	-	(33)	-	-	(33)	(706)	**(739)**
2008 interim dividend (1)	-	-	-	-	-	-	-	-	(1,237)	(1,237)	-	**(1,237)**
Comprehensive income for the period	-	-	-	-	-	(1,148)	(254)	-	5,293	3,891	(114)	**3,777**
of which:												
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*(1,148)*	*(254)*	-	-	*(1,402)*	*(855)*	***(2,257)***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	*5,293*	*5,293*	*741*	***6,034***
at 31 December 2008	6,186	662	1,453	2,255	6,827	(1,247)	206	-	4,056	**20,398**	**5,897**	**26,295**
Charge for stock options plans for the period	-	-	-	5	-	-	-	-	-	5	-	**5**
Dividends	-	-	-	-	(1,794)	-	-	-	-	(1,794)	(443)	**(2,237)**
Allocation of net income from the previous year	-	-	-	-	4,056	-	-	-	(4,056)	-	-	**-**
2009 interim dividend (2)	-	-	-	-	-	-	-	-	(940)	(940)	-	**(940)**
Capital increases	3,217	4,631	-	-	-	-	-	-	-	7,848	3	**7,851**
Change in scope of consolidation	-	-	-	-	-	75	(14)	-	-	61	4,563	**4,624**
Effect of business combinations achieved in stages	-	-	-	-	1,670	-	-	-	-	1,670	-	**1,670**
Comprehensive income for the period	-	-	-	-	-	628	(774)	8	5,395	5,257	1,828	**7,085**
of which:												
- Income/(Loss) recognized directly in equity	-	-	-	-	-	*628*	*(774)*	*8*	-	*(138)*	*833*	***695***
- Net income/(loss) for the period	-	-	-	-	-	-	-	-	*5,395*	*5,395*	*995*	***6,390***
at 31 December 2009	**9,403**	**5,293**	**1,453**	**2,260**	**10,759**	**(544)**	**(582)**	**8**	**4,455**	**32,505**	**11,848**	**44,353**

(1) Approved by the Board of Directors on September 11, 2008, with ex dividend date of November 24, 2008 and payment as from November 27, 2008.
(2) Approved by the Board of Directors on October 1, 2009, with ex dividend date of November 23, 2009 and payment as from November 26, 2009.

Consolidated Statement of Cash Flows

Millions of euro	Notes	2009	of which with related parties	2008	of which with related parties
Income for the period (shareholders of the Parent Company and minority interests)		**6,390**		**6,034**	
Adjustments for:					
Amortization and impairment losses of intangible assets		536		442	
Depreciation and impairment losses of property, plant and equipment		4,265		3,739	
Exchange rate gains and losses (including cash and cash equivalents)		(18)		(174)	
Provisions		1,916		1,216	
Financial (income)/expense		2,067		2,828	
Income taxes		2,494		712	
(Gains)/Losses and other non-monetary items		(529)		12	
Cash flow from operating activities before changes in net current assets		*17,121*		*14,809*	
Increase/(Decrease) in provisions		(1,382)		(1,180)	
(Increase)/Decrease in inventories		66		(251)	
(Increase)/Decrease in trade receivables		80	554	(425)	518
(Increase)/Decrease in financial and non-financial assets/liabilities		768	(12)	2,409	(75)
Increase/(Decrease) in trade payables		(1,099)	(924)	730	(225)
Interest income and other financial income collected		1,050	17	1,298	16
Interest expense and other financial expense paid		(3,926)		(4,453)	
Income taxes paid		(3,752)		(2,427)	
Cash flows from operating activities (a)		**8,926**		**10,510**	
- of which discontinued operations		*(210)*		*(387)*	
Investments in property, plant and equipment		(6,591)		(7,059)	
Investments in intangible assets		(409)		(338)	
Investments in entities (or business units) less cash and cash equivalents acquired		(9,548)		(1,627)	
Disposals of entities (or business units) less cash and cash equivalents sold		3,712		6,926	
(Increase)/Decrease in other investing activities		160		(42)	
Cash flows from investing/disinvesting activities (b)		**(12,676)**		**(2,140)**	
- of which discontinued operations		*(60)*		*(113)*	
Financial debt (new long-term borrowing)	27	21,990		4,788	
Financial debt (repayments and other changes)		(24,180)		(5,916)	
Dividends and interim dividends paid		(3,135)		(3,401)	
Increase in share capital and reserves due to the exercise of stock options	26	7,991		12	
Capital increases paid by minority interests	26	3		7	
Cash flows from financing activities (c)		**2,669**		**(4,510)**	
- of which discontinued operations		*273*		*500*	
Impact of exchange rate fluctuations on cash and cash equivalents (d)		**159**		**(112)**	
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)		**(922)**		**3,748**	
- of which discontinued operations		*3*		*-*	
Cash and cash equivalents at the beginning of the year		5,211		1,463	
- of which discontinued operations		*1*		*1*	
Cash and cash equivalents at the end of the year (1) (2)		4,289		5,211	
- of which discontinued operations (3)		-		*1*	

(1) Of which short-term securities equal to €97 million at December 31, 2009 (€73 million at December 31 2008).
(2) Of which cash and cash equivalents pertaining to assets held for sale in the amount of €22 million at December 31, 2009 (€32 million at December 31 2008).
(3) Cash and cash equivalents pertaining to discontinued operations at the time of the disposal amounted to €4 million. They were deducted from the value of the cash flows from investing/disinvesting activities in respect of the disposal.

Notes to the Financial Statements

1. Accounting policies and measurement criteria

Enel SpA, which operates in the energy utility sector, has its registered office in Rome, Italy. The consolidated financial statements for the period ended December 31, 2009 comprises the financial statements of the Company, its subsidiaries and joint ventures ("the Group") and the Group's holdings in associated companies. A list of the subsidiaries, associated companies and joint ventures included in the scope of consolidation is reported in the annex.
These financial statements were approved for publication by the Board on March 17, 2010.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended December 31, 2009 have been prepared in accordance with international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 and in effect as of the close of the year. All of these standards and interpretations are hereinafter referred to as the "IFRS-EU". The financial statements have also been prepared in conformity with measures issued in implementation of Article 9, paragraph 3, of Legislative Decree 38 of February 28, 2005.

Basis of presentation

The Consolidated Financial Statements consist of the Consolidated Income Statement, the Statement of Comprehensive Income, the Consolidated Balance Sheet, the Statement of Changes in Consolidated Equity and the Consolidated Statement of Cash Flows and the related notes.
The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the company or in the twelve months following the balance-sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the company or within the twelve months following the close of the financial year.
The consolidated income statement is classified on the basis of the nature of costs, while the indirect method is used for the cash flow statement.
The consolidated financial statements are presented in euro, the functional currency of the Parent Company Enel SpA. All figures are shown in millions of euro unless stated otherwise.
The financial statements are prepared on a going-concern basis using the cost method, with the exception of items that are measured at fair value under IFRS-EU, as specified in the measurement policies for the individual items.
Note that in calculating earnings per share and diluted earnings per share for 2008, account has been taken of the shares issued following the capital increase completed on July 9, 2009, as reguired under IAS 33.64.

Use of estimates

Preparing the consolidated financial statements under IFRS-EU requires the use of estimates and assumptions that impact the carrying amount of assets and liabilities and the related information on the items involved as well as the disclosure required for contingent assets and liabilities at the balance sheet date. The estimates and the related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources.
The actual results may therefore differ from these estimates. The estimates and assumptions are periodically revised and the effects of any changes are reflected in the income statement if they only involve that period. If the revision involves both the current and future periods, the change is recognized in the period in which the revision is made and in the related future periods.
A number of accounting policies are felt to be especially important for understanding the financial statements. To this end, the following section examines the main items affected by the use of estimates, as well as the main assumptions used by management in measuring these items in compliance with the IFRS-EU. The critical element of such estimates is the use of assumptions and professional judgments concerning issues that are by their very nature uncertain.
Changes in the conditions underlying the assumptions and judgments could have a substantial impact on future results.

Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity and gas to retail customers are recognized at the time the electricity or gas is supplied on the basis of periodic meter readings and also include an estimate of the value of electricity and gas consumption after the date of the last meter reading of the year. Revenues between the date of the meter reading and the end of the year are based on estimates of the daily consumption of individual customers calculated on the basis of their consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption.

Pensions and other post-employment benefits

Part of the Group's employees participate in pension plans offering benefits based on their wage history and years of service.
Certain employees are also eligible for other post-employment benefit schemes.
The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.
Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases and trends in the cost of medical care.
These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.
Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is reviewed

periodically and wherever circumstances or events suggest that more frequent review is necessary.
Where the value of a group of non-current assets is considered to be impaired, it is written down to its recoverable value, as estimated on the basis of the use of the assets and their future disposal, in accordance with the company's most recent plans. The estimates of such recoverable values are considered reasonable.
Nevertheless, possible changes in the estimation factors on which the calculation of such values is performed could generate different recoverable values. The analysis of each group of non-current assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Mineral assets

Estimates are also used in the measurement of the natural gas and oil reserves, employing engineering techniques, which by their very nature present a margin of uncertainty owing to the quality of the technical data available and the assessment of such data by management.
Natural gas and oil reserves are classified as proven when the amounts identified, on the basis of the technical and economic conditions at the time the estimate is made, can be extracted in the future with a reasonable degree of certainty.
Proven reserves are initially classified as undeveloped. Following development activities and, normally, at the time of initial extraction, they are reclassified as developed proven reserves.
Nevertheless, the measurement of these assets is often subject to adjustment owing to changes in conditions. Factors such as price increases or a different production schedule from that originally estimated can lead to significant upward or downward revisions in the volume of reserves.

Recovery of deferred tax assets

At December 31, 2009, the financial statements report deferred tax assets in respect of tax losses to be reversed in subsequent years and income components whose deductibility is deferred in an amount whose recovery is considered by management to be highly probable.
The recoverability of such assets is subject to the achievement of future profits sufficient to absorb such tax losses and to use the benefits of the other deferred tax assets.
The assessment of recoverability takes account of the estimate of future taxable incomes and is based on prudent tax planning strategies. However, where the Group should become aware that it would be unable to recover all or part of such recognized tax assets in future years, the consequent adjustment would be taken to the income statement in the year in which this circumstance arises.

Litigation

The Enel Group is involved in various legal disputes regarding the generation, transport and distribution of electricity. In view of the nature of such litigation, it is not always objectively possible to predict the outcome of such disputes, which in some cases could be unfavorable.
The Group is also involved in various disputes regarding urban planning and environmental issues (mainly regarding exposure to electromagnetic fields) associated with the construction and operation of a number of generation facilities and power lines.
Provisions have been recognized to cover all significant liabilities for cases in

which legal counsel feels an adverse outcome is likely and a reasonable estimate of the amount of the loss can be made.

Provision for doubtful accounts

The provision for doubtful accounts reflects estimates of losses on the Group's receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, current and historical arrears, eliminations and collections, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the economy and the relevant markets.
Although the provision recognized is considered appropriate, the use of different assumptions or changes in economic conditions could lead to changes in the provision and therefore impact net income.
The estimates and assumptions are reviewed periodically and the effects of any changes are taken to the income statement in the year they accrue.

Decommissioning and site restoration

In calculating liabilities in respect of decommissioning and site restoration costs, especially for the decommissioning of nuclear power plants and the storage of waste fuel and other radioactive materials, the estimation of future costs is a critical process in view of the fact that such costs will be incurred over a very long period of time, estimated at up to 100 years.
The obligation, based on financial and engineering assumptions, is calculated by discounting the expected future cash flows that the Company considers it will have to pay for the decommissioning operation.
The discount rate used to determine the present value of the liability is the pre-tax risk-free rate and is based on the economic parameters of the country in which the nuclear plant is located.
That liability is quantified by management on the basis of the technology existing at the measurement date and is reviewed each year, taking account of developments in decommissioning and site restoration technology, as well as the ongoing evolution of the legislative framework and the sensitivity of governments and the general public to the protection of health and the environment.
Subsequently, the value of the obligation is adjusted to reflect the passage of time and any changes in estimates.
In addition to the items listed above, estimates were also used with regard to financial instruments, share-based payment plans and the fair value measurement of assets acquired and liabilities assumed in business combinations. For these items, the estimates and assumptions are discussed in the notes on the accounting policies adopted.

Related parties

Related parties are mainly parties that are subject to control by the same entity as Enel SpA, companies that directly or indirectly through one or more intermediaries control, are controlled or are subject to the joint control of Enel SpA and in which the latter has a holding that enables it to exercise a significant influence. Related parties also include the managers with strategic responsibilities, and their close relatives, of Enel SpA and the companies over which it exercises direct, indirect or joint control and over which it exercises a significant influence. Managers with strategic responsibilities are those persons who have the power and direct or indirect responsibility for the planning, management and control of the activities of the company. They include the respective company directors.

Subsidiaries

Subsidiaries comprise those entities for which the Group has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. In assessing the existence of a situation of control, account is also taken of potential voting rights that are effectively exercisable or convertible. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date control is acquired until such control ceases.

Special purpose entities

The Group consolidates a special purpose entity (SPE) when it exercises *de facto* control over such entity. Control is achieved if in substance the Group obtains the majority of the benefits produced by the SPE and supports the majority of the remaining risks or risks of ownership of the SPE, even if it does not own an equity interest in such entity.

Associated companies

Associated companies comprise those entities in which the Group has a significant influence. Potential voting rights that are effectively exercisable or convertible are also taken into consideration in determining the existence of significant influence. These investments are initially recognized at cost and are subsequently measured using the equity method, allocating any difference between the cost of the equity investment and the share in the net fair value of the assets, liabilities and identifiable contingent liabilities of the associated company in an analogous manner to the treatment of business combinations. The Group's share of profit or loss is recognized in the consolidated financial statements from the date on which it acquires the significant influence over the entity until such influence ceases.
Should the Group's share of the loss for the period exceed the carrying amount of the equity investment, the latter is impaired and any excess recognized in a provision if the Group has a commitment to meet legal or constructive obligations of the associate or in any case to cover its losses.

Joint ventures

Interests in joint ventures – enterprises over whose economic activities the Group exercises joint control with other entities – are consolidated using the proportionate method. The Group recognizes its share of the assets, liabilities, revenues and expenses on a line-by-line basis in proportion to the Group's share in the entity from the date on which joint control is acquired until such control ceases.
The following table reports the contribution of the main joint ventures to the aggregates in the consolidated financial statements:

Millions of euro	Enel Unión Fenosa Renovables (1)	RusEnergoSbyt	Artic Russia	Nuclenor	Atacama	Tejo
			at Dec. 31, 2009			
Percentage of consolidation	50.0%	49.5%	40.0%	50.0%	18.2%	38.9%
Non-current assets	759	59	305	92	211	259
Current assets	98	32	375	53	80	73
Non-current liabilities	484	4	-	61	24	224
Current liabilities	192	27	-	15	128	91
Operating revenues	90	765	68	67	225	91
Operating expenses	59	754	-	13	165	39

(1) Includes amounts for companies over which joint control is exercised with other shareholders.

Consolidation procedures

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared at December 31, 2009 in accordance with the accounting policies adopted by the Parent Company.
All intercompany balances and transactions, including any unrealized profits or losses on transactions within the Group, are eliminated, net of the theoretical tax effect. Unrealized profits and losses with associates and joint ventures are eliminated for the part attributable to the Group.
In both cases, unrealized losses are eliminated except when relating to impairment.

Translation of foreign currency items

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency other than the functional currency are later adjusted using the balance sheet exchange rate.
Non-monetary assets and liabilities in foreign currency stated at historic cost are translated using the exchange rate prevailing on the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currency stated at fair value are translated using the exchange rate prevailing on the date of that value was determined.
Any exchange rate differences are recognized through the consolidated income statement.

Translation of financial statements denominated in a foreign currency

For the purposes of the consolidated financial statements, all profits/losses, assets and liabilities are stated in euro, which is the functional currency of the Parent Company, Enel SpA.
In order to prepare the consolidated financial statements, the financial statements of consolidated companies in functional currencies other than the euro are translated into euro by applying the relevant period-end exchange rate to the assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period, which approximates the exchange rates prevailing at the date of the respective transactions, to the income statement items. Any resulting exchange rate gains or losses are recognized as a separate component of equity in a special reserve. The gains and losses are recognized in the income statement on the disposal of the subsidiary.

Business combinations

All business combinations are recognized using the purchase method, where the purchase cost is equal to the fair value at the date of the exchange of the assets acquired and the liabilities incurred or assumed, plus any costs directly attributable to the acquisition. This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired company at their fair values. Any positive difference between the purchase cost and the fair value of the share of the net assets acquired attributable to the Group is recognized as goodwill. Any negative difference is recognized in profit or loss. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using such provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

On first-time adoption of the IFRS-EU, the Group elected to not apply IFRS 3 (Business combinations) retrospectively to acquisitions carried out before January 1, 2004. Accordingly, the goodwill associated with acquisitions carried out prior to the IFRS-EU transition date is still carried at the amount reported in the last consolidated financial statements prepared on the basis of previous accounting standards (December 31, 2003).

Property, plant and equipment

Property, plant and equipment, which mainly regards generation plants, is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use. It is increased by the present value of the estimate of the costs of decommissioning and removing the asset where there is a legal or constructive obligation to do so. The corresponding liability is recognized under provisions for risks and charges. The accounting treatment of changes in the estimate of these costs, the passage of time and the discount rate is discussed under "Provisions for risks and charges".
Where a significant period of time is required before the asset is ready for use or sale, for plants on which construction began after January 1, 2009, the purchase price or production cost includes any borrowing costs directly attributable to the purchase, construction or production of such asset.
Certain assets that were revalued at the transition date or in previous periods are recognized at their fair value, which is considered as their deemed cost at the revaluation date.
Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.
Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred to replace a part of the asset will flow to the Group and the cost of the item can be reliably determined.
All other expenditure is recognized as an expense in the period in which it is incurred.
The cost of replacing part or all of an asset is recognized as an increase in the value of the asset and is depreciated over its useful life; the net carrying amount of the replaced unit is eliminated through profit or loss, with the recognition of any capital gain/loss.

Property, plant and equipment is reported net of accumulated depreciation and any impairment losses determined as set out below. Depreciation is calculated on a straight-line basis over the item's estimated useful life, which is reviewed annually, and any changes are reflected on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main items of property, plant and equipment is as follows:

	Useful life
Civil buildings	40-65 years
Hydroelectric power plants (1)	35-40 years
Thermal power plants (1)	10-40 years
Nuclear power plants	40 years
Geothermal power plants	20 years
Alternative energy power plants	15-35 years
Transport lines	20-40 years
Transformation plant	32-42 years
Medium- and low-voltage distribution networks	20-40 years
Gas distribution networks and meters	25-50 years
Industrial and commercial equipment	4-25 years

(1) Excluding assets to be relinquished free of charge, which are depreciated over the duration of the concession if shorter than useful life.

Land, both unbuilt and on which civil and industrial buildings stand, is not depreciated as it has an indefinite useful life.
Property, plant and equipment acquired under finance leases, whereby all risks and rewards incident to ownership are substantially transferred to the company, are initially recognized as assets at the lower of fair value and the present value of the minimum lease payments due, including the payment required to exercise any purchase option. The corresponding liability due to the lessor is recognized under financial liabilities. The assets are depreciated on the basis of their useful lives. If it is not reasonably certain that the company will acquire the assets at the end of the lease, they are depreciated over the shorter of the lease term and the useful life of the assets.
Leases where the lessor retains substantially all risks and rewards incident to ownership are classified as operating leases. Operating lease costs are taken to profit or loss on a systematic basis over the term of the lease.

The Group's plants in Italy include assets to be relinquished free of charge at the end of the concession. These mainly regard major water diversion works and the public lands used for the operation of the thermal power plants. The concessions terminate in 2029 (2020 for plants located in the Autonomous Province of Trento and 2010 in the Autonomous Province of Bolzano) and 2020. If the concessions are not renewed, at those dates all intake and governing works, penstocks, outflow channels and other assets on public lands will be relinquished free of charge to the State in good operating condition. The Group believes that the existing ordinary maintenance programs ensure that the assets will be in good operating condition at the termination date. Accordingly, depreciation on assets to be relinquished is calculated over the shorter of the term of the concession and the remaining useful life of the assets.

In accordance with Spanish laws 29/85 and 46/99, the hydroelectric power stations of Endesa in Spanish territory operate under administrative concessions at the end of which the plants will be returned to the government in good operating condition. The concessions will expire in the period between 2011 and 2067.
A number of companies belonging to Endesa that operate in Argentina and

Brazil hold administrative concessions with similar conditions to those applied under the Spanish concession system. These concessions will expire in the period between 2013 and 2088.
Endesa also operates under administrative concessions for the distribution of electricity in Spain. The concessions give Endesa the right to build and operate distribution networks for an indefinite period of time.

The Group is a concession holder in Italy for the distribution of electricity. The concession, granted by the Ministry for Economic Development, was issued free of charge and terminates on December 31, 2030. If the concession is not renewed upon expiry, the grantor is required to pay an indemnity. The amount of the indemnity will be determined by agreement of the parties using appropriate valuation methods, based on both the balance-sheet value of the assets themselves and their profitability. In determining the indemnity, such profitability will be represented by the present value of future cash flows. The infrastructure serving the concessions is owned and available to the concession holder. It is recognized under "Property, plant and equipment" and is depreciated over their useful lives.

Investment property

Investment property consists of the Group's real estate held to generate rental income or capital gains rather than for use in operations or the delivery of goods and services.
Investment property is initially recognized at cost in the same manner as other property, plant and equipment. Subsequently, it is measured at cost net of depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, while impairment losses are determined on the basis of the following criteria.
The fair value of investment property is determined on the basis of the state of the individual assets, projecting the valuations for the previous year in relation to the performance of the real estate market and estimated developments in the value of the assets. The fair value of investment property, primarily determined on the basis of market prices, is essentially in line with the carrying amount recognized as at December 31, 2009.

Intangible assets

Intangible assets are measured at purchase or internal development cost, when it is probable that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes any directly attributable incidental expenses necessary to make the assets ready for use. The assets, with a definite useful life, are reported net of accumulated amortization and any impairment losses, determined as set out below. Amortization is calculated on a straight-line basis over the item's estimated useful life, which is checked at least annually; any changes in amortization policies are reflected on a prospective basis.
Amortization commences when the asset is ready for use.
Intangible assets with an indefinite useful life are not amortized systematically. Instead, they undergo impairment testing at least annually.
Goodwill deriving from the acquisition of subsidiaries, associated companies or joint ventures is allocated to each of the cash-generating units identified. After initial recognition, goodwill is not amortized but is tested for recoverability at least annually using the criteria described in the notes. Goodwill relating to equity investments in associates is included in their carrying amount.

Mineral assets

Costs incurred to purchase mineral rights are recognized on the basis of the value of the various assets acquired calculated by discounting the corresponding expected cash flows. The assets acquired regard exploration potential, probable reserves, possible reserves and proven reserves and are allocated to the various assets acquired based on the present value of the expected future cash flows.
The costs for acquiring proven, probable, and possible reserves are recognized as assets. The cost of proven reserves, which is recognized under property, plant and equipment, is depreciated using the unit-of-production (UOP) method, as defined below, taking account of both developed and undeveloped reserves. The acquisition cost for probable and possible reserves, as well as exploration potential (i.e. the purchase costs for research permits or extensions of existing permits), is deferred under intangible assets until the outcome of the exploration activities is known. Where exploration is abandoned or unsuccessful, these costs are expensed; otherwise, they are reclassified to "Property, plant and equipment" and depreciated using the UOP method.
Exploration costs incurred in order to verify the existence of a new field, both before and after the purchase of mineral rights, are expensed directly, with the exception of well-drilling costs, which are deferred under intangible assets until the outcome of exploration is known.
Development costs incurred to verify proven reserves and to build and install the systems needed for drilling, treatment, collection and storage of natural gas are recognized as assets and depreciated primarily using the UOP method, given that their useful life is closely connected with the availability of economically exploitable gas reserves. Under this method, the depletion of the developed proven reserves is calculated by multiplying their net value by a variable rate equal to the ratio of volumes of hydrocarbons extracted during the period to proven reserves (developed and undeveloped) remaining at the end of the period (taking account of "promotions" during the period). This method is applied to the smallest aggregate that achieves a direct correlation between the investment and the proven reserves developed.
Costs related to production (extraction, routine well maintenance, transport, etc.) are expensed during the period in which they are incurred.

Impairment losses

Property, plant and equipment and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, the recoverable amount of any property, plant and equipment and intangible assets is estimated.
The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as that of intangible assets not yet available for use, is estimated annually.
The recoverable amount is the higher of an asset's fair value less selling costs and its value in use.
Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.
An impairment loss is recognized in the income statement if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount.

Impairment losses of cash generating units are first charged against the carrying amount of any goodwill attributed to it and then against the value of other assets, in proportion to their carrying amount.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount. Impairment of goodwill is never reversed subsequently.

Inventories

Inventories are measured at the lower of cost and net estimated realizable value. Average weighted cost is used, which includes related ancillary charges. Net estimated realizable value is the estimated normal selling price net of estimated selling costs or, where applicable, replacement cost.
The consumption of nuclear fuel is recognized on the basis of the energy generated by the nuclear power plants.

Financial instruments

Financial assets measured at fair value through profit or loss

This category includes debt securities held for trading, debt securities designated as at fair value through profit or loss at the time of initial recognition and equity investments in entities other than subsidiaries, associates and joint ventures (if not classified as “financial assets available for sale”).
Such assets are initially recognized at fair value. Gains and losses from changes in their fair value are recognized in the income statement.

Financial assets held to maturity

This category comprises non-derivative financial instruments with fixed or determinable payments and that do not represent equity investments that are quoted on an active market for which the entity has the positive intention and ability to hold until maturity. They are initially recognized at fair value as measured at the trade date, including any transaction costs; subsequently, they are measured at amortized cost using the effective interest method, net of any impairment losses.
Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate.

Loans and receivables

This category includes non-derivative financial and trade receivables, including debt securities, with fixed or determinable payments that are not quoted on an active market that the entity does not originally intend to sell.
Such assets are initially recognized at fair value, adjusted for any transaction costs, and subsequently measured at amortized cost using the effective interest method, net of any impairment losses. Such impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted using the original effective interest rate
Trade receivables falling due in line with generally accepted trade terms are not discounted.

Financial assets available for sale

This category includes debt securities, equity investments in other entities (not classified as “designated as at fair value through profit or loss”) and financial

assets that cannot be classified in other categories. These instruments are measured at fair value with changes recognized in shareholders' equity.
At the time of sale, the cumulative gains and losses previously recognized in equity are reversed to the income statement.
Where there is objective evidence that such assets have incurred an impairment loss, the cumulative loss previously recognized in equity is eliminated through reversal to the income statement. Such impairment losses, which cannot be reversed, are calculated as the difference between the carrying amount of the asset and its fair value, determined on the basis of the market price at the balance sheet date for financial assets listed on regulated markets or on the basis of the present value of expected future cash flows, discounted using the market interest rate for unlisted financial assets.
When the fair value cannot be determined reliably, these assets are recognized at cost adjusted for any impairment losses.

Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.
Cash and cash equivalents are recognized net of bank overdrafts at period-end in the consolidated statement of cash flows.

Trade payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost. Trade payables falling due in line with generally accepted trade terms are not discounted.

Financial liabilities

Financial liabilities other than derivatives are initially recognized at the settlement date at fair value, less directly attributable transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are recognized at fair value and are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge (assessed periodically) meets the thresholds envisaged under IAS 39.
The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted.
When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities, any changes in the fair value of the hedging instrument are taken to profit or loss. The adjustments in the fair values of the hedged assets or liabilities are also taken to profit or loss.
When derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items or forecast transactions (cash flow hedges), changes in fair value are initially recognized in equity, in the amount qualifying as effective, and subsequently released to profit or loss in line with the gains and losses on the hedged item.
The ineffective portion of the fair value of the hedging instrument is taken to profit or loss.
Changes in the fair value of trading derivatives and those that no longer qualify for hedge accounting under IAS 39 are recognized in profit or loss.

Derivative financial instruments are recognized at the trade date.
Financial and non-financial contracts (that are not already measured at fair value) are analyzed to identify any embedded derivatives, which must be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that significantly changes the original associated cash flows.
Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets fair value is determined on the basis of the present value of expected cash flows using the market yield curve at the reporting date and translating amounts in currencies other than the euro at end-period exchange rates.
The Group also analyzes all forward contracts for the purchase or sale of non-financial assets, with a specific focus on forward purchases and sales of electricity and energy commodities, in order to determine if they must be classified and treated in conformity with IAS 39 or if they have been entered into for physical delivery in line with the normal purchase/sale/use needs of the company (own use exemption).
If such contracts have not been entered into in order to obtain or deliver electricity or energy commodities, they are measured at fair value.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive the cash flows associated with the instrument expire or the company has transferred substantially all the risks and rewards associated with ownership or control of the instrument.
Financial liabilities are derecognized when they are extinguished or the company transfers all the risks and obligations associated with the instrument.

Employee benefits

Liabilities related to employee benefits paid upon leaving or after ceasing employment in connection with defined benefit plans or other long-term benefits accrued during the employment period, which are recognized net of any plan assets, are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the balance sheet date. The liability is recognized on an accruals basis over the vesting period of the related rights. These appraisals are performed by independent actuaries.
The cumulative actuarial gains and losses exceeding 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, they are not recognized.
Where there is a demonstrable commitment, with a formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognized as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Share-based payments

Stock option plans

The cost of services rendered by employees and remunerated through stock option plans is determined based on the fair value of the options granted to employees at the grant date.

The calculation method to determine the fair value considers all characteristics of the option (option term, price and exercise conditions, etc.), as well as the Enel share price at the grant date, the volatility of the stock and the yield curve at the grant date consistent with the expected life of the plan. The pricing model used is the Cox-Rubinstein.
This cost is recognized in the income statement, with a specific contra-item in shareholders' equity, over the vesting period considering the best estimate possible of the number of options that will become exercisable.

Restricted share units incentive plans

The cost of services rendered by employees and remunerated through restricted share units (RSU) incentive plans is determined based on the fair value of the RSU granted to employees, in relation to the vesting of the right to receive the benefit.
The calculation method to determine the fair value considers all characteristics of the RSU (term, exercise conditions, etc.), as well as the price and volatility of Enel shares over the vesting period. The pricing model used is the Montecarlo.
This cost is recognized in the income statement, with recognition of a specific liability, over the vesting period, adjusting the fair value periodically, considering the best estimate possible of the number of RSU that will become exercisable.

Provisions for risks and charges

Accruals to the provisions for risks and charges are recognized where there is a legal or constructive obligation as a result of a past event at period-end, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the impact is significant, the accruals are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and, if applicable, the risks specific to the liability.
If the provision is discounted, the periodic adjustment for the time factor is recognized as a financial expense.
Where the liability relates to decommissioning and/or site restoration in respect of property, plant and equipment, the provision offsets the related asset. The expense is recognized in profit or loss through the depreciation of the item of property, plant and equipment to which it relates.
Where the liability regards the treatment and storage of nuclear waste and other radioactive materials, the provision is recognized against the related operating costs.
Changes in estimates are recognized in the income statement in the period in which the changes occur, with the exception of those in the costs of dismantling, removal and remediation resulting from changes in the timetable and costs necessary to extinguish the obligation or a change in the discount rate. These changes increase or decrease the value of the related assets and are taken to the income statement through depreciation. Where they increase the value of the assets, it is also determined whether the new carrying amount of the assets may not be fully recoverable. If this is the case, the assets are tested for impairment, estimating the unrecoverable amount and recognizing any loss in respect of the impairment in the income statement.
Where the changes in estimates decrease the value of the assets, the reduction is recognized up to the carrying amount of the assets. Any excess is recognized immediately in the income statement.

Grants

Grants are recognized at fair value when it is reasonably certain that they will be

received or that the conditions for receipt have been met.
Grants received for specific expenditure or specific assets the value of which is recognized as an item of property, plant and equipment or an intangible asset are recognized as other liabilities and credited to the income statement over the period in which the related costs are recognized.
Operating grants are recognized fully in profit or loss at the time they satisfy the requirements for recognition.

Revenues

Revenues are recognized using the following criteria depending on the type of transaction:

> revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer and their amount can be reliably determined;

> revenues from the sale and transport of electricity and gas refer to the quantities provided during the period, even if these have not yet been invoiced, and are determined using estimates as well as the fixed meter reading figures. Where applicable, this revenue is based on the rates and related restrictions established by law, the Authority for Electricity and Gas during the applicable period;

> revenues from the rendering of services are recognized in line with the stage of completion of the services. Where it is not possible to reliably determine the value of the revenues, they are recognized in the amount of the costs that it is considered will be recovered;

> revenues accrued in the period in respect of construction contracts are recognized on the basis of the payments agreed in relation to the stage of completion of the work, determined using the cost-to-cost method, under which costs, revenues and the related margins are recognized on the basis of the progress of the project. The stage of completion is determined as a ratio between costs incurred at the measurement date and the overall costs expected for the project. In additional to contractual payments, project revenues include any payments in respect of variations, price revisions and incentives, with the latter recognized where it is probable that they will actually be earned and can be reliably determined. Revenues are also adjusted for any penalties for delays attributable to the entity.

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method. They include the changes in the fair value of financial instruments recognized at fair value through profit or loss and changes in the fair value of derivatives connected with financial transactions.

Dividends

Dividends from equity investments are recognized when the shareholder’s right to receive them is established.
Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders’ Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes for the period are determined using an estimate of taxable income and in conformity with the applicable tax regulations.
Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are in force or substantively in force at the balance sheet date.
Deferred tax assets are recognized when recovery is probable, i.e. when an entity expects to have sufficient future taxable income to recover the asset.
The recoverability of deferred tax assets is reviewed at each period-end. Taxes in respect of components recognized directly in equity are also taken to equity.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other balance sheet assets and liabilities.
Non-current assets (or disposal groups) classified as held for sale are first recognized in compliance with the appropriate IFRS/IAS applicable to the specific assets and liabilities and subsequently measured at the lower of the carrying amount and the fair value, net of selling costs. Any subsequent impairment losses are recognized as a direct adjustment to the non-current assets (or disposal groups) classified as held for sale and expensed in the income statement. The corresponding values for the previous period are not reclassified.
A discontinued operation is a component of an entity that has been divested or classified as held for sale and:

> represents a major line of business or geographical area of operations;
> is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
> is an activity acquired exclusively with a view to resale.

Gains or losses on operating assets sold – whether disposed of or classified as held for sale – are shown separately in the income statement, net of the tax effects. The corresponding values for the previous period, where present, are reclassified and reported separately in the income statement, net of tax effects, for comparative purposes.

2. Recently issued accounting standards

First-time adoption and applicable standards

The company has adopted the following international accounting standards and interpretations taking effect as from January 1, 2009:

> "*Amendments to IAS 1 - Presentation of financial statements*": this introduces a new method of presentation of financial statements, with a particular impact on the presentation of income statement data for the period through "comprehensive income", which provides for separate reporting of profit and loss for the period and of profit and loss recognized as a change in equity ("other comprehensive income"). The standard gives companies the options of presenting this information in one "statement of comprehensive income",

or in two separate statements presented together:

– one statement (“income statement”), which shows the components of profit and loss for the period; and
– a second statement (“statement of comprehensive income”) which, starting with the net income (loss) for the period, includes gains and losses recognized directly in equity (OCI - other comprehensive income).

The Group has elected to present two separate statements. The Revised IAS 1 also eliminated the option of disclosing changes in shareholders’ equity items and transactions with owners in the notes to the financial statements and rather requires this information to be presented in a separate statement.

> “*Amendments to IAS 23 - Borrowing costs*”: this eliminates the option which allowed the expensing of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset and requires their capitalization as part of the cost of that asset. The application of the standard on a prospective basis did not have a material impact for the Group (capitalized borrowing costs at December 31, 2009 came to €11 million).

> “*Amendments to IAS 32 and IAS 1 - Puttable financial instruments and obligations arising on liquidation*”: the amendments introduce an exception to the definition of equity instruments by extending the definition to encompass puttable financial instruments where the instruments impose obligations on the entity in the event of liquidation, provided the instruments have certain characteristics and meet certain conditions. The retrospective application of the amendments did not have an impact for the Group.

> “*Amendments to IAS 39 and IFRS 7 Reclassification of financial assets - Effective date and transition*”: this amendment modified the sections concerning the effective date of the amendments to IAS 39 and IFRS 7 issued by the IASB and endorsed by the European Commission in October 2008 concerning the reclassification of financial assets, improving the provisions in order to eliminate a number of presentation inconsistencies. More specifically, the IASB specified that reclassifications made as from November 1, 2008 shall be effective as from the date of reclassification. No reclassifications can be applied retrospectively with effect before July 1, 2008.

> “*Amendments to IFRIC 9 - Reassessment of embedded derivatives*” and “*Amendments to IAS 39 Financial instruments - Recognition and measurement*”: the amendments require companies that intend to reclassify a financial instrument designated as at fair value through profit or loss under the provisions of the amendments of IAS 39 endorsed by the European Commission in October 2008 to reassess the contract to determine whether an embedded derivative should be measured separately. If the company is unable to measure the derivative separately, the financial instrument many not be reclassified out of the FVTPL category. The retrospective application of the interpretation did not have an impact for the Group.

> “*Amendment to IFRS 2 - Share-based payment*”: the standard sets out the accounting treatment to be used in respect of “non-vesting conditions” that may apply to a share-based payment. Furthermore, the new standard extends the IFRS 2 rules governing cancellation of stock option plans by an entity to include cases in which the entity did not itself decide the cancellation or settlement during the vesting period. The retrospective application of the amendments did not have an impact for the Group.

> “*Amendments to IFRS 7 - Financial instruments: Disclosures*” and “*Amendments to IFRS 4 - Insurance contracts*”: the amendments introduce a three-level hierarchy for classifying assets and liabilities measured at fair value

and providing the related disclosures. The hierarchy classifies financial instruments recognized at fair value in consideration of the inputs used to determine such value. Level 1 includes financial instruments measured at fair value on the basis of quoted prices in active markets for such assets or liabilities. Level 2 comprises financial instruments whose fair value was determined with a valuation technique using directly or indirectly observable market inputs connected with the assets or liabilities being measured. Level 3 includes financial instruments whose fair value was calculated using inputs not based on observable market data. This hierarchy reflects the availability of observable market data to be used in determining fair value. The amendments also introduce new disclosure requirements, with the information to be presented in table form, for assets and liabilities measured at fair value for each of the three levels in the hierarchy, with the extension of disclosure requirements for financial assets measured at fair value on the basis of inputs not based on observable market data. The disclosure requirements for liquidity risk were also amended to reflect the manner in which such risk is managed. The application of the amendments on a prospective basis did not have a material impact for the Group.

> "*IFRS 8 - Operating segments*": the standard replaces IAS 14 and essentially requires the adoption of the management approach in determining and reporting segment profit or loss, i.e. using the methodologies adopted by management in internal reporting in order to assess performance and allocate resources among segments. The application of the standard on a prospective basis did not have an impact for the Group.

> "*IFRIC 13 - Customer loyalty programs*": the interpretation governs the accounting treatment of the obligation to provide prizes to customers as part of customer loyalty programs and establishes that the fair value of the obligations to provide the awards must be accounted for separately from revenues from sales and deferred until the obligation to the customer is extinguished or the customer's right lapses or is not exercised. The retrospective application of the interpretation did not have a material impact for the Group.

> "*IFRIC 14 - IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction*": the interpretation provides guidance for the application of the rules contained in IAS 19 relating to the "asset ceiling". It also defines the effects of a minimum funding requirement on liabilities and/or assets held in relation to a defined benefit plan or other long-term benefits (contractually or legally established minimum amount of assets required to service the plan). The application of the interpretation on a prospective basis had a negative impact of €11 million for the Group, entirely attributable to the measurement of the assets of certain defined-benefit plans of the Endesa Group.

> "*Improvements to International Financial Reporting Standards*": these comprise a series of amendments to individual standards concerning the presentation, recognition and measurement of items in the financial statements, as well as terminological or editorial changes, that had no impact on measurement for accounting purposes. Following the changes to presentation requirements (IAS 1 - Presentation of financial statements), the classification criteria for non-current and current financial assets and liabilities were clarified, specifying that financial assets and liabilities designated as at fair value through profit or loss with a maturity of more than 12 months that are held for operational hedging purposes and that the company intends to

hold for at least 12 months as from the reporting date shall be classified as non-current. The retrospective application of this change involved the consistent reclassification, with regard to the comparative figures for December 31, 2008, of derivatives measured at fair value through profit or loss with the above characteristics from current to non-current. The following table summarizes the impact of this reclassification on the balance sheet at December 31, 2008:

Millions of euro	Carrying amount in these consolidated financial statements	Carrying amount in the 2008 consolidated financial statements	Reclassification effect
Non-current financial assets	4,338	4,324	**14**
Current financial assets	3,255	3,269	**(14)**
Non-current financial liabilities	3,113	2,608	**505**
Current financial liabilities	2,454	2,959	**(505)**

Standards not yet adopted and not yet applicable

In 2009, the European Commission endorsed the following new accounting standards and interpretations, which were not yet applicable as of December 31, 2009:

> "*Amendments to IAS 27 Consolidated and separate financial statements*": the new version of the standard establishes that changes in equity interests in a subsidiary that do not result in a loss of control shall be recognized in equity. Where a controlling interest is divested, any residual interest must be re-measured to fair value on that date.

> "*Amendment to IAS 39 - Financial instruments: recognition and measurement: eligible hedged items*": with this amendment to the current IAS 39 standard, the IASB has sought to clarify the conditions under which certain financial/non-financial instruments may be designated as hedged items. The amendment specifies that an entity may also choose to hedge only one kind of change in the cash flow or in the fair value of the hedged item (i.e. that the price of a hedged commodity increases beyond a specified price), which would constitute a one-sided risk. The IASB also specifies that a purchased option designated as a hedge in a one-sided risk hedge relationship is perfectly effective only if the hedged risk refers exclusively to changes in the intrinsic value of the hedging instrument, not to changes in its time value as well. The application of the provisions is not expected to have an impact for Enel.

> "*Amendments to IAS 32 Financial instruments - Presentation*": the amendment specifies that rights, options or warrants that entitle the holder to purchase a specific number of equity instruments of the entity issuing such rights for a specified amount of any currency shall be classified as equity if (and only if) the entity offers the rights, options or warrants pro rata to all existing holders of its equity instruments (other than derivatives) in the same class for a fixed amount of currency. The changes shall be applied retrospectively as from periods beginning on or after January 31, 2010. The application of the amendments is not expected to have a significant impact for the Group.

> "*Revised IFRS 3 - Business combinations*", issued in January 2008: this introduced important amendments to the acquisition method for the recognition of business combinations. The changes include:

– the obligation to recognize in profit or loss any changes in the consideration

subsequently paid by the acquiring party, as well as the transaction costs of the business combination;
- the possibility of opting for either the full goodwill or the partial goodwill approach in choosing the methodology for initial recognition of goodwill;
- the obligation to recognize, in the case of the acquisition of additional holdings after acquiring control, the positive difference between the purchase price and the corresponding share of equity as an adjustment of equity;
- the obligation to recognize in profit or loss the effects of the fair value measurement, at the date of acquisition of control, of the holdings acquired previously in business combinations achieved in stages.

> "*IFRIC 12 - Service concession arrangements*": the interpretation requires that, depending on the characteristics of the concession arrangements, the infrastructure used to deliver the public services shall be recognized under intangible assets or under financial assets, depending, respectively, on whether the concession holder has the right to charge users of the services or it has the right to receive a specified amount from the grantor agency. The new interpretation applies to both infrastructure that the concession holder builds or acquires from a third party for the purposes of the service arrangement and existing infrastructure to which the concession holder is given access by the grantor for the purposes of the service arrangement. More specifically, IFRIC 12 applies to service concession arrangements between public grantors and private operators if:
- the grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price; and
- the grantor also controls, via ownership or other arrangement, any significant residual interest in the assets at the end of the term of the arrangement.

The Enel Group has analyzed the impact of the application of the interpretation. The analysis found that for the concession operated in Italy for the distribution of electricity to tied customers, the conditions for application of IFRIC 12 are not aplicable, as the concession holder has full control, as defined in the interpretation, of the infrastructure serving the electricity distribution service. The provisions will, however, be applicable to the infrastructure serving the electricity distribution concessions held by the Endesa Group companies operating in Brazil: this will give rise solely to the reclassification of €3,064 million from "Property, plant and equipment" to "Intangible assets" and "Other non-current financial assets". In addition, the Group is completing the analysis of the concessions for the distribution of electricity held by the Romanian subsidiaries, the accounting effects of which are not considered to be significant.

> "*IFRIC 15 - Agreements for the construction of real estate*": this interpretation sets out the guidelines for recognizing revenues and costs arising from the contracts for the construction of real estate and clarifies when a contract falls within the scope of "IAS 11 - Construction contracts" and "IAS 18 - Revenue". The interpretation also specifies the accounting treatment to be used in respect of revenues from the delivery of additional services relating to real estate under construction.

The application of this interpretation is not expected to have an impact for Enel.

> "*IFRIC 16 - Hedges of a net investment in a foreign operation*": the interpretation applies to entities that intend to hedge the exchange rate risk associated with a net investment in a foreign operation. The main aspects of the interpretation are:
- the hedge may only cover the exchange rate difference between the functional currency (not the presentation currency) of the foreign operation

and the functional currency of the parent (a parent being a controlling entity at any level, whether intermediate or final);
  - in the consolidated financial statements, the risk may be designated as hedged only once, even if more than one entity in the same group has hedged its exchange rate exposure to the same foreign operation;
  - the hedging instrument may be held by any entity in the group (apart from that being hedged);
  - in the event of the disposal of the foreign operation, the value of the translation reserve reclassified to profit or loss in the consolidated financial statements shall be equal to the value of the gain/loss on the effective portion of the hedging instrument.

  The application of this interpretation is not expected to have an impact for Enel.
> "*IFRIC 17 - Distributions of non-cash assets to owners*": the interpretation clarifies matters relating to the distribution of non-cash dividends to owners. In particular:
  - dividends shall be recognized as soon as they are authorized;
  - the company shall measure dividends at the fair vale of the net assets to be distributed;
  - the company shall recognize the difference between the carrying amount of the dividend and its fair value through profit or loss.

  The application of this interpretation is not expected to have an impact for Enel.
> "*IFRIC 18 - Transfers of assets from customers*": this clarifies the recognition and measurement of assets received from a customer connected with the ongoing supply of goods and services.
  Enel is assessing the future impact of these new rules.

During 2009, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) also published new standards and interpretations that, as of December 31, 2009 had not yet been endorsed by the European Commission. The standards are set out below:
> "*IFRS 9 - Financial instruments*", issued in November 2009: the standard is the first of three phases in the project to replace IAS 39. The standard establishes new criteria for the classification of financial assets, based on the business model of the entity and the cash flow characteristics of the financial assets. The new standard requires financial assets to be measured initially at fair value plus, in the case of financial assets not at fair value through profit or loss, any transaction costs. Subsequently, they are measured at fair value or amortized cost. As regards equity instruments not held for trading, an entity can make an irrevocable election to measure it at fair value through other comprehensive income. Any dividend income shall be recognized through profit or loss. The new standard will take effect, subject to endorsement, for periods beginning on or after January 1, 2013, with the possibility of early adoption.
> "*Revised IAS 24 - Related party disclosures*", issued in November 2009: the standard allows companies that are subsidiaries or under the significant influence of a government agency to adopt special related-party disclosure rules allowing summary disclosure of transactions with the government agency and with other companies controlled or under the significant influence of the government agency. The new version of IAS 24 also amends the definition of related parties for the purposes of disclosure in the notes to the financial statements. The new version of the standard will take effect

retrospectively, subject to endorsement, for periods beginning on or after January 1, 2011.

> "*Amendments to IFRIC 14 - Prepayments of a minimum funding requirement*", issued in November 2009: the changes clarify the circumstances in which a company that prepays a minimum funding requirement for an employee benefit plan can recognize such payments as an asset. The new rules will take effect, subject to endorsement, for periods beginning on or after January 1, 2011.
> "*IFRIC 19 - Extinguishing financial liabilities with equity instruments*", issued in November 2009: the interpretation clarifies the accounting treatment that a debtor must apply in the case of liability being extinguished through the issue of equity instruments to the creditor. In particular, the equity instruments issued represent the consideration for extinguishing the liability and must be measured at fair value as of the date of extinguishment. Any difference between the carrying amount of the extinguished liabilities and the initial value of the equity instruments shall be recognized through profit or loss. The interpretation will take effect, subject to endorsement, for financial periods beginning on or after July 1, 2010.
> "*Amendment to IFRS 2 - Group cash-settled share-based payment transactions*", issued in June 2009: the amendments, which incorporate the guidelines contained in IFRIC 8 and IFRIC 11, clarify the accounting treatment of cash-settled share-based payments involving different Group companies (e.g. when a parent company is obliged to pay the employees of a subsidiary an amount for their services based on the price of its own shares).
The new rules will take effect, subject to endorsement, for periods beginning on or after January 1, 2010.

3. Risk management

Market risk

As part of its operations, the Enel Group is exposed to different market risks, notably the risk of changes in interest rates, exchange rates and commodity prices. The nature of the financial risks to which the Group in exposed is such that changes in interest rates cause changes in cash flows associated with interest payments on long-term floating-rate debt instruments, while changes in the exchange rate between the euro and the main foreign currencies have an impact on the value of the cash flows denominated in those currencies.
In compliance with Group policies for managing financial risks, these exposures are generally hedged using over-the-counter derivatives (OTC).
Enel also engages in a marginal amount of proprietary trading in order to maintain a presence in the Group's reference energy commodity markets. These operations consist in taking on limited exposures in energy commodities (oil products, gas, coal and electricity in the main European countries) using financial derivatives and physical contracts traded on regulated and OTC markets, exploiting profit opportunities through arbitrage transactions and on the basis of expected market developments. These operations are conducted within the framework of formal governance rules that establish strict risk limits set at the Group level.
Compliance with the limits is verified daily by a unit that is independent of those undertaking the transactions. The risk limits for Enel's proprietary trading are set in terms of Value at Risk over a 1-day time horizon and a confidence level of 95%; the sum of the limits set for 2009 is equal to about €17 million.

The following section reports transactions in derivatives outstanding at December 31, 2009, specifying the fair value and notional value of each class of instrument as calculated at the year-end exchange rates provided by the European Central Bank, where denominated in currencies other than the euro.
Fair value is determined using the official prices for instruments traded on regulated markets. The fair value of instruments not listed on regulated markets is determined using valuation methods appropriate for each type of financial instrument and market data as of the close of the period (such as interest rates, exchange rates, commodity prices, volatility), discounting expected future cash flows on the basis of the market yield curve at the balance sheet date and translating amounts in currencies other than the euro using year-end exchange rates provided by the European Central Bank.
Where possible, contracts relating to commodities are measured using market prices related to the same instruments on both regulated and other markets.
The measurement criteria adopted for open derivatives positions at the end of the year were unchanged with respect to those used at the end of the previous year. The impact of such measurements on profit or loss and shareholders' equity are therefore attributable solely to normal market developments.

The notional value of a derivative contract is the amount on which cash flows are exchanged. This amount can be expressed as a value or a quantity (for example tons, converted into euro by multiplying the notional amount by the agreed price). The notional amounts of derivatives reported here do not represent amounts exchanged between the parties and therefore are not a measure of the Group's credit risk exposure.
The financial assets and liabilities associated with derivative instruments are classified as:
> cash flow hedge derivatives, related to hedging the risk of changes in cash flows associated with long-term floating-rate borrowings, hedging the exchange rate risk associated with the provisioning of fuels priced in foreign currencies, hedging revenues from the sale of electricity under a number of contracts entered into by Enel (two-way contracts for differences and other energy derivatives) and hedging the risk of changes in the prices of coal and oil commodities;
> fair value hedge derivatives, related to hedging the exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk;
> derivatives hedging net investments in foreign operations from the translation risk in respect of the consolidation of equity investments denominated in a foreign currency;
> trading derivatives associated with proprietary trading in commodities or hedging interest and exchange rate risk or commodity risk for which it would be inappropriate to designate as cash flow hedges or fair value hedges or which do not meet the formal requirements of IAS 39.

Interest rate risk

The twin objectives of reducing the amount of debt exposed to changes in interest rates and of containing borrowing costs is pursued with the use of a variety of derivatives contracts, notably interest rate swaps and interest rate options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Interest rate swaps normally provide for the periodic exchange of floating-rate interest flows for fixed-rate interest flows, both of which are calculated on the basis of the notional principal amount.

Interest rate options involve the exchange of interest differences calculated on a notional principal amount once certain thresholds (strike prices) are reached. These thresholds specify the effective maximum rate (cap) or the minimum rate (floor) on the debt as a result of the hedge. Hedging strategies can also make use of combinations of options (collars) that establish the minimum and maximum rates at the same time. In this case, the strike prices are normally set so that no premium is paid on the contract (zero-cost collars).

Such contracts are normally used when the fixed interest rate that can be obtained in an interest rate swap is considered too high with respect to Enel's expectations for future interest rate developments. In addition, interest rate options are also considered appropriate in periods of uncertainty about future interest rate developments, in order to benefit from any decreases in interest rates.

The following table reports the notional amount of interest rate derivatives at December 31, 2009 and December 31, 2008 by type:

Millions of euro	Notional value	
	2009	2008
Interest rate swaps	13,632	13,999
Interest rate options	4,375	3,897
Total	**18,007**	**17,896**

The following table reports the notional amount and fair value of interest rate derivatives at December 31, 2009 and December 31, 2008, broken down by designation (IAS 39):

Millions of euro	Notional value		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008
Cash flow hedge derivatives:								
Interest rate swaps	9,951	11,131	(502)	(384)	10	11	(512)	(395)
Interest rate options	4,337	3,846	(119)	(89)	1	2	(120)	(91)
Fair value hedge derivatives:								
Interest rate swaps	598	531	-	(13)	8	10	(8)	(23)
Trading derivatives:								
Interest rate swaps	3,083	2,337	(172)	(88)	9	9	(181)	(97)
Interest rate options	38	51	(1)	-		-	(1)	-
Total interest rate swaps	13,632	13,999	(674)	(485)	27	30	(701)	(515)
Total interest rate options	4,375	3,897	(120)	(89)	1	2	(121)	(91)
TOTAL INTEREST RATE DERIVATIVES	**18,007**	**17,896**	**(794)**	**(574)**	**28**	**32**	**(822)**	**(606)**

The following table reports the cash flows expected in coming years from these financial derivatives:

EXPECTED CASH FLOWS FROM INTEREST RATE DERIVATIVES

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2009	2010	2011	2012	2013	2014	Beyond
CFH on interest rates							
Positive fair value	11	(9)	(4)	-	2	6	21
Negative fair value	(632)	(291)	(209)	(104)	(54)	(27)	(22)
FVH on interest rates							
Positive fair value	8	5	2	2	1	-	6
Negative fair value	(8)	20	-	-	-	-	-
Trading derivatives on interest rates							
Positive fair value	9	4	3	2	1	-	1
Negative fair value	(182)	(92)	(54)	(33)	(10)	(5)	(22)

The amount of floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the income statement (raising borrowing costs) in the event of an increase in market interest rates.
At December 31, 2009, 51% of net long-term financial debt was floating rate (66% at December 31, 2008). Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 26% of the debt was exposed to interest rate risk at December 31, 2009 (45% at December 31, 2008). Including interest rate derivatives treated as hedges for management purposes but ineligible for hedge accounting, the residual exposure of net financial debt to interest rate risk would be 20% (42% at December 31, 2008).

If market interest rates had been 1 basis point higher (0.01%) at December 31, 2009, all other variables being equal, shareholders' equity would have been about €5 million higher (€4 million at December 31, 2008) as a result of the increase in the fair value of CFH derivatives on interest rates. Conversely, if interest rates had been 1 basis point lower at that date, all other variables being equal, shareholders' equity would have been €5 million lower (€4 million at December 31, 2008) as a result of the decrease in the fair value of CFH derivatives on interest rates.
An equivalent increase (decrease) in interest rates, all other variables being equal, would have a negative (positive) impact on the income statement in terms of higher (lower) annual interest expense on the portion of debt not hedged against interest rate risk of about €1 million (€2 million at December 31, 2008).

Exchange rate risk

Exchange rate risk is mainly generated with the following transaction categories:

> debt denominated in currencies other than the functional currency of the respective countries entered into by the holding company or the individual subsidiaries;

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

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

In order to minimize this risk, the Group normally uses a variety of OTC derivatives such as currency forwards, cross currency interest rate swaps and currency options. The term of such contracts does not exceed the maturity of the underlying financial liability, so that any change in the fair value and/or cash flows of such contracts is offset by a corresponding change in the fair value and/or cash flows of the underlying position.

Cross currency interest rate swaps are used to transform a long-term fixed- or floating-rate liability in foreign currency into an equivalent fixed- or floating-rate liability in euros. In addition to having notionals denominated in different currencies, these instruments differ from interest rate swaps in that they provide both for the periodic exchange of cash flows and the final exchange of principal. Currency forwards are contracts in which the counterparties agree to exchange principal amounts denominated in different currencies at a specified future date and exchange rate (the strike). Such contracts may call for the actual exchange of the two amounts (deliverable forwards) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable forwards). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank. Currency options involve the purchase (or sale) of the right to exchange, at an agreed future date, two principal amounts denominated in different currencies on specified terms (the contractual exchange rate represents the option strike price). Such contracts may call for the actual exchange of the two amounts (deliverable) or payment of the difference between the strike exchange rate and the prevailing exchange rate at maturity (non-deliverable). In the latter case, the strike rate and/or the spot rate may be determined as averages of the official fixings of the European Central Bank.

The following table reports the notional amount of transactions outstanding at December 31, 2009 and December 31, 2008, broken down by type of hedged item:

Millions of euro	Notional value	
	2009	2008
Cross currency interest rate swaps (CCIRSs) hedging foreign currency debt	12,606	7,364
Forward contracts hedging exchange rate risk on commodities	5,072	4,933
Forward contracts hedging future cash flows in currencies other than euro	594	629
Forward contracts hedging commercial paper	162	87
Other forward contracts	210	383
Options hedging exchange rate risk on commodities	102	72
Total	**18,746**	**13,468**

More specifically, these include:

> CCIRSs with a notional value of €12,606 million to hedge the exchange rate risk on foreign currency debt (€7,364 million at December 31, 2008);

> currency forward contracts with a notional value of €5,666 million used to hedge the exchange rate risk associated with purchases of fuel, imported electricity and expected cash flows in currencies other than the euro (€5,562 million at December 31, 2008);

> currency forward contracts with a notional value of €162 million used to hedge the exchange rate risk associated with redemptions of commercial paper issued in currencies other than the euro (€87 million at December 31, 2008).

> options with a notional value of €102 million used to hedge the exchange rate risk associated with purchases of fuel (€72 million at December 31, 2008).

At the end of 2009, other outstanding positions included currency forwards with a notional value of €210 million (€383 million at December 31, 2008) not directly connected to individual exposures to exchange rate risk.

The following table reports the notional amount and fair value of exchange rate derivatives at December 31, 2009 and December 31, 2008:

Millions of euro	Notional value		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008
Cash flow hedge derivatives:								
- forwards	3,229	2,110	(1)	178	59	186	(60)	(8)
- options	-	72	-	2	-	2	-	-
- CCIRSs	12,084	6,800	(1,555)	(213)	207	814	(1,762)	(1,027)
Fair value hedge derivatives:								
- CCIRSs	522	564	(50)	(41)	2	9	(52)	(50)
Derivatives hedging net investment in a foreign operation:								
- forwards	319	-	(9)	-	-	-	(9)	-
Trading derivatives:								
- forwards	2,490	3,922	4	74	35	135	(31)	(61)
- options	102	-	(3)	-	-	-	(3)	-
- CCIRSs	-	-	-	-	-	-	-	-
Total forwards	6,038	6,032	(6)	252	94	321	(100)	(69)
Total options	102	72	(3)	2	-	2	(3)	-
Total CCIRSs	12,606	7,364	(1,605)	(254)	209	823	(1,814)	(1,077)
TOTAL EXCHANGE RATE DERIVATIVES	**18,746**	**13,468**	**(1,614)**	**-**	**303**	**1,146**	**(1,917)**	**(1,146)**

The following table reports the cash flows expected in coming years from these financial derivatives:

EXPECTED CASH FLOWS FROM EXCHANGE RATE DERIVATIVES

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2009	2010	2011	2012	2013	2014	Beyond
CFH on exchange rates							
Positive fair value	266	101	46	18	13	146	146
Negative fair value	(1,822)	(139)	(78)	(240)	(66)	(1,116)	(1,097)
FVH on exchange rates							
Positive fair value	2	-	-	-	-	(1)	4
Negative fair value	(52)	8	-	(25)	2	(13)	(30)
Derivatives hedging net investment in a foreign operation:							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(9)	(9)	-	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	35	30	2	1	-	-	-
Negative fair value	(34)	(29)	(5)	-	-	-	-

An analysis of the Group's financial debt shows that 27% of medium- and long-term debt (16% at December 31, 2008) is denominated in currencies other than the euro. Please see note 27 for more details.
Taking account of exchange rate hedges and the portion of debt denominated in the functional currency of the country in which the Group company holding the debt position operates, the proportion of unhedged debt denominated in currencies other than the euro decreased to about 3% (3% at December 31, 2008), a proportion that is felt would not have a significant impact on the income statement in the event of an increase in market exchange rates.

At December 31, 2009, assuming a 10% appreciation of the euro against the other currencies in which financial debt is denominated, all other variables being equal, shareholders' equity would have been an estimated €1,348 million lower (€732 million at December 31, 2008) as a result of the decrease in the fair value of CFH derivatives on exchange rates. Conversely, assuming a 10% depreciation of the euro against the other currencies in which financial debt is denominated, all other variables being equal, shareholders' equity would have been about €1,633 million higher (€891 million at December 31, 2008) as a result of the increase in the fair value of CFH derivatives on exchange rates.

Commodity risk

Various types of derivatives are used to reduce the exposure to fluctuations in energy commodity prices and as part of proprietary trading activities.
The exposure to the risk of changes in commodity prices is associated with the purchase of fuel for power plants and the purchase and sale of gas under indexed contracts as well as the purchase and sale of electricity at variable prices (indexed bilateral contracts and sales on Power Exchange).
The exposures on indexed contracts are quantified by breaking down the contracts that generate exposure into the underlying risk factors.
As regards electricity sold on the Italian Power Exchange, Enel uses two-way contracts for differences, under which differences are paid to the counterparty if the Single National Price (SNP) exceeds the strike price and to Enel in the opposite case.
The residual exposure in respect of sales on the Power Exchange not hedged through two-way contracts for differences is quantified and managed on the basis of an estimation of generation costs in Italy. The residual positions thus determined are aggregated on the basis of uniform risk factors that are hedged in the market.
The following table reports the notional values and fair values of derivative contracts relating to commodities at December 31, 2009 and December 31, 2008.

Millions of euro	Notional value		Fair value		Fair value assets		Fair value liabilities	
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008
Cash flow hedge derivatives:								
- two-way contracts for differences	130	165	2	(3)	2	-	-	(3)
- swaps on oil commodities	183	-	(5)	-	2	-	(7)	-
- derivatives on coal	858	1,076	(83)	(362)	11	-	(94)	(362)
- other derivatives on energy	531	558	(5)	2	16	2	(21)	-
- derivatives on other commodities	367	4	54	-	54	-	-	-
Trading derivatives:								
- two-way contracts for differences	1,562	736	30	97	30	97	-	-
- swaps on oil commodities	1,919	3,048	17	(72)	104	377	(87)	(449)
- derivatives on coal	1,260	798	(2)	5	85	44	(87)	(39)
- futures/options on oil commodities	233	2,280	3	(64)	15	307	(12)	(371)
- swaps on gas transmission fees	17	17	(2)	(4)	-	-	(2)	(4)
- other derivatives on energy	10,964	11,759	36	(10)	339	331	(303)	(341)
- embedded derivatives	578	815	(441)	(532)	5	-	(446)	(532)
- derivatives on other commodities	637	124	28	19	53	25	(25)	(6)
TOTAL COMMODITY DERIVATIVES	**19,239**	**21,379**	**(368)**	**(924)**	**716**	**1,183**	**(1,084)**	**(2,107)**

Cash flow hedge derivatives refer to the physical positions in the underlying and, therefore, any negative (positive) change in the fair value of the derivative instrument corresponds to a positive (negative) change in the fair value of the underlying physical commodity, so the impact on the income statement is nil. The following table shows the fair value of the derivatives and the consequent impact on shareholders' equity at December 31, 2009 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario	+10%
		at Dec. 31, 2009	
Fair value of two-way CFDs in cash flow hedges	14	2	(11)
Fair value of derivatives on oil commodities in cash flow hedges	13	(5)	(23)
Fair value of derivatives on coal in cash flow hedges	(124)	(83)	(45)
Fair value of derivatives on energy in cash flow hedges	22	(5)	(38)
Fair value of derivatives on gas in cash flow hedges	11	54	96

The following table shows the fair value of derivatives and the consequent impact on the income statement and shareholders' equity at December 31, 2009 (gross of taxes), that would have resulted, all other conditions being equal, in the event of a 10% increase or decrease in the prices of the commodities (10-year interest rate swaps in the case of a derivative on gas whose fair value depends on that index) underlying the valuation model considered in the scenario at that date.

Millions of euro	-10%	Scenario at Dec. 31, 2009	+10%
Fair value of two-way contracts for differences in trading transactions	117	30	(57)
Fair value of derivatives on energy commodities in trading transactions (dependent on the price of oil commodities)	(4)	20	45
Fair value of derivatives on coal in trading transactions	15	(2)	(20)
Fair value of swaps on energy commodities in trading transactions (dependent on 10-year IRS)	(2)	(2)	(2)
Fair value of derivatives on energy in trading transactions	90	36	(36)
Fair value of derivatives on other commodities in trading transactions	24	28	33

Embedded derivatives relate to contracts for the purchase and sale of energy entered into by Slovenské elektrárne in Slovakia. The market value at December 31, 2009 came to a negative €441 million, of which:

a. a positive €5 million in respect of an embedded derivative whose fair value depends on the US inflation rate, the price of aluminum on the London Metal Exchange and the euro/dollar (EUR/USD) exchange rate;
b. a negative €278 million in respect of an embedded derivative on the EUR/USD exchange rate;
c. a negative €168 million in respect of a derivative on the price of gas.

The following tables show the fair value at December 31, 2009, as well as the value expected from a 10% increase and a 10% decrease in the underlying risk factors.

FAIR VALUE EMBEDDED DERIVATIVE (A)

Millions of euro	US inflation rate	Spot price of aluminum	EUR/USD exchange rate
Decrease of 10%	6	1	4
Scenario at Dec. 31, 2009	**5**	**5**	**5**
Increase of 10%	4	11	5

FAIR VALUE EMBEDDED DERIVATIVE (B)

Millions of euro	EUR/USD exchange rate
Decrease of 10%	(296)
Scenario at Dec. 31, 2009	**(278)**
Increase of 10%	(261)

FAIR VALUE EMBEDDED DERIVATIVE (C)

Millions of euro	Gas price
Decrease of 10%	(147)
Scenario at Dec. 31, 2009	**(168)**
Increase of 10%	(186)

The following table reports the cash flows expected in coming years from these financial derivatives on commodities.

Millions of euro	Fair value	Stratification of expected cash flows					
	at Dec. 31, 2009	2010	2011	2012	2013	2014	Beyond
Cash flow hedge derivatives:							
- Positive fair value	85	66	11	2	1	1	4
- Negative fair value	(122)	(121)	(1)	-	-	-	-
Trading derivatives:							
- Positive fair value	631	563	65	-	2	-	-
- Negative fair value	(962)	(586)	(161)	(104)	(110)	-	-

Credit risk

Enel manages credit risk by operating solely with counterparties considered solvent by the market, i.e. those with high credit standing, and does not have any concentration of credit risk.
The credit risk in respect of the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks, diversifying the exposure among different institutions, constantly monitoring their credit ratings.
In addition, during the year Enel entered into margin agreements with the leading financial institutions with which it operates that call for the exchange of cash collateral, which significantly mitigates the exposure to counterparty risk. More specifically, under such agreements the counterparties establish dedicated interest-bearing deposit accounts on which they balance the current creditor exposure (net positive fair value of the derivatives portfolio) with the positive balance on the account. The amounts actually exchanged between the counterparties are determined on the basis of the change in the net fair value of the position in respect of contractually specified thresholds for the minimum unsecured exposure and the minimum margin payment.

As part of activities related to purchasing fuels for thermal generation and the sale and distribution of electricity, the distribution of gas and the sale of gas to eligible customers, Enel grants trade credit to external counterparties. The counterparties selected are carefully monitored through the assessment of the related credit risk and the pledge of suitable guarantees and/or security deposits to ensure adequate protection from default risk.

Liquidity risk

As part of its activities as an industrial holding company, Enel SpA (directly and through its subsidiary Enel Finance International SA) is responsible for the centralized Group Treasury function (with the exception of the Endesa Group, where that function is performed by Endesa SA and its subsidiaries Endesa

Internacional BV and Endesa Capital SA), meeting liquidity requirements primarily through cash flows generated by ordinary operations and drawing on a range of sources of financing. In addition, it manages any excess liquidity as appropriate.
The Enel Group's access to the credit market despite the recent financial crisis was emphatically confirmed by the success during the year of the bond issues for institutional investors totaling €10 billion, acting through Enel Finance International with Enel SpA as guarantor, as well as the arrangement by Enel SpA and Enel Finance International of an €8 billion syndicated credit facility that was used to finance the acquisition of 25% of Endesa SA from Acciona. In addition, in June Enel carried out a capital increase of some €8 billion with a view to strengthening the Group's financial structure even further.
At December 31, 2009, the Enel Group had a total of about €4.2 billion in cash or cash equivalents, of which €1.8 billion held by Endesa, as well as committed credit lines of €15 billion, of which €7.2 billion held by Endesa.
The committed credit lines amounted to €27.7 billion (€12.7 billion drawn), of which €9.4 billion held by Endesa (€2.2 billion drawn); uncommitted credit lines totaled €2.4 billion (€1.2 billion drawn), of which €1.4 billion held by Endesa (€0.4 billion drawn).
In addition, the Group has outstanding commercial paper programs totaling €9.1 billion (€6.6 billion drawn), of which €5 billion held by Endesa through its subsidiaries (€2.6 billion drawn).

4. Main changes in the scope of consolidation

In the two periods examined here, the scope of consolidation changed as a result of the following main transactions:

2008

> acquisition, on March 5, 2008, of 85% of Enel Productie (formerly Global Power Investment), a Romanian company active in the generation of electricity; on May 19, 2009, an additional 15% was acquired, giving Enel full control;

> acquisition, on April 25, 2008, of 50% of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) and the concurrent subscription of a capital increase approved by the company's shareholders. Following the operation, Enel holds 64.4% of the company. As from the conclusion of the changes in the company's governance arrangements needed to define control on June 4, 2008, the company is consolidated on a line-by-line basis, taking account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6%;

> acquisition, on May 19, 2008, of 100% of International Wind Parks of Crete and Hydro Constructional, which operate in Greece in the generation of electricity from renewables;

> conclusion, on May 28, 2008, of the changes in the governance arrangements of Enel OGK-5, which gave Enel full control as from that date. Enel, acting through the subsidiary Enel Investment Holding, had acquired 59.80% of the Russian company in a series of purchases, of which 22.65% in the public tender completed on March 6, 2008, before selling a minority stake of 4.1% on June 25, 2008. As from May 28, 2008, the company is consolidated on a line-by-line basis;

- disposal, on June 26, of the assets specified in the agreements signed between Enel and Acciona on March 26, 2007, and between Enel, Acciona and E.ON on April 2, 2007 and March 18, 2008, consisting of:
  – the assets and liabilities held directly or indirectly by Endesa in Italy, France, Poland and Turkey, as well as a number of other assets in Spain (hereinafter "Endesa Europa");
  – the assets and liabilities in respect of Enel's equity investments in Enel Viesgo Generación, Enel Viesgo Servicios and Electra de Viesgo Distribución and the equity investments held by them;
- acquisition, on June 30, 2008, of 80% of Marcinelle Energie, which is building a combined-cycle gas turbine plant in Belgium. The company is consolidated taking account of the put option on 20% of share capital granted to Duferco at the time of the sale;
- disposal, on July 25, 2008, of 51% of Hydro Dolomiti Enel (HDE), a company established by Enel Produzione on May 12, 2008, for the development, together with other partners, of hydroelectric power in the Autonomous Province of Trento. Taking account of the governance structure provided for by the agreement, Enel will exercise a dominant influence over HDE until approval of the financial statements for the 2010 financial year and will therefore consolidate the company on a line-by-line basis until that time.

2009

- acquisition, on January 9, 2009, of 100% of KJWB (now Endesa Ireland), which operates in Ireland in the electricity generation sector. As it is controlled by Endesa, the company was consolidated on a proportionate basis until June 25, 2009, and on a full line-by-line basis thereafter;
- disposal, on April 1, 2009, of the entire share capital of Enel Linee Alta Tensione (ELAT), the company to which Enel Distribuzione transferred, with effect from January 1, 2009, a business unit consisting of high-voltage power lines and the related legal relationships;
- acquisition, between April 22 and June 23, 2009, of 100% of International Wind Parks of Rhodes, Glafkos Hydroelectric Station and International Wind Parks of Achaia, which operate in Greece in the generation of electricity from renewables;
- acquisition, on June 25, 2009, by Enel, acting through its subsidiary Enel Energy Europe, of the 25.01% of Endesa held, directly and indirectly, by Acciona. Following the acquisition, Enel holds 92.06% of Endesa and exercises full control over the company. As a result, as from that date, Endesa is consolidated in the Enel Group on a full, line-by-line basis rather than proportionately, with separate reporting of the minority interest of 7.94%;
- disposal, on September 23, 2009, of 51% of SeverEnergia, a Russian company 100% owned until that date by Artic Russia, in which Enel and Eni have stakes of 40% and 60%, respectively. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company through Artic Russia, as from that date SeverEnergia has been accounted for using the equity method rather than being consolidated on a proportionate basis;
- disposal, on September 30, 2009, by Enel Distribuzione of 80% of Enel Rete Gas. Following the transaction, Enel's stake in Enel Rete Gas fell from 99.88% to 19.8% with a consequent loss of control. Taking account of the existing governance mechanisms, which enable Enel to exercise a significant influence over the company, as from that date Enel Rete Gas has been accounted for

using the equity method rather than being consolidated on a line-by-line basis;
> disposal, on December 10, 2009, of the 100% of Avisio Energia held by Hydro Dolomiti Enel; following the disposal, the company, which operates in the gas sale and transport sector in Italy, was deconsolidated;
> acquisition, on December 30, 2009, of 100% of Aioliko Voskero, a company operating in Greece in the renewables generation sector.

For the purpose of accounting for the terms of the agreement of March 26, 2007, between Enel and Acciona, and following achievement of joint control of Endesa, the assets and liabilities in respect of renewable energy operations held by Endesa and due to be transferred to Acciona were classified as "Assets held for sale" and "Liabilities held for sale" in the consolidated balance sheet at December 31, 2008.
Beginning on June 25, 2009, and continuing during the 2nd Half of 2009, Endesa also sold Acciona certain of the assets indicated above, partially modifying, in the February 20, 2009 contract, the assets involved compared with those specified in the agreement of March 26, 2007, for €2,814 million.
At December 31, 2009, "Assets held for sale" and "Liabilities held for sale" therefore include, in the amount of €3 million, the assets and liabilities of the Endesa renewable energy assets, which although they were included among operations to be sold had not yet been transferred to Acciona pending completion of authorization requirements. Assets and liabilities held for sale also include certain other assets held by Endesa, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among assets and liabilities held for sale.

In the consolidated income statement, the income or loss, net of the related tax effect, attributable to Enel Rete Gas is reported under "discontinued operations" until the date of its deconsolidation, as have the effects of the disposal of the company on September 30, 2009. As regards those effects, in addition to the €136 million in respect of the adjustment of the value of those assets – carried out in the 1st Quarter of 2009 when the parties reached agreement on a consensus valuation of the assets and liabilities involved in the sale – the item "Net income from discontinued operations" also reflects the loss of €73 million resulting from the sale itself.
In addition to the Italian gas distribution activities, the results of the discontinued operations for 2008 reported for comparative purposes include the results of the assets of Endesa Europa until their sale to E.ON on June 26, 2008, as those net assets were acquired for the sole purpose of their resale.

Final allocation of the purchase price for the assets acquired and liabilities assumed of OGK-5 (now Enel OGK-5)

DETERMINATION OF GOODWILL FOR OGK-5 (NOW ENEL OGK-5)

Millions of euro	
Net assets acquired before allocation	780
Fair value adjustments:	
- property, plant and equipment	953
- deferred tax liabilities	(261)
- sundry and minority provisions	(396)
- other minor items	34
Net assets acquired after allocation	**1,110**
Value of the transaction (1)	2,466
Goodwill at the date of acquisition	**1,356**

(1) Including incidental expenses.

OGK-5 (NOW ENEL OGK-5) BALANCE SHEET AT THE DATE OF ACQUISITION

Millions of euro	Carrying amount prior to May 28, 2008	Adjustments for fair value measurement	Carrying amount recognized at May 28, 2008
Property, plant and equipment	1,449	953	2,402
Intangible assets	2	-	2
Inventories, trade receivables and other receivables	150	(6)	144
Cash and cash equivalents	3	-	3
Other current and non-current assets	139	39	178
Total assets	**1,743**	**986**	**2,729**
Shareholders' equity	**780**	**330**	**1,110**
Trade payables	31	-	31
Long and short-term debt	135	(1)	134
Other current and non-current liabilities	192	261	453
Sundry and minority provisions	605	396	1,001
Total liabilities and shareholders' equity	**1,743**	**986**	**2,729**

The definitive allocation of the purchase price to the assets acquired and the liabilities assumed was completed after the preparation of the consolidated financial statements at December 31, 2008. The main adjustments, the effects of which are summarized above, compared with the provisional calculation of the fair value of the assets acquired and the liabilities and contingent liabilities assumed are essentially attributable to:

> the adjustment of the value of certain items of property, plant and equipment as the result of the completion of the determination of their fair value;
> the determination, where applicable, of the tax effects on the adjustments;
> the attribution of the adjustments to minority shareholders in proportion to their holding.

Final allocation of purchase price for the assets acquired and liabilities assumed of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia)

DETERMINATION OF GOODWILL FOR ELECTRICA MUNTENIA SUD (NOW ENEL DISTRIBUTIE MUNTENIA AND ENEL ENERGIE MUNTENIA)

Millions of euro	
Net assets acquired before allocation	599
Fair value adjustments:	
- intangible assets	331
- deferred operating liabilities	115
- deferred tax liabilities	(72)
- sundry and minority provisions	(45)
Net assets acquired after allocation	**928**
Value of the transaction (1)	1,262
Goodwill at the date of acquisition	**334**

(1) Including incidental expenses.

BALANCE SHEET OF ELECTRICA MUNTENIA SUD (NOW ENEL DISTRIBUTIE MUNTENIA AND ENEL ENERGIE MUNTENIA) AT THE DATE OF ACQUISITION

Millions of euro	Carrying amount prior to June 4, 2008	Adjustments for fair value measurement	Carrying amount recognized at June 4, 2008
Property, plant and equipment	374	-	374
Intangible assets	1	331	332
Inventories, trade receivables and other receivables	74	-	74
Cash and cash equivalents	493	-	493
Other current and non-current assets	2	-	2
Total assets	**944**	**331**	**1,275**
Shareholders' equity	**599**	**329**	**928**
Trade payables	59	-	59
Long and short-term debt	5	-	5
Other current and non-current liabilities	175	(43)	132
Sundry and minority provisions	106	45	151
Total liabilities and shareholders' equity	**944**	**331**	**1,275**

The definitive allocation of the purchase price to the assets acquired and the liabilities assumed was completed after the preparation of the consolidated financial statements at December 31, 2008. The main adjustments, the effects of which are summarized above, compared with the provisional calculation of the fair value of the assets acquired and the liabilities and contingent liabilities assumed are essentially attributable to:

> the recognition of the value of certain intangible assets (concession rights and customer portfolio) as the result of the completion of the determination of their fair value;

> the determination, where applicable, of the tax effects on the adjustments;

> the attribution of the adjustments to minority shareholders in proportion to their holding.

Final allocation of the purchase price of the assets acquired and the liabilities assumed of International Wind Parks of Crete, Hydro Constructional, International Wind of Achaia, International Wind of Rhodes and Glafkos Hydroelectrical Station

DETERMINATION OF GOODWILL FOR INTERNATIONAL WIND PARKS OF CRETE, HYDRO CONSTRUCTIONAL, INTERNATIONAL WIND OF ACHAIA, INTERNATIONAL WIND OF RHODES AND GLAFKOS HYDROELECTRICAL STATION

Millions of euro	
Net assets acquired before allocation	22
Fair value adjustments:	
- property, plant and equipment	1
- intangible assets	23
- net deferred tax liabilities	(5)
Net assets acquired after allocation	**41**
Value of the transaction (1)	89
Goodwill at the date of acquisition	**49**
Badwill	**(1)**

(1) Including incidental expenses.

BALANCE SHEET OF INTERNATIONAL WIND PARKS OF CRETE, HYDRO CONSTRUCTIONAL, INTERNATIONAL WIND OF ACHAIA, INTERNATIONAL WIND OF RHODES AND GLAFKOS HYDROELECTRICAL STATION AT THE ACQUISITION DATE

Millions of euro	Carrying amount prior to acquisition	Adjustments for fair value measurement	Carrying amount recognized at the acquisition date
Property, plant and equipment	68	1	69
Intangible assets	1	23	24
Inventories, trade receivables and other receivables	7	-	7
Cash and cash equivalents	1	-	1
Other current and non-current assets	4	-	4
Total assets	**81**	**24**	**105**
Shareholders' equity	**22**	**19**	**41**
Financial debt	47	-	47
Trade payables and other payables	5	-	5
Other current and non-current liabilities	7	5	12
Total liabilities and shareholders' equity	**81**	**24**	**105**

The definitive allocation of the purchase price to the assets acquired and the liabilities and contingent liabilities assumed for acquisitions carried out in 2008 (International Wind Parks of Crete and Hydro Constructional) was completed after the preparation of the consolidated financial statements at December 31, 2008.

Final allocation of purchase price for the assets acquired and liabilities assumed of Marcinelle Energie

DETERMINATION OF GOODWILL FOR MARCINELLE ENERGIE

Millions of euro	
Net assets acquired before allocation	3
Fair value adjustments:	
- intangible assets	45
- net deferred tax liabilities	(15)
Net assets acquired after allocation	**33**
Value of the transaction [1]	66
Goodwill at the date of acquisition	**33**

(1) Including incidental expenses.

MARCINELLE ENERGIE BALANCE SHEET AT THE ACQUISITION DATE

Millions of euro	Carrying amount prior to June 30, 2008	Adjustments for fair value measurement	Carrying amount recognized at June 30, 2008
Property, plant and equipment	2	-	2
Intangible assets	-	45	45
Cash and cash equivalents	3	-	3
Total assets	**5**	**45**	**50**
Shareholders' equity	**3**	**30**	**33**
Trade payables	2	-	2
Other current and non-current liabilities	-	15	15
Total liabilities and shareholders' equity	**5**	**45**	**50**

The definitive allocation of the purchase price to the assets acquired and the liabilities assumed was completed after the preparation of the consolidated financial statements at December 31, 2008.

Final allocation of purchase price for the assets acquired and liabilities assumed of KJWB (now Endesa Ireland)

DETERMINATION OF GOODWILL FOR KJWB (NOW ENDESA IRELAND)

Millions of euro	
Net assets acquired before allocation	13
Fair value adjustments:	
- property, plant and equipment	84
- net deferred tax liabilities	(11)
Net assets acquired after allocation	**86**
Value of the transaction [1]	298
Goodwill at the date of acquisition	**212**
Cash flow impact at December 31, 2009	**298**

(1) Including incidental expenses.

BALANCE SHEET OF KJWB (NOW ENDESA IRELAND) AT THE ACQUISITION DATE

Millions of euro	Carrying amount prior to January 9, 2009	Adjustments for fair value measurement	Carrying amount recognized at January 9, 2009
Property, plant and equipment	21	84	105
Intangible assets	13	-	13
Inventories, trade receivables and other receivables	11	-	11
Total assets	**45**	**84**	**129**
Shareholders' equity	**13**	**73**	**86**
Trade payables and other payables	15	-	15
Provisions for risks and charges	17	-	17
Other current and non-current liabilities	-	11	11
Total liabilities and shareholders' equity	**45**	**84**	**129**

The acquisition was carried out by the Endesa Group in the 1st Half of 2009, as was the definitive allocation of the purchase price for the assets acquired and liabilities assumed. Accordingly, the figures in the above tables are reported proportionately at 67.05% of the amounts of the acquired company.

Provisional allocation of the purchase price of the assets acquired and liabilities assumed in respect of 25.01% of Endesa

Following the acquisition in a public tender of 42.08% of Endesa in the 4th Quarter of 2007, Enel had acquired, along with its Spanish partner Acciona, joint control of the company, which as from that date was consolidated on a proportionate basis at 67.05% (taking account of the 24.97% already held prior to that date). The completion of the allocation of the purchase price of that acquisition in the last quarter of 2008, in compliance with the deadline set by IFRS 3, led to the initial definitive recognition at December 31, 2008, of the business combination with the Endesa Group at 67.05% of its share capital. Following the acquisition of an additional 25.01% of Endesa on June 25, 2009, Enel acquired full control of Endesa, which as from that date has therefore been consolidated on a full line-item basis rather than proportionately. Thus, Enel acquired full control of Endesa with two separate transactions and therefore the initial recognition of the latter transaction has been carried out in accordance with the provisions of IFRS 3 concerning business combinations achieved in stages. As of the date of these financial statements, the process of allocating the purchase price for the 25.01% stake had not been completed, and the difference between the purchase price and the value of the assets acquired and the liabilities assumed was provisionally recognized on the basis of the values for the Endesa assets and liabilities defined in the final allocation of the purchase price for the 67.05% holding, with the exception of a number of adjustments to the values recognized as of the date of the second stage of the combination, essentially due to the adjustment of the liabilities associated with certain types of plant in the Spanish electricity transmission grid, partly as a result of the changes introduced with Royal Decree Law 6/2009. These adjustments increased the value of the net assets acquired by €2,491 million and, in compliance with the provisions of IFRS 3 concerning business combinations achieved in stages, 67.05% of the adjustment (€1,670 million) was recognized as an increase in Group shareholders' equity.

The following table reports the provisional fair values of the assets acquired and the liabilities and contingent liabilities assumed at the acquisition date of June 25, 2009, taking account of the partial allocation of the price as discussed above.

ACQUISITION OF 25.01% OF ENDESA

Millions of euro	
Property, plant and equipment	13,208
Intangible assets	4,455
Inventories, trade receivables and other receivables	1,702
Cash and cash equivalents	560
Other current and non-current assets	4,724
Total assets	**24,649**
Financial debt	6,686
Trade payables	1,575
Financial liabilities and other current and non-current liabilities	4,616
Employee benefits, risk and minority provisions	5,753
Total liabilities	**18,630**
Total net assets acquired	**6,019**
Goodwill	3,670
Value of the transaction (1)	**9,689**
Cash flow impact at December 31, 2009	**9,627**
Cash flow impact net of cash and cash equivalents acquired	**9,067**

(1) Including incidental expenses.

If the acquisition of Endesa had occurred on January 1, 2009, it is estimated that the revenues and net income pertaining to the shareholders of the Parent Company for 2009 would have been equal to €67,547 million and €5,639 million respectively.

Other acquisitions in 2009

The table reports the main data for the acquisitions of Aioliko Voskero, Prorener, Distribudora de Cundinamarca, Empreamientos eolico de Douro, as well as a number of hydroelectric plants acquired by Enel Unión Fenosa Renovables.

Millions of euro	
Property, plant and equipment	51
Intangible assets	1
Trade receivables and inventories	5
Cash and cash equivalents	4
Total assets	**61**
Financial debt	4
Trade payables	5
Financial liabilities and other current and non-current liabilities	3
Sundry and minority provisions	13
Total liabilities	**25**
Total net assets acquired	**36**
Goodwill	11
Value of the transactions	**47**
Cash flow impact at December 31, 2009	**47**
Cash flow impact net of cash and cash equivalents acquired	**43**

5. Segment information

The representation of segment performance and financial results presented here is based on the approach used by management in assessing Group performance for the two periods under review, taking account of the organizational structure introduced by the Group in September 2008, with the establishment of the "Renewable Energy" Division alongside the existing Divisions in the organization implemented in December 2007 and operational since January 1, 2008.

Segment information for 2009 and 2008

2009 RESULTS (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	Total
Revenues from third parties	20,034	12,393	212	2,577	21,529	5,358	1,520	335	116	(39)	64,035
Revenues from other segments	296	5,984	691	4,665	3	182	231	302	976	(13,330)	-
Total revenues	**20,330**	**18,377**	**903**	**7,242**	**21,532**	**5,540**	**1,751**	**637**	**1,092**	**(13,369)**	**64,035**
Net income/(charges) from commodity risk management	(871)	811	-	-	173	31	116	4	-	-	264
Gross operating margin	**393**	**3,024**	**17**	**3,986**	**5,928**	**1,424**	**1,178**	**(25)**	**124**	**(5)**	**16,044**
Depreciation, amortization and impairment losses	383	542	3	880	2,487	644	240	9	101	-	5,289
Operating income	**10**	**2,482**	**14**	**3,106**	**3,441**	**780**	**938**	**(34)**	**23**	**(5)**	**10,755**
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(1,687)
Income taxes	-	-	-	-	-	-	-	-	-	-	2,520
Net income from continuing operations	-	-	-	-	-	-	-	-	-	-	**6,548**
Net income from discontinued operations	-	-	-	-	-	-	-	-	-	-	**(158)**
Net income (Group and minority interests)	-	-	-	-	-	-	-	-	-	-	**6,390**
Operating assets	**6,598**	**15,054**	**342**	**17,272**	**78,995 (2)**	**12,292**	**6,423**	**1,229**	**2,197**	**(6,142)**	**134,260**
Operating liabilities	**5,471**	**4,218**	**363**	**5,682**	**13,543 (3)**	**4,814**	**804**	**1,090**	**1,612**	**(4,981)**	**32,616**
Capital expenditure	**80**	**783**	**5**	**1,112**	**2,962**	**1,014**	**771**	**6**	**92**	**-**	**6,825**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €485 million regarding units classified as "Held for sale".
(3) Of which €102 million regarding units classified as "Held for sale".

2008 RESULTS (1)

Millions of euro	Sales	GEM	Eng. & Innov.	Infra. & Networks	Iberia & Latin America	Int'l	Renewable Energy	Parent Company	Services and Other Activities	Eliminations and adjustments	**Total**
Revenues from third parties	22,447	14,253	167	1,843	15,788	4,487	1,675	405	159	(40)	**61,184**
Revenues from other segments	162	7,890	838	4,694	17	221	177	322	1,010	(15,331)	**-**
Total revenues	**22,609**	**22,143**	**1,005**	**6,537**	**15,805**	**4,708**	**1,852**	**727**	**1,169**	**(15,371)**	**61,184**
Net income/(charges) from commodity risk management	580	(368)	-	-	(64)	(114)	(44)	(10)	-	-	**(20)**
Gross operating margin	**554**	**3,113**	**14**	**3,719**	**4,647**	**1,044**	**1,188**	**(71)**	**116**	**(6)**	**14,318**
Depreciation, amortization and impairment losses	439	854	3	875	1,799	488	207	23	89	-	**4,777**
Operating income	**115**	**2,259**	**11**	**2,844**	**2,848**	**556**	**981**	**(94)**	**27**	**(6)**	**9,541**
Net financial income/(expense) and income/(expense) from equity investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(3,162)
Income taxes	-	-	-	-	-	-	-	-	-	-	585
Net income from continuing operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,794**
Net income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**240**
Net income (Group and minority interests)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,034**
Operating assets	**8,105**	**15,357**	**217**	**19,773** (2)	**53,201** (4)	**12,562**	**5,593**	**1,233**	**1,883**	**(5,714)**	**112,210**
Operating liabilities	**6,127**	**4,468**	**474**	**6,023** (3)	**9,255** (5)	**5,098**	**691**	**1,351**	**1,658**	**(5,150)**	**29,995**
Capital expenditure	**72**	**887**	**-**	**1,407**	**2,382**	**681**	**951**	**13**	**109**	**-**	**6,502**

(1) Segment revenues include both revenues from third parties and revenue flows between the segments. An analogous approach was taken for other income and costs for the year.
(2) Of which €2,871 million regarding units classified as "Held for sale".
(3) Of which €324 million regarding units classified as "Held for sale".
(4) Of which €2,368 million regarding units classified as "Held for sale".
(5) Of which €36 million regarding units classified as "Held for sale".

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

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008
Total assets	**160,457**	**133,207**
Financial assets, cash and cash equivalents	18,410	13,251
Tax assets	7,787	7,746
Segment assets	134,260	112,210
- of which:		
Sales	6,598	8,105
Generation and Energy Management	15,054	15,357
Engineering and Innovation	342	217
Infrastructure and Networks (1)	17,272	19,773
Iberia and Latin America (2)	78,995	53,201
International	12,292	12,562
Renewable Energy	6,423	5,593
Parent Company	1,229	1,233
Services and Other Activities	2,197	1,883
Eliminations and adjustments	(6,142)	(5,714)
Total liabilities	**116,104**	**106,912**
Loans and other financial liabilities	71,141	66,079
Tax liabilities	12,347	10,838
Segment liabilities	32,616	29,995
- of which:		
Sales	5,471	6,127
Generation and Energy Management	4,218	4,468
Engineering and Innovation	363	474
Infrastructure and Networks (3)	5,682	6,023
Iberia and Latin America (4)	13,543	9,255
International	4,814	5,098
Renewable Energy	804	691
Parent Company	1,090	1,351
Services and Other Activities	1,612	1,658
Eliminations and adjustments	(4,981)	(5,150)

(1) Of which €2,871 million regarding units classified as "Held for sale" at December 31, 2008.
(2) Of which €485 million regarding units classified as "Held for sale" (€2,368 million at December 31, 2008).
(3) Of which €324 million regarding units classified as "Held for sale" at December 31, 2008.
(4) Of which €102 million regarding units classified as "Held for sale" (€36 million at December 31, 2008).

Information on the Consolidated Income Statement

Revenues

6.a Revenues from sales and services – *€62,171 million*

Millions of euro

	2009	2008	2009-2008
Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies	56,285	53,535	2,750
Revenues from the sale and transport of natural gas to end users	2,996	3,307	(311)
Revenues from fuel sales	301	442	(141)
Connection fees for the electricity and gas networks	684	770	(86)
Revenues for contract work in progress	420	535	(115)
Other sales and services	1,485	988	497
Total	**62,171**	**59,577**	**2,594**

"Revenues from the sale and transport of electricity and contributions from Electricity Equalization Fund and similar bodies" primarily include €10,458 million in revenues from the transport and sale of electricity on the domestic enhanced protection market (€12,917 million in 2008) and €743 million on the safeguard market (€468 million in 2008), €8,392 million in revenues from the sale of electricity on the Power Exchange and to other domestic resellers (€11,590 million in 2008), €7,380 million in revenues from the transport and sale of electricity on the domestic free market (€6,994 million in 2008), and €28,869 million in revenues from the sale and transport of electricity abroad (€20,914 million in 2008).
Revenues from the sale and transport of electricity abroad were affected by the effects (€2,824 million) of the application as from July 1, 2009, of the new rate rules for the Spanish electricity sales and distribution market with the introduction of the *Tarifa de Ultimo Recurso* (TUR). The changes involved the separate recognition in the income statement of the revenues and costs concerning, respectively, the sale and purchase of electricity, including transport costs, which had previously been offset.

"Revenues from the sale and transport of natural gas to end users" came to €2,996 million in 2009 and include €2,139 million in revenues from the sale and transport of natural gas in Italy (€2,436 million in 2008) and sales of natural gas abroad amounting to €857 million (€871 million in 2008).

"Revenues from fuel sales" came to €301 million in 2009, which includes €73 million in sales of natural gas (€243 million in 2008), while the sale of other fuels amounted to €228 million (€199 million in 2008).

"Revenues for contract work in progress" refer to engineering and construction work for third parties.

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2009	2008
Italy	30,739	36,202
Europe	21,252	16,004
Americas	8,374	5,983
Russia	1,746	1,351
Other	60	37
Total	**62,171**	**59,577**

6.b Other revenues – *€1,864 million*

Millions of euro

	2009	2008	2009-2008
Reimbursement of stranded costs for Nigerian gas	145	149	(4)
Grants	198	167	31
Sundry reimbursements	176	153	23
Gains on disposal of assets	363	328	35
Gains on sale of property, plant and equipment and intangible assets	49	47	2
Service continuity bonuses	106	88	18
Other revenues	827	675	152
Total	**1,864**	**1,607**	**257**

"Grants" include €196 million (€164 million in 2008) in grant income provided for connections to the electricity and gas networks.
"Sundry reimbursements" include €152 million paid to customers (€127 million in 2008).
"Gains on disposal of assets" in 2009 include €295 million from the sale of Enel Linee Alta Tensione (ELAT) and €68 millions from the sale of 51% of the shares of SeverEnergia held by Artic Russia (in which Enel owns a 40% stake), while those for 2008 entirely regarded the sale of 51% of Hydro Dolomiti Enel.
"Service continuity bonuses", which totaled €106 million in 2009 (€88 million in 2008), refer to the bonus due to Enel Distribuzione and Deval for service continuity improvements during the year, and are calculated using the new method of measurement prescribed by the Authority for Electricity and Gas (Resolution no. 79/09).
"Other revenues" in 2009 include rental income amounting to €177 million (€154 million in 2008), revenues from public and artistic lighting amounting to €168 million (€146 million in 2008) and sales of sundry materials totaling €45 million (€75 million in 2008).

Costs

7.a Raw materials and consumables – *€32,638 million*

Millions of euro

	2009	2008	2009-2008
Electricity	23,660	24,037	(377)
Fuel and gas	7,570	10,329	(2,759)
Materials	1,408	1,329	79
Total	**32,638**	**35,695**	**(3,057)**
- of which capitalized	*(926)*	*(597)*	*(329)*

Purchases of electricity comprise those from the Single Buyer in the amount of €6,770 million (€8,469 million in 2008), purchases from the Energy Markets Operator in the amount of €4,456 million (€6,313 million in 2008) and imports amounting to €317 million (€356 million in 2008).
The purchases of fuel and gas include €3,907 million in natural gas purchases and €3,663 million in the purchase of other fuels.

7.b Services – *€10,004 million*

Millions of euro

	2009	2008	2009-2008
Electricity and gas wheeling	5,407	2,723	2,684
Maintenance and repairs	1,154	805	349
Telephone and postal	281	311	(30)
Communication services	143	156	(13)
IT services	171	190	(19)
Leases and rentals	519	499	20
Other	2,329	1,954	375
Total	**10,004**	**6,638**	**3,366**

Service costs for 2009 came to €10,004 million and include the Endesa contribution of €5,175 million (€2,066 million in 2008); the item was affected by the regulatory changes associated with the application as from July 1, 2009, of the *Tarifa de Ultimo Recurso* (TUR), in the amount of €2,610 million, and the change in the method of consolidation used for Endesa.

7.c Personnel – *€4,908 million*

Millions of euro

	2009	2008	2009-2008
Wages and salaries	3,099	2,811	288
Social security contributions	794	705	89
Post-employment benefits	111	105	6
Other costs	904	428	476
Total	**4,908**	**4,049**	**859**
- of which capitalized	*(667)*	*(653)*	*(14)*

Personnel costs rose by €859 million in 2009, while the average workforce expanded by 11.2%. The figure largely reflects the change in the scope of consolidation between the two periods under review, as well as the wage adjustments taking effect as from January 1, 2009 consequent upon the renewal of the collective bargaining agreement for the Italian electricity industry. In addition, costs in respect of termination benefits recognized in 2009 amounted to €232 million.
Other costs include charges connected with early retirement incentives in the amount of €713 million (€232 million in 2008).

The table below shows the average number of employees by category, compared with the previous year, and the actual number of employees at December 31, 2009.

	Average number (1)			Headcount (1)
	2009	2008	2009-2008	**at Dec. 31, 2009** (2)
Senior managers	1,438	1,174	264	1,351
Middle managers	8,700	7,238	1,462	8,817
Office staff	49,678	42,819	6,859	48,928
Workers	23,602	23,796	(194)	22,112
Total	**83,418**	**75,027**	**8,391**	**81,208**

(1) For companies consolidated on a proportionate basis, the headcount corresponds to Enel percentage share of the total.
(2) Of which 1,330 in units classified as "Assets held for sale".

7.d Depreciation, amortization and impairment losses – *€5,289 million*

Millions of euro

	2009	2008	2009-2008
Depreciation	4,004	3,593	411
Amortization	520	376	144
Impairment losses	765	808	(43)
Total	**5,289**	**4,777**	**512**

"Depreciation" totaled €4,004 million for 2009 and includes the contribution of €1,886 million from Endesa (€1,353 million in 2008).
"Impairment losses" in 2009 include writedowns of trade receivables for €547 million (€524 million in 2008), of which €325 million consists of receivables for the sale of electricity and gas in Italy, while in 2008 the item included €168 million in respect of the adjustment of the net assets of the Viesgo Group, sold to E.ON, at their estimated value as determined by the investment banks at the end of the 1st Quarter of 2008.

7.e Other operating expenses – *€2,298 million*

Millions of euro

	2009	2008	2009-2008
Provisions for risks and charges	268	221	47
Purchase of green certificates	426	12	414
Taxes and duties	657	537	120
Losses on disposal of assets	2	109	(107)
Other	945	835	110
Total	**2,298**	**1,714**	**584**

"Losses on disposal of assets" in 2008 included the loss from the sale of Enel's Viesgo assets to E.ON.
"Taxes and duties" include the Endesa contribution of €491 million (€372 million in 2008).

7.f Capitalized costs – *€(1,593) million*

Capitalized costs consist of €667 million in personnel costs and €926 million in materials costs (compared with €653 million and €597 million in 2008).

Net income/(charges) from commodity risk management

8. Net income/(charges) from commodity risk management – *€264 million*

Net charges from commodity risk management reflect €5 million in net unrealized charges on open positions in commodity derivatives at December 31, 2009, and €269 million in income realized on positions closed during the year.

Millions of euro

	2009	2008	2009-2008
Income			
Unrealized on contracts for differences	-	98	(98)
Unrealized on other contracts	67	843	(776)
Total unrealized income	**67**	**941**	**(874)**
Realized on other contracts	651	903	(252)
Total realized income	**651**	**903**	**(252)**
Total income	**718**	**1,844**	**(1,126)**
Charges			
Unrealized on other contracts	(72)	(1,084)	1,012
Total unrealized charges	**(72)**	**(1,084)**	**1,012**
Realized on contracts for differences	(41)	(94)	53
Realized on other contracts	(341)	(686)	345
Total realized charges	**(382)**	**(780)**	**398**
Total charges	**(454)**	**(1,864)**	**1,410**
NET INCOME/(CHARGES) FROM COMMODITY RISK MANAGEMENT	**264**	**(20)**	**284**
- of which trading/non-IFRS-IAS hedge derivatives	*260*	*74*	*186*
- of which ineffective portion of CFH	-	-	-

9. Financial income/(expense) – *€(1,741) million*

FINANCIAL INCOME

Millions of euro

	2009	2008	2009-2008
Interest and other income from financial assets (current and non-current):			
- interest income at effective rate on non-current securities and receivables	253	123	130
- financial income on non-current securities at fair value through profit or loss	3	-	3
- interest income at effective rate on short-term financial investments	88	143	(55)
Total interest and other income from financial assets	**344**	**266**	**78**
Foreign exchange gains	**971**	**1,202**	**(231)**
Income from derivative instruments:			
- income from cash flow hedge derivatives	374	324	50
- income from derivatives at fair value through profit or loss	1,169	291	878
- income from fair value hedge derivatives	103	78	25
Total income from derivative instruments	**1,646**	**693**	**953**
Income from equity investments:			
- dividends	20	33	(13)
- other income from equity investments	179	11	168
Total income from equity investments	**199**	**44**	**155**
Other income:			
- income from fair value hedges (adjustment of hedged item)	1	19	(18)
- other interest and income	432	372	60
Total other income	**433**	**391**	**42**
TOTAL FINANCIAL INCOME	**3,593**	**2,596**	**997**

Financial income amounted to €3,593 million, up €997 million on the previous year.
Financial income from derivatives came to €1,646 million, of which €240 million realized (€352 million in 2008) and €1,406 million unrealized (€341 million in 2008). More specifically, unrealized income in 2009 include the positive effect of €970 million generated by the early exercise of the put option granted to Acciona in the contract of March 26, 2007. The option was exercised with the acquisition by Enel of the 25.01% of Endesa held, directly and indirectly, by Acciona.

FINANCIAL EXPENSE

Millions of euro

	2009	2008	2009-2008
Interest and other charges on financial debt (current and non-current)			
- interest expense on bank loans	895	1,229	(334)
- interest expense on bonds	1,314	1,793	(479)
- interest expense on other loans	207	252	(45)
- financial expense on securities at fair value through profit or loss	-	6	(6)
- commission expense on unused credit lines	2	1	1
Total interest expense and other charges on financial debt	**2,418**	**3,281**	**(863)**
Foreign exchange losses	**954**	**1,035**	**(81)**
Expense on derivative instruments:			
- expense on cash flow hedge derivatives	704	418	286
- expense on derivatives at fair value through profit or loss	280	258	22
- expense on fair value hedge derivatives	55	6	49
Total expense on derivative instruments	**1,039**	**682**	**357**
Accretion of post-employment and other employee benefits	**228**	**135**	**93**
Accretion of other provisions	**370**	**257**	**113**
Charges on equity investments	**52**	**125**	**(73)**
Other charges:			
- charges on fair value hedges (adjustment of hedged item)	38	74	(36)
- other interest expense and sundry charges	235	217	18
Total other charges	**273**	**291**	**(18)**
TOTAL FINANCIAL EXPENSE	**5,334**	**5,806**	**(472)**

Financial expense totaled €5,334 million, a decrease of €472 million on 2008. In particular, the decline in interest expense and other charges on financial debt, equal to €863 million, essentially reflects the sharp decline in interest rates and the reduction in Enel's average financial debt.
Financial expense in respect of financial derivatives came to €1,039 million, of which €540 million in realized charges (€325 million in 2008) and €499 million in unrealized charges (€357 million in 2008).
Charges on equity investments in 2008 included the effects of the writedown of the investment in Bayan Resources (€118 million).

10. Share of income/(expense) from equity investments accounted for using the equity method – *€54 million*

Millions of euro

	2009	2008	2009-2008
Income from associates	60	64	(4)
Expense on associates	(6)	(16)	10
Total	**54**	**48**	**6**

Net income from equity investments accounted for using the equity method includes, among other things, the effects of the positive performance of Endesa associates (€35 million) and, in the 4th Quarter of 2009, SeverEnergia (€8 million).

11. Income taxes – *€2,520 million*

Millions of euro

	2009	2008	2009-2008
Current taxes	3,003	2,412	591
Specific tax on gains from realignment	15	1,521	(1,506)
Adjustments for income taxes related to prior years	(293)	(43)	(250)
Deferred tax liabilities	(390)	(1,528)	1,138
Deferred tax assets	185	(1,777)	1,962
Total	**2,520**	**585**	**1,935**

Income taxes for 2009 came to €2,520 million, equal to 27.8% of taxable income, compared with 9.2% in 2008.
The estimated tax liability of foreign companies is €830 million (€804 million in 2008). The following table reconciles the theoretical tax rate with the effective rate.

Millions of euro

	2009		2008	
Income before taxes	9,068		6,379	
Theoretical tax	2,494	27.5%	1,754	27.5%
Permanent differences; effect of different foreign tax rates and minor items	(378)	-4.1%	77	1.2%
Discharge of liability under Law 244/07	(21)	-0.2%	(1,858)	-29.1%
IRES surtax (Decree Law 112/08)	204	2.2%	290	4.6%
Difference on estimated income taxes from prior years for Italian companies	(155)	-1.7%	(43)	-0.7%
IRAP	376	4.1%	365	5.7%
Total	**2,520**	**27.8%**	**585**	**9.2%**

While in 2009 the various changes in the theoretical tax liability do not generate a significant net effect, in 2008 taxes primarily reflected the net effects (€1,858 million) of the adjustment of deferred taxation following the realignment of the differences between the statutory and tax values of property, plant and equipment of a number of Italian companies (Law 244/07) net of the expense in respect of the related specific tax (€1,521 million), as well as the effects (€290 million) on deferred taxation resulting from the application of the IRES surtax for the energy industry to specific Italian companies (Decree Law 112/08).

12. Net income from discontinued operations – *€(158) million*

In the consolidated income statement, the income or loss, net of the related tax effect, attributable to Enel Rete Gas is reported under "discontinued operations" until the date of its deconsolidation, as have the effects of the disposal of the company on September 30, 2009. More specifically, in addition to the adjustment of the value of the assets (€136 million) carried out in the 1st Quarter of 2009 when the parties reached agreement on the value of the assets and liabilities involved in the sale, these results include the loss (€73 million) on the sale itself. In 2008, in addition to Enel Rete Gas, the item included, in the amount of €226 million, the results of the assets and liabilities held directly or indirectly by Endesa in Italy, France, Poland and Turkey, as well as a number of other assets in Spain included in the disposals agreed by Enel and Acciona with E.ON, as these assets were acquired – as part of the acquisition of 67.05% of Endesa solely for the purpose of their resale.

Millions of euro

	2009	2008	2009-2008
Enel Rete Gas:			
Revenues	233	308	(75)
Costs	(186)	(245)	59
Operating income	**47**	**63**	**(16)**
Net financial expense	(20)	(28)	8
Income taxes	24	(21)	45
Net income of Enel Rete Gas	**51**	**14**	**37**
Adjustment of the value of the equity investment and gain/(loss) on the disposal of Enel Rete Gas	**(209)**	**-**	**(209)**
Net income from assets acquired for resale	**-**	**226**	**(226)**
NET INCOME FROM DISCONTINUED OPERATIONS	**(158)**	**240**	**(398)**

Assets

Non-current assets

13. Property, plant and equipment – *€79,100 million*

Changes in property, plant and equipment for 2008 and 2009 are shown below:

Millions of euro	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Mineral assets	Other assets	Leased assets	Leasehold improvements	Assets under construction and advances	Total
Cost	507	8,264	80,776	11,705	125	906	420	148	6,172	**109,023**
Accumulated depreciation	-	(3,885)	(43,526)	(414)	-	(524)	(102)	(90)	-	**(48,541)**
Balance at December 31, 2007	**507**	**4,379**	**37,250**	**11,291**	**125**	**382**	**318**	**58**	**6,172**	**60,482**
Capital expenditure	8	59	1,590	24	-	127	1	7	4,370	**6,186**
Assets entering service	3	120	2,262	1,220	-	15	-	20	(3,640)	**-**
Depreciation	-	(258)	(2,492)	(654)	-	(88)	(45)	(10)	-	**(3,547)**
Impairment losses	-	(7)	(48)	(2)	-	(5)	-	-	(6)	**(68)**
Change in scope of consolidation	14	646	1,205	-	-	9	-	-	376	**2,250**
Exchange rate differences	(31)	(24)	(144)	(491)	(17)	(18)	19	(1)	(120)	**(827)**
Other changes	(147)	1	(292)	42	(3)	(12)	4	(2)	53	**(356)**
Reclassification from/to "Assets held for sale"	(16)	(24)	(2,381)	(2)	-	(3)	-	(11)	(159)	**(2,596)**
Total changes	(169)	513	(300)	137	(20)	25	(21)	3	874	**1,042**
Cost	338	8,989	80,967	12,397	105	944	444	141	7,046	**111,370**
Accumulated depreciation	-	(4,097)	(44,017)	(969)	-	(537)	(147)	(80)	-	**(49,846)**
Balance at December 31, 2008	**338**	**4,892**	**36,950**	**11,428**	**105**	**407**	**297**	**61**	**7,046**	**61,524**
Capital expenditure	3	56	1,584	13	-	82	29	6	4,649	**6,422**
Assets entering service	62	187	2,517	1,525	1	42	56	32	(4,422)	**-**
Depreciation	-	(241)	(2,778)	(844)	(1)	(100)	(15)	(20)	-	**(3,999)**
Impairment losses	-	3	(75)	(1)	-	(2)	-	-	-	**(75)**
Change in scope of consolidation	79	106	5,635	5,951	-	65	59	3	1,382	**13,280**
Exchange rate differences	14	(49)	343	684	-	16	7	-	118	**1,133**
Other changes	73	462	323	48	2	(31)	(62)	-	90	**905**
Reclassification from/to "Assets held for sale"	(3)	(9)	206	(6)	(107)	(10)	-	-	(161)	**(90)**
Total changes	228	515	7,755	7,370	(105)	62	74	21	1,656	**17,576**
Cost	566	9,745	91,500	20,611	-	1,106	533	182	8,702	**132,945**
Accumulated depreciation	-	(4,338)	(46,795)	(1,813)	-	(637)	(162)	(100)	-	**(53,845)**
Balance at December 31, 2009	**566**	**5,407**	**44,705**	**18,798**	**-**	**469**	**371**	**82**	**8,702**	**79,100**

"Property, plant and equipment" includes assets to be relinquished with a net carrying amount of €10,212 million, €7,097 million of which related to power generation plants (of which €5,746 million attributable to Endesa) and €2,558 million to Endesa's electricity distribution network.

More specifically, under the transitional provisions of Law 17/07, Endesa has to sell certain high-voltage electricity distribution assets to Red Eléctrica de España (REE) by July 6, 2010. At the current stage of negotiations with REE, the specific assets to be transferred have not yet been fully identified and so the assets have therefore not been classified as "Held for sale" under the provisions of IFRS 5. Nevertheless, if the maximum perimeter is considered, the assets would have a carrying amount of €972 million.

"Leased assets" include certain assets which the Group is using in Latin America and Slovakia.

The leased assets in Latin America essentially regard combined-cycle and hydroelectric power plants totaling €245 million.

The leased assets in Slovakia, amounting to €126 million, essentially regard the sale and lease back agreements for the V1 nuclear power plant at Jaslovske Bohunice and the hydroelectric plant at Gabcikovo. The leasing arrangements were a necessary condition for the start of the privatization of the Slovakian electricity system. The lease for the V1 plant covers the entire remaining useful life of the asset and the period between the end of generation and the start of the decommissioning process, while the lease for the Gabcikovo plant has a 30-year term as from April 2006.

The following table reports the minimum lease payments and the related present value.

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2008	
2009	16	7
2010-2014	87	57
After 2014	164	98
Total	**267**	**162**

Millions of euro	Minimum lease payments	Present value
	at Dec. 31, 2009	
2010	31	22
2011-2014	120	93
After 2014	243	159
Total	**394**	**274**

The table below summarizes capital expenditure in 2009 by category. These expenditures, totaling €6,422 million, rose by €236 million compared with 2008, mainly due to the acquisition of an additional 25.01% of Endesa and the different period of consolidation for Enel OGK-5 and Marcinelle Energie and to increased capital expenditure by Slovenské elektrárne.

Millions of euro	**2009**	2008
Power plants:		
- thermal	2,005	1,869
- hydroelectric	341	249
- geothermal	151	237
- nuclear	379	228
- alternative energy resources	640	684
Total power plants	3,516	3,267
Electricity distribution network	2,432	2,461
Gas distribution network	82	32
Land, buildings and other assets and equipment	392	426
TOTAL	**6,422**	**6,186**

Capital expenditure on power plants totaled €3,516 million, an increase of €249 million on the previous year. This mainly reflects the construction in Spain and Portugal of combined-cycle plants (Besós 5, Elecgas, Ca's Tresorer 2 and Granadilla 2), gas-fired plants (Ibiza, Mahon and Ceuta) and the construction and development of a number of wind facilities; in Latin America, the completion of the Quintero combined-cycle plant (with regasification terminal) and the construction of the Bocamina II coal-fired plant and the Canela II wind farm. Capital expenditure for the electricity distribution network totaled €2,432 million and decreased by €29 million year on year.

The "change in scope of consolidation" for 2009 mainly concerned the following transactions:

> acquisition of an additional 25.01% of Endesa, which led to the consolidation of the company on a full, line-item basis (an increase of €13,191 million);
> acquisition of KJWB, now Endesa Ireland (up €21 million);
> acquisition of International Wind of Achaia, International Wind of Rhodes, Glafkos Hydroelectrical Station and Aioliko Voskero (up €58 million);
> other minor acquisitions (up €44 million);
> disposal of Avisio Energia (down €60 million).

"Other changes" mainly reflects the value adjustments made in 2009 as part of the final allocation of the purchase price for the business combinations involving Enel OGK-5 (up €560 million) and Endesa Ireland (up €84 million).

In 2009, "reclassification from/to assets held for sale" essentially comprises the classification of the mineral assets of SeverEnergia prior to the sale of 51% of the company and certain other assets held by Endesa in Greece and Brazil. This effect was partially offset by the classification under property, plant and equipment of certain Endesa renewables assets covered by the February 20, 2009 agreement, which had partly modified the set of assets to be sold to Acciona previously designated under the agreement of March 26, 2007.

14. Intangible assets – *€34,403 million*

Changes in intangible assets for 2008 and 2009 are shown below:

Millions of euro	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Mineral assets	Other	Assets under development and advances	Goodwill	Total
Cost	44	740	9,012	724	848	276	14,163	**25,807**
Accumulated amortization	10	425	89	-	540	-	-	**1,064**
Balance at December 31, 2007	**34**	**315**	**8,923**	**724**	**308**	**276**	**14,163**	**24,743**
Capital expenditure	1	79	15	-	39	182	-	**316**
Assets entering service	-	77	2	-	55	(134)	-	**-**
Exchange rate differences	-	(3)	(686)	(115)	27	-	(432)	**(1,209)**
Change in scope of consolidation	-	1	2	-	-	-	2,346	**2,349**
Amortization	(3)	(131)	(138)	-	(104)	-	-	**(376)**
Impairment losses	-	-	(18)		(21)	(9)	-	**(48)**
Other changes	-	14	46	-	62	(12)	(34)	**76**
Reclassification to "Assets held for sale"	-	(23)	(33)	-	(7)	(5)	(4)	**(72)**
Total changes	**(2)**	**14**	**(810)**	**(115)**	**51**	**22**	**1,876**	**1,036**
Cost	45	850	8,314	609	997	298	16,039	**27,152**
Accumulated amortization	13	521	201	-	638	-	-	**1,373**
Balance at December 31, 2008	**32**	**329**	**8,113**	**609**	**359**	**298**	**16,039**	**25,779**
Capital expenditure	2	54	11	-	45	291	-	**403**
Assets entering service	1	94	1	-	52	(148)	-	**-**
Exchange rate differences	(1)	10	843	(39)	(19)	1	301	**1,096**
Change in scope of consolidation	3	69	4,381	-	69	43	3,476	**8,041**
Amortization	(2)	(183)	(231)	-	(104)	-		**(520)**
Impairment losses	-	-	(10)	-	(90)	(1)	(3)	**(104)**
Other changes	-	62	578	-	213	(63)	(441)	**349**
Reclassification to "Assets held for sale"	-	(1)	(70)	(570)	-	-		**(641)**
Total changes	**3**	**105**	**5,503**	**(609)**	**166**	**123**	**3,333**	**8,624**
Cost	50	1,138	14,048	-	1,267	421	19,372	**36,296**
Accumulated amortization	(15)	(704)	(432)	-	(742)	-	-	**(1,893)**
Balance at December 31, 2009	**35**	**434**	**13,616**	**-**	**525**	**421**	**19,372**	**34,403**

The "change in the scope of consolidation" for intangible assets (with the exception of goodwill, which is discussed below) in 2009 essentially regards the acquisition of the additional 25.01% of Endesa, which enabled full consolidation of the company.

"Other changes" mainly reflect the impact of value adjustments and intangible assets identified as a result of the final allocation of the purchase price for Enel Distributie Muntenia and Enel Energie Muntenia (up €331 million).
In 2009, the "reclassification to assets held for sale" essentially includes the mineral assets of SeverEnergia prior to sale of 51% of the company as well as other intangible assets of a number of Endesa Group companies.

"Industrial patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. The most important applications relate to invoicing and customer management, the development of Internet portals and the management of company systems. Amortization is calculated on a straight-line basis over the item's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" include costs incurred by the gas companies and the foreign electricity distribution companies to build up their customer base. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

For certain concessions with an indefinite useful life, the forecast cash flows for each of the electricity distribution concessions in Spain and various Latin American countries are sufficient to recover the value of the intangible asset.

"Goodwill" amounted to €19,372 million, an increase of €3,333 million over the previous year.

Millions of euro		Change in scope of consolidation	Exchange rate gains/ (losses)	Other changes	
	at Dec. 31, 2008				**at Dec. 31, 2009**
Endesa	12,116	3,397	380	85	15,978
Enel OGK-5	1,355	15	(52)	(141)	1,177
Slovenské elektrárne	697	-	-	-	697
Enel Energia	579	-	-	-	579
Enel Energie Muntenia and Enel Distributie Muntenia (formerly Electrica Muntenia Sud)	614	-	(15)	(313)	286
Enel Latin America (1)	246	14	(7)	-	253
Enel Unión Fenosa Renovables	87	2	-	1	90
Enel North America	82	-	(2)	-	80
Elica (2)	37	53	-	(16)	74
RusEnergoSbyt	44	-	(2)	-	42
Enel Erelis	28	-	-	(2)	26
Nuove Energie	26	-	-	-	26
Marcinelle Energie	63	-	-	(43)	20
Artic Russia / SeverEnergia	43	(9)	(1)	(15)	18
Enel Maritza East 3	13	-	-	-	13
Enel Green Power Romania (formerly Blue Line)	1	4	-	-	5
Enel Green Power Bulgaria	-	-	-	3	3
WISCO	5	-	-	(3)	2
Enel Operations Bulgaria	2	-	-	-	2
Portoscuso Energia	1	-	-	-	1
Total	**16,039**	**3,476**	**301**	**(444)**	**19,372**

(1) Includes Enel Latin Americas LLC, Inelec, Americas Generation Corporation, Enel Latin America BV and Renovables de Guatemala.
(2) Includes International Wind Power, Wind Parks of Thrace, International Wind Parks of Thrace, Hydro Constructional, International Wind Parks of Crete, International Wind of Achaia, International Wind of Rhodes, Glafkos Hydroelectrical Station and Aioliko Voskero

The change in the scope of consolidation is essentially attributable to the recognition of provisional goodwill in respect of the acquisition of the additional 25.01% of Endesa in the amount of €3,670 million, net of the adjustment (€485 million) to the goodwill recognized definitively at December 31, 2008, to take account of the effect of the sale of the renewables assets to Acciona on June 25, 2009.

It also includes the goodwill recognized in respect of the acquisition of KJWB (now Endesa Ireland) in the amount of €212 million, and the acquisitions of

International Wind of Achaia, International Wind of Rhodes, Glafkos Hydroelectrical Station and Aioliko Voskero for €53 million and Renovables de Guatemala (part of Enel Latin America) for €14 million.
For the acquisitions of Aioliko Voskero and Renovables de Guatemala and the 25.01% of Endesa, the differences between the cost of the investments and the assets acquired less liabilities assumed have been recognized as goodwill on a provisional basis pending more accurate allocation.
The column "other changes" essentially includes changes due to the finalization in 2009 of the allocation of the cost of the investments in OGK-5, Enel Distributie Muntenia and Enel Energie Muntenia, Marcinelle Energie and other minor investments.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the asset using discounted cash flow models, which involve estimating expected future cash flows and applying an appropriate discount rate, selected on the basis of market inputs such as risk-free rates, betas and market risk premiums. More specifically, the cash flows were determined on the basis of the most recent forecasts and the assumptions underlying those forecasts concerning the performance of the Group contained in the Group business plan. To discount certain flows, an explicit period of more than five years was used, in line with those forecasts, i.e. the average useful life of the assets or the duration of the concessions. The terminal value was calculated as a perpetuity or annuity at a growth rate equal to inflation as deemed appropriate for the country involved or in any case no higher than the average long-term growth rate of the reference market. The value in use calculated as described above was found to be greater than the amount recognized on the balance sheet.
In order to verify the robustness of the value in use, analyses were conducted of its sensitivity to changes in the parameters of the valuations with the greatest impact on the valuations themselves. The sensitivity analysis did not point to significant impacts on the results of the measurements themselves and consequently on the differences found. With specific reference to the main goodwill amounts recognized, sensitivity analyses were conducted for changes in the discount rate (+/- 100 basis points) and the growth rate (+/- 100 basis points) used in determining terminal values. The criteria used to identify the cash generating units were essentially based (in line with management's strategic and operational vision) on the specific characteristics of their business, on the operational rules and regulations of the markets in which Enel operates and on the corporate organization, including technical and management factors, as well as the level of reporting monitored by management
The table below reports the balance of goodwill according to the company to which the cash generating unit belongs, along with the discount rates applied and the time horizon over which the expected cash flows have been discounted.

Millions of euro	Amount	Tax rate	Growth rate (1)	Discount rate WACC (2)	Explicit period of cash flows	Terminal Value (3)
	at Dec. 31, 2009					
Endesa	15,978	28.70%	1.50%	5.90%	5 years	Perpetuity
Enel OGK-5	1,177	20%	1.00%	12.90%	10 years	Perpetuity
Slovenské elektrárne	697	19%	1.00%	5.80%	10 years	20
Enel Energia	579	36.90%	1.50%	5.60%	10 years	10
Enel Distributie Muntenia	228	16%	3.00%	10.00%	10 years	Perpetuity
Americas Generation Corporation (formerly Enel Panama and Enel Fortuna)	91	30%	2.50%	7.80%	5 years	Perpetuity
Enel Unión Fenosa Renovables	90	30%	2.00%	5.90%	10 years	15
Inelec	88	28%	2.50%	8.00%	5 years	Perpetuity
Enel North America	80	35%	2.00%	5.90%	5 years	25
Elica	74	25%	2.00%	6.10%	10 years	Perpetuity
Enel Latin America (4)	60	27.70%	2.50%	7.80%	5 years	28
Enel Energie Muntenia	58	16%	3.00%	11.50%	10 years	20
RusEnergoSbyt	42	20%	no terminal value	13.40%	14 years	-
Enel Erelis	26	33.30%	2.00%	5.80%	6 years	15
Nuove Energie	26	36.90%	1.50%	4.70%	10 years	20
Marcinelle Energie	20	34%	2.00%	5.20%	10 years	17
Artic Russia	18	25.50%	no terminal value	7.90%	48 years	-
Enel Maritza East 3	13	10%	2.50%	8.00%	10 years	14
Enel Green Power Romania (formerly Blue Line)	5	16%	3.00%	11.30%	5 years	14
Enel Operations Bulgaria	2	10%	2.50%	8.00%	10 years	14
WISCO	2	31.40%	-	6.40%	10 years	Multiple

(1) Perpetual growth rate of cash flows after explicit period.
(2) WACC represents the weighted average capital cost.
(3) The terminal value has been estimated on the basis of a perpetuity or an expected annuity with a rising yield for the years indicated in the column.
(4) Includes Renovables de Guatemala.

As regards acquisitions finalized in 2009 for which the allocation of the purchase price to the assets acquired and liabilities assumed has not been completed and thus the related goodwill has been recognized on a provisional basis, the valuations conducted at the balance sheet date essentially confirm the value of the investment as determined on the basis of the valuations made at the time of the acquisition.

15. Deferred tax assets and deferred tax liabilities – *€6,238 million and €10,245 million*

Below is a detail of changes in deferred tax assets and liabilities by type of timing difference and calculated based on the tax rates established by applicable regulations. The table also reports the amount of deferred tax assets that, where allowed, can be offset against deferred tax liabilities.

Millions of euro	at Dec. 31, 2008	Increase/ (Decrease) taken to income statement	Changes in scope of consolidation	Other changes	Exchange rate differences	Reclassification to assets held for sale	**at Dec. 31, 2009**
Deferred tax assets:							
- differences in the value of intangible assets, property, plant and equipment	1,249	(37)	33	(28)	-	1	1,218
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	2,069	146	457	14	11	-	2,697
- tax losses carried forward	87	(44)	39	7	15	(11)	93
- measurement of financial instruments	1,152	(167)	34	(212)	-	1	808
- other items	1,324	(83)	141	16	27	(3)	1,422
Total	**5,881**	**(185)**	**704**	**(203)**	**53**	**(12)**	**6,238**
Deferred tax liabilities:							
- differences in non-current and financial assets	959	15	317	(67)	41	2	1,267
- tax-deferred gains	1	-	-	7	-	-	8
- allocation of excess costs to assets	4,379	(315)	1,952	1,221	272	15	7,524
- measurement of financial instruments	955	(193)	22	(223)	-	-	561
- other items	586	103	130	72	6	(12)	885
Total	**6,880**	**(390)**	**2,421**	**1,010**	**319**	**5**	**10,245**

Offsettable net deferred tax assets	**2,276**
Non-offsettable deferred tax assets	**2,882**
Non-offsettable deferred tax liabilities	**9,165**

As of December 31, 2009, deferred tax assets totaled €6,238 million, an increase of €357 million compared with December 31, 2008.
In addition to taxes for the period, the change reflects the effects of the different method used to consolidate Endesa, included in the changes in scope in the amount of €693 million.
It should also be noted that no deferred tax assets were recorded in relation to prior tax losses in the amount of €1,440 million because, on the basis of current estimates of future taxable income, it is not certain that such assets could be recovered. More specifically, the losses are essentially attributable to the holding companies located in the Netherlands and Luxembourg (€743 million) and to Endesa Group companies (€555 million).

Deferred tax liabilities, which totaled €10,245 million at December 31, 2009, essentially include the determination of the tax effects of the value adjustments to net assets acquired as part of the final allocation of the cost of acquisitions made in the various years and the deferred taxation in respect of the differences between depreciation charged for tax purposes, including accelerated depreciation, and depreciation based on the estimated useful lives of assets. The change of €3,365 million essentially reflects the change in the Endesa consolidation method and the tax effects on the value adjustments for business combinations carried out during the year that were recognized directly in the value of the net assets acquired.

16. Equity investments accounted for using the equity method – *€1,029 million*

Equity investments in associated companies accounted for using the equity method are as follows:

Millions of euro		% holding	Acquisitions	Change in scope of consolidation	Capital increases	Income effect	Other changes		% holding
	at Dec. 31, 2008							**at Dec. 31, 2009**	
SeverEnergia			-	271	-	8	8	287	19.6%
Enel Rete Gas			-	144	-	-	-	144	19.9%
Elica 2	122	30.0%	-	-	-	-	11	133	30.0%
LaGeo	91	28.4%	-	-	-	8	(14)	85	36.2%
Elcogas	13	27.4%	-	6	-	5	-	24	40.9%
Dicogexsa	13	31.5%	-	7	-	1	-	21	47.0%
Tecnatom	8	30.2%	-	6	-	3	-	17	45.0%
Tirme	8	26.8%	-	5	-	3	-	16	40.0%
Cesi	10	25.9%	-	-	-	3	-	13	25.9%
Idrosicilia	9	40.0%	-	-	-	-	-	9	40.0%
Other	123		57	44	2	23	31	280	
Total	**397**		**57**	**483**	**2**	**54**	**36**	**1,029**	

The increase of €632 million for the year mainly reflects the reclassification of SeverEnergia and Enel Rete Gas, companies over which Enel no longer exercises control after the disposals carried out during the 2nd Half of 2009, but under existing governance mechanisms it retains a significant influence over their operations. The change also reflects the full consolidation of equity investments accounted for using the equity method included in the scope of consolidation of Endesa (€68 million).

The main income statement and balance sheet data for the principal equity investments in associates are reported in the following table.

Millions of euro	Assets	Liabilities	Revenues	Net income /(loss)	Assets	Liabilities	Revenues	Net income /(loss)
	at Dec. 31, 2009				at Dec. 31, 2008			
SeverEnergia	2,229	788	-	42	-	-	-	-
Enel Rete Gas	2,090	1,265	317	52	-	-	-	-
LaGeo	295	24	95	39	299	47	77	29
Elcogas	370	312	142	9	375	310	153	7
Dicogexsa	66	37	12	2	85	42	18	-
Tecnatom	96	54	86	16	78	49	73	4
Tirme	472	432	81	9	388	357	78	3
Cesi	113	65	81	8	118	80	83	7
Idrosicilia	23	-	-	-	23	1	-	-

17. Non-current financial assets – *€8,954 million*

Millions of euro	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Equity investments in other companies	608	486	122
Other securities designated at fair value through profit or loss	108	56	52
Derivative contracts	277	877	(600)
Advances for acquisition of equity investments	11	76	(65)
Other receivables:			
- financial receivables for the Spanish electrical system deficit	6,288	1,882	4,406
- other financial receivables	1,662	961	701
Total other receivables	**7,950**	**2,843**	**5,107**
TOTAL	**8,954**	**4,338**	**4,616**

"Equity investments in other companies" includes investments measured at fair value in the amount of €481 million, while the remainder of €127 million regarded investments whose fair value could not be determined reliably and were therefore recognized at cost less impairment losses. In particular, the fair value of listed companies was determined with reference to the market value of their shares at the end of the period, whereas the fair value of unlisted companies was determined on the basis of what is felt to be a reliable valuation of their significant balance sheet items.

At December 31, 2009, "Other securities designated at fair value through profit or loss" are essentially accounted for by investments in bonds, government securities and investment funds. At December 31, 2008, the item included investments in bonds and long-term deposits.
The following table breaks down the two items discussed above on the basis of the hierarchy of inputs used in determining fair value, as specified in the amendments to IFRS 7:

Millions of euro	Fair value	Level 1	Level 2	Level 3
	at Dec. 31, 2009			
Equity investments in other companies	481	470	-	11
Other securities designated at fair value through profit or loss	108	108	-	-

The following table shows changes in equity investments measured using level 3 inputs:

Millions of euro	
Balance at January 1, 2009	**4**
Net income/loss in income statement	2
Acquisitions	5
Balance at December 31, 2009	**11**

Equity investments in other companies break down as follows:

Millions of euro		% holding		% holding	
	at Dec. 31, 2009		at Dec. 31, 2008		2009-2008
Terna	306	5.12%	240	5.12%	66
Bayan Resources	138	10.00%	21	10.00%	117
Red Electrica de España	-	-	33	1.00%	(33)
Echelon	24	7.36%	18	7.36%	(6)
Tri Alpha Energy	8	4.96%	7	4.96%	(1)
Other	132	-	167	-	(35)
Total	**608**		**486**		**122**

"Advances for acquisition of equity investments" refer to advance payments or deposits made and primarily regard the acquisition of a number of wind projects in Greece and in Bulgaria in the amount of €11 million (€33 million in 2008), whereas at December 31, 2008 the item reported the advance paid for the acquisition of Electrica Muntenia Sud (now Enel Distributie Muntenia and Enel Energie Muntenia) in the amount of €40 million, almost all of which (€38 million) was used in 2009 in determining the price adjustment for the two Romanian companies.
Since December 31, 2009, the investment in Red Eléctrica de España is classified under assets held for sale.

At December 31, 2009, "financial receivables for the Spanish electrical system deficit" referred to the long-term portion of the deficit financed by Endesa.
The deficit is created in Spain's regulated electricity market when rate revenues are not sufficient to cover the costs of the system itself. In addition to the change in the method of consolidating Endesa, the increase for the year reflects the classification under financial assets of the receivable in respect of reimbursements for increased costs incurred in extra-peninsular generation (€2,205 million, see note 18). The change in classification was made necessary by the various urgent measures issued by the Spanish government in 2009 concerning the country's electrical system in order to permanently eliminate the structural imbalance in that market. The measures addressed the system deficit, providing for the unification of the peninsular rate deficit with that for extra-peninsular generation in a single category that can be treated as a financial instrument, through which the State will finance and eliminate the imbalance referred to above. The instrument provides for a single repayment plan for both types of receivable, with fixed interest-bearing monthly amounts pad over a period of about 15 years, or for the creditor to assign the receivables to a specific securitization fund established for this purpose ("*Fondo de Titulización*").

The table below reports the carrying amount and the fair value of long-term financial receivables and securities (€8,811 million), including the portion due within twelve months (€767 million included under other short-term financial receivables).

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2009		at Dec. 31, 2008	
Long-term financial receivables and securities	8,811	8,811	3,415	3,415
Total	**8,811**	**8,811**	**3,415**	**3,415**

The following table shows the notional amounts and the fair value of derivative contracts classified under non-current financial assets.

Millions of euro	Notional value		Fair value		
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Cash flow hedge derivatives:					
- interest rates	2,123	2,195	10	12	(2)
- exchange rates	2,566	4,608	219	834	(615)
- commodities	230	-	19	-	19
Total	**4,919**	**6,803**	**248**	**846**	**(598)**
Fair value hedge derivatives:					
- interest rates	98	145	8	8	-
- exchange rates	22	177	2	9	(7)
Total	**120**	**322**	**10**	**17**	**(7)**
Trading derivatives					
- interest rates	75	50	9	6	3
- exchange rates	103	161	4	8	(4)
- commodities	71	-	6	-	6
Total	**249**	**211**	**19**	**14**	**5**
TOTAL	**5,288**	**7,336**	**277**	**877**	**(600)**

At December 31, 2009, the notional value of the cash flow hedge derivative contracts classified as non-current financial assets came to €4,919 million, with the corresponding fair value at €248 million.
The decrease in the fair value of the interest rate cash flow hedge derivatives is due primarily to the decline in interest rates in 2009, especially at short and medium term.
The exchange rate cash flow hedge derivatives are essentially related to transactions hedging the £1.1 billion tranche of the bond issued as part of the Global Medium-Term Notes program on June 13, 2007, as well as the yen-denominated private placement issued by Enel Finance International (¥20 billion). The transactions hedging the $3.5 billion tranche of the bond issued under the same program on September 14, 2007, were reclassified from non-current financial assets to non-current financial liabilities. The decrease in fair value is due to the decline in the interest rates within the CCIRSs and developments in exchange rates since December 31, 2008.
Commodity derivatives regard:

> derivatives on energy with a fair value of €16 million classified as cash flow hedges;

> derivatives on fuels with a fair value of €3 million classified as cash flow hedges;

> derivatives held by Endesa with a fair value of €1 million;

> "two-way contracts for differences", classified as trading derivatives, with a fair value of €2 million;

> embedded derivatives related to energy purchase and sale contracts in Slovakia, with a fair value of €3 million.

The following table reports the fair value balances of derivatives broken down by type of measurement inputs used.

Millions of euro	at Dec. 31, 2009	Level 1	Level 2	Level 3
Cash flow hedge derivatives				
- interest rates	10	-	10	-
- exchange rates	219	-	219	-
- commodities	19	3	16	-
Total	**248**	**3**	**245**	**-**
Fair value hedge derivatives				
- interest rates	8	-	8	-
- exchange rates	2	-	2	-
- commodities	-	-	-	-
Total	**10**	**-**	**10**	**-**
Trading derivatives				
- interest rates	9	-	9	-
- exchange rates	4	-	4	-
- commodities	6	1	5	-
Total	**19**	**1**	**18**	**-**
TOTAL	**277**	**4**	**273**	**-**

18. Other non-current assets – *€976 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Receivables due from Electricity Equalization Fund and similar bodies	188	1,360	(1,172)
Receivables due from State Decommissioning Fund	483	439	44
Other long-term receivables:			
- net assets of employee benefit programs	138	95	43
- other receivables	167	43	124
Total other long-term receivables	**305**	**138**	**167**
TOTAL	**976**	**1.937**	**(961)**

At December 31, 2009, "receivables due from Electricity Equalization Fund and similar bodies" include only the receivable in respect of the Electricity Equalization Fund claimed by the Italian distribution companies, whereas in 2008 they primarily regarded reimbursement of extra costs incurred by Endesa for generation in extra-peninsular areas (the Balearic and Canary Islands). The latter were classified (in the amount of €2,205 million) under "non-current financial assets" following adoption of the urgent measures concerning the electrical system issued by the Spanish government in 2009 in order to permanently eliminate the structural imbalance in that market.

"Receivables due from State Decommissioning Fund", in the amount of €483 million, are attributable entirely to the payments by Slovenské elektrárne as a nuclear generation operator to the Slovakian national nuclear decommissioning

(1) The fund and its assets are managed entirely by the government.

fund in the manner and in accordance with the timetable established under Slovakian law (1). The resources will be used by the Slovakian government to reimburse to the generating companies that paid into the Fund part of the future costs of decommissioning nuclear plants and managing the related waste, including post-operational costs in the period between the termination of generation activities and the start of decommissioning. If such costs are greater than the amounts paid into the Fund up to the decommissioning date, the rules governing the Fund establish that the difference can be recovered from end users through rate increases.

"Net assets of employee benefit programs" reports assets backing a number of employee benefit plans for Endesa employees, net of actuarial liabilities.

Current assets

19. Inventories – *€2,500 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Raw materials, consumables and supplies:			
- fuel	1,705	1,515	190
- materials, equipment and other inventories	702	562	140
Total	2,407	2,077	330
Buildings available for sale	88	94	(6)
Advances	5	11	(6)
TOTAL	**2,500**	**2,182**	**318**

Raw materials, consumables and supplies consist of fuel inventories to cover the requirements of the generation companies and trading activities, as well as materials and equipment for plant operation, maintenance and construction. The buildings available for sale are related to remaining units from the Group's real estate portfolio and are primarily civil buildings. The decrease is essentially related to sales made during the period.

20. Trade receivables – *€13,010 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Customers:			
- sale and transport of electricity	11,020	10,166	854
- distribution and sale of natural gas	1,284	1,499	(215)
- other activities	630	661	(31)
Total	12,934	12,326	608
Trade receivables due from associates	44	14	30
Receivables for contract work in progress	32	38	(6)
TOTAL	**13,010**	**12,378**	**632**

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled €934 million at the end of the year, as compared with an opening balance of €726 million. The table below shows the changes in these allowances.

Millions of euro

Total at Jan. 1, 2008	**396**
Accruals	524
Utilization	(184)
Other changes	(3)
Reclassification to "Assets held for sale"	(7)
Total at Dec. 31, 2008	**726**
Accruals	547
Utilization	(298)
Other changes	(41)
Total at Dec. 31, 2009	**934**

The reclassification to "Assets held for sale" in 2008 regarded Enel Rete Gas.

21. Tax receivables – *€1,534 million*

Tax receivables at December 31, 2009, totaled €1,534 million and are essentially related to income tax credits in the amount of €523 million (€362 million at December 31, 2008), credits for indirect taxes in the amount of €450 million (€332 million at December 31, 2008), and receivables for other taxes and tax surcharges in the amount of €240 million (€254 million at December 31, 2008).

22. Current financial assets – *€4,186 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Receivables for factoring advances	304	367	(63)
Derivative contracts	770	1,484	(714)
Other securities	97	73	24
Short-term portion of long-term financial receivables	767	524	243
Other	2,248	807	1,441
Total	**4,186**	**3,255**	**931**

The following table reports the notional values and the fair values of the derivative contracts, grouped by type and designation.

Millions of euro	Notional value		Fair value		
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Cash flow hedge derivatives:					
- interest rates	508	369	1	1	-
- exchange rates	1,385	1,661	47	168	(121)
- commodities	649	4	66	2	64
Total	**2,542**	**2,034**	**114**	**171**	**(57)**
Fair value hedge derivatives:					
- interest rates	140	102	-	2	(2)
Total	**140**	**102**	**-**	**2**	**(2)**
Trading derivatives:					
- interest rates	-	582	-	3	(3)
- exchange rates	1,284	2,394	31	127	(96)
- commodities	13,713	12,832	625	1,181	(556)
Total	**14,997**	**15,808**	**656**	**1,311**	**(655)**
TOTAL	**17,679**	**17,944**	**770**	**1,484**	**(714)**

The decrease in the amount of exchange rate derivatives classified as cash flow hedges is attributable mainly to exchange rate hedges connected with commodities prices.
The decrease in the fair value of trading derivatives on exchange rates is essentially due to developments in the exchange rate of the euro against the dollar as of December 31, 2009, compared with the exchange rates at which the hedges were carried out during the year.

Commodity derivatives include:
> derivatives held by Endesa with a fair value of €9 million classified as cash flow hedges;
> “two-way contracts for differences” classified as cash flow hedges with a fair value of €2 million;
> other commodity derivatives classified as cash flow hedges with a fair value of €55 million;
> commodity derivatives on fuels, with a fair value of €205 million (€728 million at December 31, 2008);
> “two-way contracts for differences”, with a fair value of €28 million (€97 million at December 31, 2008);
> trading transactions on energy and other commodities, with a fair value of €391 million (€356 million at December 31, 2008);
> embedded derivatives related to energy sales and purchase contracts in Slovakia, with a fair value of €1 million.

The following table reports the fair value balances of derivatives broken down by measurement inputs used, as provided for under the amendments of IFRS 7.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2009			
Cash flow hedge derivatives				
- interest rates	1	-	1	-
- exchange rates	47	-	47	-
- commodities	66	5	61	-
Total	**114**	**5**	**109**	**-**
Trading derivatives				
- exchange rates	31	-	31	-
- commodities	625	116	509	-
Total	**656**	**116**	**540**	**-**
TOTAL	**770**	**121**	**649**	**-**

"Other securities" consist entirely of securities measured at fair value and classified as level 1.

The "short-term portion of long-term financial receivables" essentially includes the portion of the financial receivable relating to the peninsular and extra-peninsular deficit of the Spanish electrical system in the amount of €739 million (€502 million at December 31, 2008); in particular, the extra-pensinsular deficit has been reclassified in the amount of €309 million compared with December 31, 2008; see note 24 for more information.

At December 31, 2009, "other" reports the financial receivable (€893 million) in respect of margin contracts (cash collateral) entered into in order to minimize the risk associated with derivatives transactions as well as certain financial receivables connected with the disposal of equity investments, including Enel Rete Gas (€145 million) and SeverEnergia (€327 million).

23. Cash and cash equivalents – *€4,170 million*

Cash and cash equivalents, detailed in the table below, are not restricted by any encumbrances, apart from €217 million (€264 million at December 31, 2008) primarily in respect of deposits pledged to secure transactions.

Millions of euro	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Bank and post office deposits	4,164	5,096	(932)
Cash and cash equivalents on hand	6	10	(4)
Total	**4,170**	**5,106**	**(936)**

24. Other current assets – *€3,490 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Receivables due from Electricity Equalization Fund and similar bodies	2,047	1,850	197
Receivable due from employees	44	28	16
Receivables due from others	1,281	1,353	(72)
Accrued operating income and prepaid expenses	118	247	(129)
Total	**3,490**	**3,478**	**12**

"Receivables due from Electricity Equalization Fund and similar bodies" include receivables in respect of the Italian system in the amount of €764 million, largely from the application of equalization mechanisms to electricity purchases (€964 million at December 31, 2008), and the Spanish system in the amount of €1,283 million (€886 million at December 31, 2008). At December 31, 2008, the latter included the receivable (€136 million) in respect of similar bodies for reimbursements of increased costs incurred by Endesa for generation in extra-peninsular areas, which are now classified (in the amount of €309 million) together with the insular rate deficit under "current financial assets".
Including the portion of receivables classified as long-term (€188 million), operating receivables due from the Electricity Equalization Fund and similar bodies at December 31, 2009, amounted to €2,235 million (€3,210 million at December 31, 2008), offset by payables of €3,058 million (€2,655 million at December 31, 2008).

25. Assets held for sale – *€572 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Property, plant and equipment	283	4,061	(3,778)
Intangible assets	105	684	(579)
Goodwill	-	51	(51)
Deferred tax assets	11	63	(52)
Other non-current assets	53	139	(86)
Inventories	22	13	9
Trade receivables	52	50	2
Cash and cash equivalents	22	32	(10)
Other current assets	24	158	(134)
Total	**572**	**5,251**	**(4,679)**

At December 31, 2009, these essentially consisted of assets owned by Endesa in Greece and Brazil that, as a result of decisions made by management, meet the requirements of IFRS 5 for classification as assets held for sale. The item also includes the equity investment of 1% in Red Eléctrica de España and the Endesa renewable energy assets, in the residual amount of €3 million, covered by the terms of the agreement of February 20, 2009 but, pending the conclusion of the authorization process, have yet to be transferred to Acciona.
At December 31, 2008, this item included the assets related to the renewable energy operations of Endesa, as well as the assets related to the business units for high-voltage electricity distribution lines and gas distribution.

Liabilities and shareholders' equity

Equity attributable to the shareholders of the Parent Company

26. Equity attributable to the shareholders of the Parent Company – *€32,505 million*

On May 6 and 28, 2009, in execution of the authorization granted by the Extraordinary Shareholders' Meeting of Enel SpA on April 28, 2009, pursuant to Article 2443 of the Italian Civil Code, the Enel SpA Board of Directors voted to carry out a paid divisible capital increase of a maximum total amount, premium included, of €8,000 million by way of the issue of 3,216,938,192 ordinary shares with a par value of €1.00 and the same characteristics of the shares already in circulation. The shares were offered in pre-emption to parties who were shareholders of the Company as of the start date of the rights offering at a price of €2.48 per share, of which €1.48 represents the share premium, with an option ratio of 13 new shares for every 25 existing shares.
During the offer period, which started on June 1 and ended on June 19, 2009, a total of 6,160,693,425 rights were exercised. As a result, 3,203,560,581 newly issued Enel ordinary shares were subscribed altogether, equal to 99.58% of the shares offered, for a total of €7,945 million.
At the end of the offer period, total unexercised rights amounted to 25,726,175, granting the right to subscribe 13,377,611 newly issued ordinary shares.
On June 26, 2009, all the unexercised rights were sold at auction at a unit price of €0.51 for a total of €13 million, and the related 13,377,611 ordinary shares were issued and subscribed on July 3, 2009 for a total of €33 million.
Transaction costs totaled €193 million (recognized as a decrease in equity), with a tax effect of €53 million.

Pursuant to the authorization of the Shareholders' Meeting of April 29, 2009, the company distributed the balance of the dividend for 2008 (€0.29 per share) in the amount of €1,794 million.

On October 1, 2009, the Board of Directors of Enel SpA approved an interim dividend of €0.10 per share. The interim dividend was paid as from November 26, 2009.

Share capital – *€9,403 million*

At December 31, 2009, the share capital of Enel SpA – considering the capital increase and the fact that in 2009 no options were exercised as part of stock option plans – consisted of 9,403,357,795 ordinary shares with a par value of €1.00 each (6,186,419,603 at December 31, 2008) fully subscribed and paid up.
At the same date, based on the shareholders register and other available information, no shareholders held more than 2% of the total share capital, apart from the Ministry for the Economy and Finance, which holds 13.88%, its subsidiary Cassa Depositi e Prestiti, which holds 17.36%, and Blackrock Inc. with 3.02%.

Compared with the previous year, the change in the division of the Enel holding between the Ministry for the Economy and Finance and its subsidiary Cassa Depositi e Prestiti is attributable to the fact that in the Enel capital increase in June 2009, Cassa Depositi e Prestiti subscribed both its own share and that pertaining to the Ministry for the Economy and Finance after the Ministry had transferred its option rights to Cassa Depositi e Prestiti.

Other reserves – *€7,888 million*

Share premium reserve – *€5,293 million*

The change for the period is associated with the capital increase discussed above and includes transaction costs net of the related tax effect in the amount of €140 million.

Legal reserve – *€1,453 million*

The legal reserve is formed of the part of net income that, pursuant to Article 2430 of the Civil Code, cannot be distributed as dividends.

Other reserves – *€2,260 million*

These include €2,215 million related to the remaining portion of the value adjustments carried out when Enel was transformed from a public entity to a joint-stock company.
Pursuant to Article 47 of the Uniform Tax Code (*Testo Unico Imposte sul Reddito*), this amount does not constitute taxable income when distributed.

Reserve from translation of financial statements in currencies other than euro – *€(544) million*

The increase in this aggregate for the year is attributable to the net depreciation of the functional currency against the foreign currencies used by subsidiaries.

Reserve from measurement of financial instruments – *€(574) million*

This item includes net gains recognized directly in equity resulting from the measurement of cash flow hedging derivatives, as well as unrealized gains arising in respect of the fair value measurement of financial assets.
The table below shows the changes in gains and losses recognized directly in equity, including minority interests, with specific reporting of the related tax effects.

Millions of euro	at Dec. 31, 2008	Gains/(Losses) recognized in equity for the year	Released to income statement	Change in scope of consolidation	Tax effect	**at Dec. 31, 2009**
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on energy commodity prices and exchange rates (IAS 39)	(52)	344	(4)	486	(279)	495
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	12	(1,168)	(35)	(546)	278	(1,459)
OCI of companies accounted for using equity method	-	8	-	-	-	8
Reserve for fair value of financial investments available for sale	124	199	-	(1)	(1)	321
Exchange rate differences	(2,016)	1,371	-	(255)	-	(900)
Total gains/(losses) recognized in equity	**(1,932)**	**754**	**(39)**	**(316)**	**(2)**	**(1,535)**

The change in the scope of consolidation regards the Endesa reserves from measurement of financial instruments and related investments at the date of the acquisition of the additional 25.01% of that company.

Other retained earnings – *€10,759 million*

The change in the item for the year reports 67.05% (€1,670 million) of the effects of the provisional allocation of the purchase price of 25.01% of Endesa as a result of the redetermination of the fair value of certain assets and liabilities of Endesa at June 25, 2009, compared with that recognized as part of the purchase price allocation process for the acquisition of 67.05% of Endesa on October 1, 2007.

Non-current liabilities

27. Long-term loans (including the portion falling due within 12 months) – *€58,759 million*

The aggregate includes long-term payables in respect of bonds, bank loans and other loans in euro and other currencies, including the portion falling due within twelve months.

The following table shows long-term debt and repayment schedules at December 31, 2009, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
		at Dec. 31, 2009		at Dec. 31, 2008			2011	2012	2013	2014	Beyond
Bonds:											
- listed, fixed rate	2010 - 2097	19,308	19,462	13,787	584	18,724	1,143	1,108	1,801	312	14,360
- listed, floating rate	2010 - 2037	5,645	5,691	3,720	433	5,212	569	1,010	67	1,155	2,411
- unlisted, fixed rate	2011 - 2039	5,965	5,972	2,843	-	5,965	34	174	692	942	4,123
- unlisted, floating rate	2010 - 2032	2,067	2,067	2,262	79	1,988	56	58	59	61	1,754
Total		**32,985**	**33,192**	**22,612**	**1,096**	**31,889**	**1,802**	**2,350**	**2,619**	**2,470**	**22,648**
Bank loans:											
- fixed rate	2010 - 2046	441	449	470	66	375	64	88	18	11	194
- floating rate	2010 - 2035	19,841	20,042	24,676	698	19,143	2,711	6,296	781	4,107	5,248
- use of revolving credit lines	2010 - 2014	2,788	2,788	4,836	674	2,114	189	1,875	-	50	-
Total		**23,070**	**23,279**	**29,982**	**1,438**	**21,632**	**2,964**	**8,259**	**799**	**4,168**	**5,442**
Preference shares:											
- fixed rate		-	-	-	-	-	-	-	-	-	-
- floating rate	2013 (1)	1,463	1,500	973	-	1,463	-	-	1,463	-	-
Total		**1,463**	**1,500**	**973**	**-**	**1,463**	**-**	**-**	**1,463**	**-**	**-**
Non-bank loans:											
- fixed rate	2010 - 2029	627	627	431	226	401	75	62	44	35	185
- floating rate	2010 - 2028	614	614	157	149	465	112	106	60	36	151
Total		**1,241**	**1,241**	**588**	**375**	**866**	**187**	**168**	**104**	**71**	**336**
TOTAL		**58,759**	**59,212**	**54,155**	**2,909**	**55,850**	**4,953**	**10,777**	**4,985**	**6,709**	**28,426**

(1) The preference shares issued by Endesa Capital Finance LLC are perpetual, with an option for early redemption at par as from 2013.

The balance for bonds is stated net of €382 million of own bonds, of which €352 million relating to the unlisted floating-rate "Special series of bonds reserved for employees 1994-2019" held by the Parent Company and €30 million held by Enel.Re.

The table below reports long-term financial debt by currency and interest rate.

LONG-TERM FINANCIAL DEBT BY CURRENCY AND INTEREST RATE

Millions of euro	Balance	Nominal value	Balance	Current average interest rate	Current effective interest rate
	at Dec. 31, 2009		at Dec. 31, 2008	**at Dec. 31, 2009**	
Euro	**42,512**	**42,866**	**45,344**	**3.00%**	**2.94%**
US dollar	8,266	8,311	5,237	5.76%	6.20%
Pound sterling	4,210	4,261	1,480	5.83%	5.93%
Swiss franc	-	-	2		
Japanese yen	150	150	158	3.25%	3.29%
Russian ruble	116	116	121	12.25%	9.83%
Chilean peso/UF	649	649	395	2.91%	2.91%
Brazilian real	1,233	1,236	508	10.77%	10.96%
Colombian peso	1,099	1,100	615	9.70%	9.70%
Peruvian sol	338	338	199	6.80%	6.80%
Other currencies	186	185	96		
Total non-euro currencies	**16,247**	**16,346**	**8,811**		
TOTAL	**58,759**	**59,212**	**54,155**		

CHANGE IN THE NOMINAL VALUE OF LONG-TERM DEBT

Millions of euro	Nominal value	Repayments	Change in own bonds	Change in scope of consolidation	New financing	Exchange rate differences	Other changes	Nominal value
	at Dec. 31, 2008							**at Dec. 31, 2009**
Bonds	22,693	(2,254)	39	2,128	10,445	141	-	33,192
Bank loans	30,055	(21,005)	-	3,321	11,383	101	(576)	23,279
Preference shares	1,006	-	-	494	-	-	-	1,500
Other loans	588	(268)	-	125	162	58	576	1,241
Total financial debt	**54,342**	**(23,527)**	**39**	**6,068**	**21,990**	**300**	**-**	**59,212**

Compared with December 31, 2008, the nominal value of long-term debt at December 31, 2009, increased by €4,870 million, which is the net effect of €23,527 million in repayments and redemptions, €21,990 million in new financing, €6,068 million arising from changes in the scope of consolidation, €39 million due to changes in own bond holdings and €300 million in exchange rate losses.
The main repayments and redemptions for the period concerned bonds in the amount of €2,254 million, the repayment of maturing bank loans in the amount of €21,005 million, as well as non-bank loans in the amount of €268 million.

More specifically, the main bonds maturing in 2009 included:
> €500 million (consolidated in the amount of €335 million) related to a fixed-rate bond issued by Endesa SA maturing in February 2009;

> €305 million (consolidated in the amount of €204 million) related to a fixed-rate bond issued by International Endesa BV maturing in February 2009;
> $400 million (consolidated in the amount of €203 million) related to a fixed-rate bond issued by Endesa Chile maturing in April 2009;
> $350 million (consolidated in the amount of €175 million) related to a fixed-rate bond issued by Endesa Internacional BV maturing in April 2009;
> €700 million (consolidated in the amount of €469 million) related to a fixed-rate bond issued by Endesa Internacional BV maturing in June 2009;
> €150 million related to a floating-rate bond issued by Endesa Capital SA maturing in July 2009;
> €269 million related to multiple tranches of a floating-rate bond issued by Enel SpA and placed privately with an insurance company, maturing in November 2009.

Repayments of bank loans made during the year were the following:

> €10,866 million in respect of mandatory and voluntary repayments of the tranche falling due in 2010 of the Credit Agreement 2007 following the extraordinary corporate transactions. The main such transactions regarded the payment by Endesa of the dividend generated by the sale of assets to E.ON (mandatory repayment of €1,904 million), the sale of the high-voltage network to Terna (cancellation of €570 million), the Enel SpA capital increase (cancellation of €5,886 million) and the bond issue by Enel Finance International (mandatory contractual repayment of €2,506 million);
> contractual and voluntary repayments totaling €5,919 million following Endesa's sale of assets to Acciona and the issue of bonds in the European and US markets by Enel Finance International, of which:
– €2,927 million related to the tranche maturing in 2012;
– €2,057 million related to the tranche maturing in 2014;
– €935 million related to the tranche maturing in 2016.
> €850 million related to other bank loans of Group companies maturing in 2009.

The 5-year €5 billion revolving credit facility (extendable for another two years) obtained in November 2005 by Enel SpA was drawn in the amount of €500 million at December 31, 2009 (€3,273 million less than at December 31, 2008).

With regard to the main financing contracts finalized in 2009, following the agreement for Enel's acquisition of 25.01% of Endesa dated February 20, 2009, Enel contracted a loan of €8 billion as an increase in the Credit Agreement 2007. The terms of the original credit line included the option of increasing (up to a maximum of €8.5 billion) the 60-month tranche (equal to €10 billion falling due in 2012) in the event of the exercise of the put option by Acciona in 2010.
In consideration of the fact that the exercise of the put option was brought forward to 2009, Enel had to obtain the agreement of two-thirds of the banks participating in the original syndication in order to have recourse to that contractual option.
The €8 billion credit line, which was signed on April 16, 2009, comprises two contracts:

> a "facility C increase" raising the 60-month tranche by a total of €8 billion falling due in 2012; and
> a "rollover" agreement, in the amount of €8 billion, intended to replace the "facility C increase", and containing a commitment from the financial institutions involved to renew the facility C increase as from 2012, with two new tranches, the first totaling €5.5 billion falling due in 2014 and the second amounting to €2.5 billion falling due in 2016.

Other financing agreements signed in 2009 include:

> on April 23, 2009, Endesa obtained an extension until January 2012 of the €1,280 million loan originally scheduled to fall due in June 2010;
> on May 4, 2009, Endesa obtained a loan totaling €2,000 million from a pool of more than 20 banks;
> on April 23, 2009, Enel Distribuzione agreed a framework loan contract with Cassa Depositi e Prestiti that will use EIB funding in the amount of €800 million, guaranteed by Enel;
> on December 18, 2009 Endesa International BV renewed the Commercial Paper program, guaranteed by Endesa SA, increasing its amount from €2 billion to €3 billion;
> in December 2009 Enersis and Endesa Chile obtained two 3-year committed credit lines in the amount of $200 million and $100 million respectively;
> on December 30, Enel OGK-5 registered a Rouble Commercial Paper program totaling 54 billion rubles with a maximum term of three years and repayable after the first year. At December 31, 2009, the program remained unused.

The main financing transactions in 2009 include:

> the use, on June 25, 2009, by Enel SpA and Enel Finance International of €8,000 million of the Credit Agreement 2009 to finance the acquisition of the 25.01% of Endesa held by Acciona;
> the issue by Enel SpA of a new tranche of the bond placed privately with leading Italian insurance companies in the amount of €97 million maturing in 2027;
> drawings by Endesa on two facilities in the total amount of €3,280 million (consolidated in the amount of €2,199 million);
> the use by Enel Distribuzione of the loan granted by Cassa Depositi e Prestiti with EIB funds in the amount of €800 million;
> the use by OGK-5 of bank loans in the amount of €226 million;
> the use by Enel Green Power of a subsidized loan by Simest to finance the Palo Viejo project in Guatemala in the amount of €44 million;
> as part of the Global Medium-Term Notes program, the bond issue by Enel Finance International for institutional investors denominated in euros and pounds sterling in an aggregate amount of more than €6.5 billion in the following four tranches:
  – €1,500 million fixed-rate 4.00% bond due 2016;
  – €2,500 million fixed-rate 5.00% bond due 2022;
  – £850 million fixed-rate 5.625% bond due 2024;
  – £1,400 million fixed-rate 5.75% bond due 2040.
  All the above tranches are listed on the Irish Stock Exchange;
> as part of the Global Medium-Term Notes program, the bond issue by Enel Finance International for institutional investors in an aggregate amount of $4,500 million, equal to about €3.1 billion, in the following three tranches:
  – $1,250 million fixed-rate 3.875% bond due 2014;
  – $1,750 million fixed-rate 5.125% bond due 2019;
  – $1,500 million fixed-rate 6.0% bond due 2039;
> as part of the Global Medium-Term Notes program, the privately-placed bond issue by Enel Finance International with the following characteristics:
  – €125 million fixed-rate 4.532% bond due 2019;
  – €100 million fixed-rate 4.457% bond due 2020.

In addition, the change in the scope of consolidation includes the long-term debt of Endesa, consolidated in its entirety since June 25, 2009, in the amount of €6,040 million.

The following table compares the carrying amount and the fair value of long-term debt, including the portion falling due within twelve months, broken down by category. For listed debt instruments, the fair value is given by official prices. For unlisted instruments the fair value is determined using appropriate valuation models for each category of financial instrument and market data at the closing date of the year, including Enel SpA's credit spreads.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2009		at Dec. 31, 2008	
Bonds:				
- fixed rate	25,273	26,712	16,630	16,537
- floating rate	7,712	8,012	5,982	5,668
Total	**32,985**	**34,724**	**22,612**	**22,205**
Bank loans:				
- fixed rate	441	480	470	427
- floating rate	22,629	23,395	29,512	28,857
Total	**23,070**	**23,875**	**29,982**	**29,284**
Preference shares:				
- floating rate	1,463	1,388	973	1,006
Total	**1,463**	**1,388**	**973**	**1,006**
Non-bank loans:				
- fixed rate	627	609	431	409
- floating rate	614	640	157	149
Total	**1,241**	**1,249**	**588**	**558**
TOTAL	**58,759**	**61,236**	**54,155**	**53,053**

The following tables show the changes in long-term loans for the year, distinguishing current from non-current portions.

LONG-TERM LOANS (EXCLUDING CURRENT PORTION)

Millions of euro	Carrying amount		
	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Bonds:			
- fixed rate	24,689	14,851	9,838
- floating rate	7,200	5,397	1,803
Total	**31,889**	**20,248**	**11,641**
Bank loans:			
- fixed rate	375	392	(17)
- floating rate	21,257	29,000	(7,743)
Total	**21,632**	**29,392**	**(7,760)**
Preference shares:			
- floating rate	1,463	973	490
Total	**1,463**	**973**	**490**
Non-bank loans:			
- fixed rate	401	299	102
- floating rate	465	133	332
Total	**866**	**432**	**434**
TOTAL	**55,850**	**51,045**	**4,805**

CURRENT PORTION OF LONG-TERM LOANS

Millions of euro	Carrying amount		
	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Bonds:			
- fixed rate	584	1,779	(1,195)
- floating rate	512	585	(73)
Total	**1,096**	**2,364**	**(1,268)**
Bank loans:			
- fixed rate	66	78	(12)
- floating rate	1,372	512	860
Total	**1,438**	**590**	**848**
Non-bank loans:			
- fixed rate	226	132	94
- floating rate	149	24	125
Total	**375**	**156**	**219**
TOTAL	**2,909**	**3,110**	**(201)**

At December 31, 2009, 51% (66% at December 31, 2008) of net financial debt paid floating interest rates. Taking account of cash flow hedges of interest rates considered effective pursuant to the IFRS-EU, 26% of the debt was exposed to interest rate risk at December 31, 2009 (45% at December 31, 2008). If account is also taken of interest rate derivatives used as hedges but which do not qualify for hedge accounting, the residual exposure of net financial debt to interest rate risk falls 20% (41% at December 31, 2008).

The Group's main long-term financial debts are governed by covenants containing undertakings by the borrowers (Enel SpA, Endesa and the other

Group companies) and in some cases Enel SpA as guarantor that are commonly adopted in international business practice. The main covenants governing Enel's debt regard the bond issues carried out within the framework of the Global Medium-Term Notes program, loans granted by the European Investment Bank (EIB) and Cassa Depositi e Prestiti, the €5 billion revolving line of credit, the Credit Agreement 2007 and the Credit Agreement 2009. As of the reporting date, the covenants had been easily met.
The commitments in respect of the bond issues in the Global Medium-Term Notes program can be summarized as follows:

> negative pledge clauses under which the issuer may not establish or maintain (except under statutory requirement) mortgages, liens or other encumbrances on all or part of its assets to secure any listed bond or bond for which listing is planned unless the same guarantee is extended equally or *pro rata* to the bonds in question;
> *pari passu* clauses, under which the securities constitute a direct, unconditional and unsecured obligation of the issuer and are issued without preferential rights among them and have at least the same seniority as other present and future bonds of the issuer;
> specification of default events, whose occurrence (e.g. insolvency, failure to pay principle or interest, initiation of liquidation proceedings, etc.) constitutes a default; under cross-default clauses, the occurrence of a default event in respect of any financial liability (above a threshold level) issued by the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are at least 10% of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
> early redemption clauses in the event of new tax requirements, which permit early redemption at par of all outstanding bonds.

The main covenants governing the loans granted to a number of Enel Group companies by the EIB can be summarized as follows:

> negative pledge clauses, under which the issuer undertakes not to establish or grant to third parties additional guarantees or privileges with respect to those already established in the individual contracts by the company or subsidiaries of the Enel Group, unless an equivalent guarantee is extended equally or *pro rata* to the loans in question;
> clauses that require the guarantor (whether Enel or banks acceptable to the EIB) to maintain its rating above a specified grade; in the case of guarantees provided by Enel, the Group's equity may not fall below a specified level;
> material changes clauses, under which the occurrence of a specified event (mergers, spin-offs, disposal or transfer of business units, changes in company control structure, etc.) gives rise to the consequent adjustment of the contract, without which the loan shall become repayable immediately without payment of any commission;
> requirements to report periodically to the EIB;
> requirement for insurance coverage and maintenance of property, possession and use of the works, plant and machinery financed by the loan over the entire term of the agreement;
> contract termination clauses, under which the occurrence of a specified event (serious inaccuracies in documentation presented in support of the contract, failure to repay at maturity, suspension of payments, insolvency, special administration, disposal of assets to creditors, dissolution, liquidation, total or

partial disposal of assets, declaration of bankruptcy or composition with creditors or receivership, substantial decrease in equity, etc.) triggers immediate repayment.

In 2009 Cassa Depositi e Prestiti SpA granted a loan to Enel Distribuzione SpA. The main covenants governing the loan and the guarantee issued by Enel SpA can be summarized as follows:

> a termination and acceleration clause, under which the occurrence of a specified event (such as failure to pay principal or interest installments, breach of contract obligations or occurrence of a substantive prejudicial event) entitles Cassa Depositi e Prestiti to terminate the loan;
> a clause forbidding Enel or its "significant" subsidiaries (defined in the contract and the guarantee as subsidiaries pursuant to Article 2359 of the Civil Code or consolidated companies whose turnover or gross total assets are at least 10% of consolidated turnover or gross consolidated assets) from establishing additional liens, guarantees or other encumbrances except for those expressly permitted unless Cassa Depositi e Prestiti gives its prior consent;
> clauses requiring Enel to report to Cassa Depositi e Prestiti both periodically and upon the occurrence of specified events (such as a change in Enel's credit rating, or breach in an amount above a specified threshold in respect of any financial debt contracted by Enel, Enel Distribuzione or any of their significant subsidiaries, etc.). Violation of such obligation entitles Cassa Depositi e Prestiti to exercise an acceleration clause;
> a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 6 times annual consolidated EBITDA. The contract establishes that as from January 1, 2013, Enel's consolidated net financial debt shall not exceed 4.5 times annual consolidated EBITDA.

The main covenants for the Credit Agreement 2007, the Credit Agreement 2009 and the €5 billion revolving line of credit are substantially similar and can be summarized as follows:

> negative pledge clauses under which the borrower (and its significant subsidiaries) may not establish or maintain (with the exception of permitted guarantees) mortgages, liens or other encumbrances on all or part of its assets to secure any present or future financial liability;
> *pari passu* clauses, under which the payment undertakings constitute a direct, unconditional and unsecured obligation of the borrower and bear no preferential rights among them and have at least the same seniority as other present and future loans;
> change of control clause, which is triggered in the event (i) control of Enel is acquired by one or more parties other than the Italian state or (ii) Enel or any of its subsidiaries transfer a substantial portion of the Group's assets to parties outside the Group such that the financial reliability of the Group is significantly compromised. The occurrence of one of the two circumstances may give rise to (a) the renegotiation of the terms and conditions of the financing or (b) compulsory early repayment of the financing by the borrower;
> specification of default events, whose occurrence (e.g. failure to make payment, breach of contract, false statements, insolvency or declaration of insolvency by the borrower or its significant subsidiaries, business closure, government intervention or nationalization, administrative proceeding with potential negative impact, illegal conduct, nationalization and government expropriation or

compulsory acquisition of the borrower or one of its significant subsidiaries) constitutes a default. Unless remedied within a specified period of time, such default will trigger an obligation to make immediate repayment of the loan under an acceleration clause, under cross-default clauses; the occurrence of a default event in respect of any financial liability (above a threshold level) of the issuer or "significant" subsidiaries (i.e. consolidated companies whose gross revenues or total assets are equal to at least a specified percentage (10% for the €35 billion syndicated credit line and 15% for the €5 billion revolving credit line) of gross consolidated revenues or total consolidated assets) constitutes a default in respect of the liability in question, which becomes immediately repayable;
> periodic reporting requirements.

The Credit Agreement 2007 and the Credit Agreement 2009 also provide for the following covenants:
> mandatory early repayment clauses, under which the occurrence of a specified event (e.g. the issue of instruments on the capital market, new bank loans, stock issues or asset disposals) obliges the borrower to repay the related funds in advance at specific declining percentages based on the extent to which the line of credit has been drawn;
> a gearing clause, under which, at the end of each measurement period (half yearly), Enel's consolidated net financial debt shall not exceed 6 times annual consolidated EBITDA;
> a "subsidiary financial indebtedness" clause, under which the net aggregate amount of the financial debt of Enel's subsidiaries (with the exception of the debt of "permitted subsidiaries") must not exceed 20% of total gross consolidated assets.

For the Credit Agreement 2009 only, as from 2012, at the end of each measurement period (half yearly): (i) the gearing clause requires that Enel's net financial debt shall not exceed 4.5 times annual consolidated EBITDA; and (ii) the ratio of annual consolidated EBITDA to net consolidated interest expense shall not be less than 4.

The commitments undertaken in respect of the bond issues by Endesa Capital SA under the Global Medium-Term Notes program can be summarized as follows:
> cross-default clauses under which debt repayment would be accelerated in the case of failure to make payment (above a specified amount) on any financial liability of Endesa SA or Endesa Capital SA that is listed or could be listed on a regulated market;
> negative pledge clauses under which the issuer may not establish mortgages, liens or other encumbrances on all or part of its assets to secure any financial liability that is listed or could be listed on a regulated market, unless an equivalent guarantee is extended equally or pro rata to the bonds in question
> *pari passu* clauses, under which the securities and guarantees have at least the same seniority as all other present and future unsecured and unsubordinated securities issued by Endesa Capital or Endesa SA.

Finally, the loans granted to Endesa, International Endesa BV and Endesa Capital do not contain cross-default clauses regarding the debt of subsidiaries in Latin America.

Undertakings in respect of project financing granted to subsidiaries regarding renewables and other subsidiaries in Latin America contain covenants commonly adopted in international business practice. The main commitments regard clauses

pledging all the assets assigned to the projects in favor of the creditors.
A residual portion of the debt of Enersis and Endesa Chile (both controlled indirectly by Endesa) is subject to cross-default clauses under which the occurrence of a default event (failure to make payment or breach of other obligations) in respect of any financial liability of a subsidiary of Enersis or Endesa Chile constitutes a default in respect of the liability in question, which becomes immediately repayable.
In addition, many of these agreements also contain cross-acceleration clauses that are triggered by specific circumstances, certain government actions, insolvency or judicial expropriation of assets. In addition to the foregoing, the May 4, 2009 loan provides for a change of control clause that will be activated if Enel's stake in Endesa should fall below 51% of Endesa's share capital.
Pursuant to the CONSOB instructions of July 28, 2006, the following table reports the net financial position at December 31, 2009, and December 31, 2008, reconciled with net financial debt.

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Cash and cash equivalents on hand	6	10	(4)
Bank and post office deposits	4,164	5,096	(932)
Securities	97	73	24
Liquidity	**4,267**	**5,179**	**(912)**
Short-term financial receivables	2,049	694	1,355
Factoring receivables	304	367	(63)
Short-term portion of long-term financial receivables	767	524	243
Current financial receivables	**3,120**	**1,585**	**1,535**
Short-term bank debt	(927)	(1,564)	637
Commercial paper	(6,573)	(3,792)	(2,781)
Short-term portion of long-term bank debt	(1,438)	(590)	(848)
Drawings on revolving credit lines	(20)	(14)	(6)
Bonds (short-term portion)	(1,096)	(2,364)	1,268
Other loans (short-term portion)	(375)	(156)	(219)
Other short-term financial payables	(22)	(97)	75
Total short-term financial debt	**(10,451)**	**(8,577)**	**(1,874)**
Net short-term financial position	**(3,064)**	**(1,813)**	**(1,251)**
Debt to banks and financing entities	(21,632)	(29,392)	7,760
Bonds	(31,889)	(20,248)	(11,641)
Preference shares	(1,463)	(973)	(490)
Other loans	(866)	(432)	(434)
Net long-term financial position	**(55,850)**	**(51,045)**	**(4,805)**
NET FINANCIAL POSITION as per CONSOB communication	**(58,914)**	**(52,858)**	**(6,056)**
Long-term financial receivables and securities	**8,044**	**2,891**	**5,153**
NET FINANCIAL DEBT	**(50,870)**	**(49,967)**	**(903)**

28. Post-employment and other employee benefits – *€3,110 million*

The Group provides its employees with a variety of benefits, including termination benefits, additional months' pay for having reached age limits or eligibility for old-age pension, loyalty bonuses for achievement of seniority milestones, supplementary pension and healthcare plans, residential electricity discounts and similar benefits.
For Italy, the item "Pension benefits" regards estimated accruals made to cover benefits due under the supplementary pension schemes of retired executives, while for companies abroad it covers post-employment benefits.
"Other benefits" comprise liabilities in respect of defined-benefit plans not included in the previous item.
The table below reports the change for the year in actuarial liabilities and the fair value of plan assets, as well as a reconciliation of the actuarial liabilities, net of assets, with the carrying amount of liabilities recognized as at December 31, 2009 and December 31, 2008.

Millions of euro	Pension benefits		Other benefits	
	2009	2008	**2009**	2008
Changes in actuarial liabilities:				
Actuarial liabilities at the beginning of the year	2,093	2,206	1,616	1,591
Service cost	25	28	17	13
Interest cost	143	120	85	67
Benefits paid	(216)	(182)	(110)	(71)
Other changes	(21)	(15)	24	21
Change in scope of consolidation	453	4	197	53
Actuarial (gains)/losses	351	(8)	235	(11)
Foreign exchange (gains)/losses	119	(61)	8	(23)
Liabilities classified as "held for sale"	-	-	-	(23)
Actuarial liability at the end of the year	**2,947**	**2,092**	**2,072**	**1,617**
Changes in plan assets:				
Fair value at the beginning of the year	694	856	-	-
Change in scope of consolidation	355	-	-	-
Expected return on plan assets	69	52	-	-
Actuarial gains/(losses)	254	(107)	-	-
Contributions paid by company	103	110	-	-
Other changes	4	(13)	-	-
Foreign exchange (gains)/losses	97	(60)	-	-
Benefits paid	(134)	(144)	-	-
Fair value at the end of the year	**1,442**	**694**	**-**	**-**
Reconciliation with carrying amount:				
Net actuarial liabilities	1,505	1,398	2,072	1,617
Net unrecognized (gains)/losses	208	64	259	41
Carrying amount of liabilities	**1,297**	**1,334**	**1,813**	**1,576**

The change in the scope of consolidation essentially regards the acquisition of an additional 25.01% of Endesa. The reclassification to liabilities held for sale in 2008 refers entirely to the estimated actuarial liabilities for post-employment and other benefits for the gas distribution network.

The employees of the Endesa Group in Spain included in the framework agreement of October 25, 2000 participate in a specific defined-contribution pension plan and, in cases of disability or death of employees in service, a defined-benefit plan which is covered by appropriate insurance policies. In addition, the company has certain obligations to retired ex-workers, mainly concerning the supply of electricity. Outside Spain, defined-benefit pension plans are also in force, notably in Brazil.

The liabilities recognized at the end of the year are reported net of the fair value of the plan assets (where this is not greater than that of the related liabilities), which are attributable entirely to Endesa in the amount of €1,442 million as at December 31, 2009, and of the net unrecognized actuarial losses in the amount of €467 million.
As regards plan assets, which at December 31, 2009 amounted to €1,580 million (of which €1,442 million adjusting the liability for pension benefits and €138 million recognized under non-current financial assets), 70% of the market value of such assets regards assets located in Spain (75% at December 31, 2008) and 30% regards assets in Brazil (25% at December 31, 2008). The assets break down as follows:

% composition

	2009	2008
Shares	27	29
Fixed-income securities	68	66
Property and other	5	5
Total	**100**	**100**

At December 31, 2009, these assets included shares or bonds issued by Endesa Group companies in the amount of €18 million (€6 million at December 31, 2008). The expected return on the assets was estimated on the basis of forecasts for the main equity and fixed-income markets and using a weighting for the various asset classes similar to that adopted the previous year. The real return for 2009 was equal to 12.4% in Spain and 18.3% in other countries (a negative 8% in Spain and a negative 1% in other countries in 2008).

The following table reports the impact of employee benefits on the income statement.

Millions of euro	Pension benefits		Other benefits	
	2009	2008	**2009**	2008
Service cost	25	28	17	13
Interest cost	143	120	85	67
Expected return on plan assets	(69)	(52)	-	-
Amortization of actuarial (gains)/losses	9	-	20	(5)
Amortization of past benefit costs	-	-	-	3
(Gains)/Losses for reduction or cancellation of plans	-	-	(19)	(15)
Effect of application of IFRIC 14	11	-	-	-
Total	**119**	**96**	**103**	**63**

Employee benefit expenses recognized in 2009 came to €222 million (€159 million in 2008), of which €159 million in respect of accretion cost recognized under financial expense (€135 million in 2008) and €63 million recognized under personnel costs.

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits and the plan assets are set out in the following table.

	Italy	Abroad	Italy	Abroad
	2009		2008	
Discount rate	4.3%	3.53% - 13.94%	4.8%	4.4% - 12.9%
Rate of wage increases	2.5% - 3.5%	3.0% - 8.8%	3.5%	2.3% - 9.5%
Rate of increase in healthcare costs	3.0%	3.0% - 6.5%	3.5%	6.0%
Expected return on plan assets	-	3.87% - 13.41%	-	3.6% - 12.1%

If, at December 31, 2009, the twelve-month rate of change in healthcare costs had been 1 basis point higher, all other variables being equal, the liability for healthcare benefits would have been €25 million higher, with a negative impact on the income statement in terms of service cost and interest cost of €2 million. If, at December 31, 2009, the twelve-month rate of change in healthcare costs had been 1 basis point lower, all other variables being equal, the liability for healthcare benefits would have been €21 million lower, with a positive impact on the income statement in terms of service cost and interest cost of €2 million.

29. Provisions for risks and charges – *€8,846 million*

Millions of euro	at Dec. 31, 2008	Accruals	Taken to income statement	Change in scope of consolidation	Utilization and other changes	Reclassification to liabilities held for sale	**at Dec. 31, 2009**	*of which short term*
Provision for litigation, risks and other charges:								
- nuclear decommissioning	2,883	211	(7)	101	(134)	-	3,054	*75*
- non-nuclear plant retirement and site restoration	402	87	(3)	78	(30)	(5)	529	*13*
- litigation	654	261	(79)	111	(166)	-	781	*66*
- CO_2 emissions charges	10	42	-	(1)	(9)	-	42	*42*
- other	1,818	448	(66)	306	(449)	-	2,057	*516*
Total	**5,767**	**1,049**	**(155)**	**595**	**(788)**	**(5)**	**6,463**	**712**
Provision for early-retirement incentives	1,155	733	(1)	591	(95)	-	2,383	*604*
TOTAL	**6,922**	**1,782**	**(156)**	**1,186**	**(883)**	**(5)**	**8,846**	***1,316***

Nuclear decommissioning provision

The nuclear decommissioning provision includes the following:

> €2,728 million (€2,696 million at December 31, 2008) for the V1 and V2 plants at Jasklovske Bohunice and the EMO 1 and 2 plants at Mochovce, and also includes the provision for nuclear waste disposal in the amount of €261 million (€271 million at December 31, 2008), the provision for spent nuclear waste disposal in the amount of €1,604 million (€1,547 million at December 31, 2008), and the provision for nuclear plant disposal in the amount of €863

million (€878 million at December 31, 2008). The estimated timing of the outlays described above takes account of current knowledge of environmental regulations, the amount of time used to estimate the costs, and the difficulties presented by the extremely long time span over which such costs could arise. The charges covered by the provisions are reported at their present value using discount rates of between 1.86% and 4.52%;

> €326 million (€187 million at December 31, 2008) for the costs to be incurred at the time of disposal of nuclear plants by Enresa, a Spanish public enterprise responsible for such activities in accordance with Royal Decree 1349/03 and Law 24/05. Quantification of the costs is based on the standard contract between Enresa and the electricity companies approved by the Ministry for the Economy in September 2001, which regulates the retirement and closing of nuclear power plants. The time horizon envisaged, three years, corresponds to the period from the termination of power generation to the transfer of plant management to Enresa (post-operational costs).

Non-nuclear plant retirement and site restoration provision

The provision for "non-nuclear plant retirement and site restoration" represents the present value of the estimated cost for the retirement and removal of non-nuclear plants where there is a legal or constructive obligation to do so.

Litigation provision

The "litigation" provision covers contingent liabilities that could arise in respect of pending litigation and other disputes. It includes an estimate of the potential liability relating to disputes that arose during the period, as well as revised estimates of the potential costs associated with disputes initiated in prior periods. The estimates are based on the opinions of internal and external legal counsel.

Other provisions

"Other" provisions refer to various risks and charges, mainly in connection with regulatory disputes and disputes with local authorities regarding various duties and fees.

Provision for early-retirement incentives

The "provision for early-retirement incentives" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs.

30. Non-current financial liabilities – *€2,964 million*

At December 31, 2009, this item includes €2,964 million (€2,143 at December 31, 2008) in respect of the fair value measurement of cash flow and fair value hedge derivatives. In addition, at December 31, 2008, it reported €970 million in respect of the fair value measurement of the put option granted to Acciona in the agreement with Enel signed on March 26, 2007. The put option, which upon initial recognition was incorporated in the price of the stake in Endesa, was measured on the basis of the price in the public tender for Endesa and the per-share value of Endesa determined using corporate valuation techniques, including a financial component. In the 1st Half of 2009 the option was exercised early, with the consequent zeroing of the account and recognition in the income statement under unrealized financial income from derivatives.

The following table reports the notional value and fair value of the cash flow hedge, fair value hedge and trading derivatives.

Millions of euro	Notional value		Fair value		
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Cash flow hedge derivatives:					
- interest rates	11,504	11,569	629	483	146
- exchange rates	10,046	2,542	1,772	1,027	745
- commodities	41	422	2	118	(116)
Total	**21,591**	**14,533**	**2,403**	**1,628**	**775**
Fair value hedge derivatives:					
- interest rates	-	14	-	1	(1)
- exchange rates	500	173	52	9	43
Total	**500**	**187**	**52**	**10**	**42**
Trading derivatives:					
- interest rates	2,856	991	164	63	101
- exchange rates	150	261	4	10	(6)
- commodities	442	175	341	432	(91)
Total	**3,448**	**1,427**	**509**	**505**	**4**
TOTAL	**25,539**	**16,147**	**2,964**	**2,143**	**821**

At December 31, 2009, the notional value of the cash flow hedge derivatives on interest rates and exchange rates classified under non-current financial assets came to €21,591 million, with the corresponding fair value at €2,403 million. Cash flow hedge derivatives on interest rates in effect at December 31, 2009 were essentially composed of interest rate hedges on a number of long-term floating-rate loans. The increase in the notional and the negative fair value of the cash flow hedge derivatives on interest rates and exchange rates is primarily due to the decline in interest rates in 2009 (6-month Euribor of 0.994% at the end of 2009, compared with 2.97% at the end of 2008, while the 5-year euro swap rate at the end of 2009 was 2.811%, compared with 3.25% at the end of 2008) – which led to the reclassification of a portion of the transactions that were recognized under non-current financial assets at December 31, 2008 to non-current financial liabilities.
The change is also ascribable to new cash flow hedge derivatives (cross currency interest rate swaps) hedging interest rate and exchange rate risk on bond issues in pounds sterling and dollars by Enel Finance International in September and October 2009. The fair value is changed linked to the depreciation of sterling and the dollar compared with the exchange rates in the hedges.
The trading derivatives regard proprietary trading in commodities or hedging interest and exchange rate risk or commodity risk for which it would be inappropriate to designate as cash flow hedges or fair value hedges or which do not meet the formal requirements of IAS 39.

Commodity derivatives are mainly related to:
> derivatives held by Endesa with a fair value of €2 million classified as cash flow hedges and €1 million classified as trading derivatives;
> derivatives embedded in contracts for the purchase and sale of electricity in Slovakia, with a fair value of €340 million.

The following table reports the fair value of derivatives on the basis of the measurement inputs used.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2009			
Cash flow hedge derivatives:				
- interest rates	629	-	629	-
- exchange rates	1,772	-	1,772	-
- commodities	2	1	1	-
Total	**2,403**	**1**	**2,402**	**-**
Fair value hedge derivatives:				
- exchange rates	52	-	52	-
Total	**52**	**-**	**52**	**-**
Trading derivatives:				
- interest rates	164	-	164	-
- exchange rates	4	-	4	-
- commodities	341	1	211	129
Total	**509**	**1**	**379**	**129**
TOTAL	**2,964**	**2**	**2,833**	**129**

The balance for level 3 regards the embedded derivative (identified as embedded derivative C in note 3 to these consolidated financial statements) on the price of gas in an electricity purchase contract entered into by Slovenské elektrárne in Slovakia. The contract was measured in two parts. In the first part, the market value of the electricity purchased was determined, while in the second part a Monte Carlo simulation is used to determine the value of the contract. The fair value of the contract is equal to the difference between the average values obtained from the simulation and the market value of the electricity acquired. Changes in the derivative and the put option granted to Acciona discussed earlier, which include the portion classified under current liabilities in the amount of €39 million at December 31, 2009, are reported in the following table (see note 34).

Millions of euro	Embedded derivative of Slovenské elektrárne	Put option granted to Acciona	**Total**
Opening balance at January 1, 2009	**217**	**970**	**1,187**
(Gains)/Losses in income statement	(49)	(970)	**(1,019)**
Closing balance at December 31, 2009	**168**	**-**	**168**

The gains and losses recognized through profit or loss for the period include €55 million in respect of the improvement in operating income and €964 million in respect of higher net financial income.

31. Other non-current liabilities – *€1,829 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Deferred liabilities	1,650	3,373	(1,723)
Other items	179	58	121
Total	**1.829**	**3,431**	**(1,602)**

At December 31, 2009, this item essentially consisted of revenues for electricity and gas connections and grants received for specific assets. The change for the year reflects the adjustment of the deferred liabilities of Endesa associated with certain types of plant in the Spanish electricity transmission grid, carried out as part of the provisional allocation of the purchase price of 25.01% of that company.

Current liabilities

32. Short-term loans – *€7,542 million*

At December 31, 2009, short-term loans totaled €7,542 million, an increase of €2,075 million over December 31, 2008, as detailed below:

	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	at Dec. 31, 2009		at Dec. 31, 2008		2009-2008	
Short-term amounts due to banks	947	947	1,578	1,578	(631)	(631)
Commercial paper	6,573	6,573	3,792	3,792	2,781	2,781
Other short-term financial payables	22	22	97	97	(75)	(75)
Short-term financial debt	**7,542**	**7,542**	**5,467**	**5,467**	**2,075**	**2,075**

Short-term amounts due to banks, in the amount of €947 million, include a €790 million draw on uncommitted lines of credit obtained by Enel SpA.
The nominal value of payables represented by commercial paper relate to issues outstanding at the end of December 2009 in the context of the €4,000 million program launched in November 2005 by Enel Finance International and guaranteed by Enel SpA, as well as the €3,000 million program of Endesa Internacional BV (now Endesa Latinoamérica), the €2,000 million *Pagares* program of Endesa Capital SA and the Enel OGK-5 program totaling 4 billion rubles (equal to €93 million). At December 31, 2009, issues under these programs amounted to €6,573 million, of which €3,844 million for Enel Finance International, €1,785 million for Endesa Internacional BV (now Endesa Latinoamérica), €852 million for Endesa Capital SA and €93 million for Enel OGK-5. The nominal value of the commercial paper is €6,586 million and is denominated in the following currencies: euros (€6,376 million); rubles (€93 million); US dollars (€29 million); Japanese yen (€75 million) and Swiss francs (€13 million). With the exception of the commercial paper issued by Enel OGK-5, the exchange rate risk in respect of currencies other than the euro is fully hedged by currency swaps.

33. Trade payables – *€11,174 million*

This item totaled €11,174 million, an increase of €574 million compared with December 31, 2008, and includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services.

34. Current financial liabilities – *€1,784 million*

Millions of euro	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Deferred financial liabilities	869	705	164
Derivative contracts	859	1,716	(857)
Other items	56	33	23
Total	**1,784**	**2,454**	**(670)**

The following table shows the notional value and fair value of the derivative contracts.

Millions of euro	Notional value		Fair value		
	at Dec. 31, 2009	at Dec. 31, 2008	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Cash flow hedge derivatives:					
- interest rates	153	844	3	3	-
- exchange rates	1,316	171	50	8	42
- commodities	1,150	1,377	120	247	(127)
Total	2,619	2,392	173	258	(85)
Fair value hedge derivatives:					
- interest rates	360	270	8	22	(14)
- exchange rates	-	214	-	41	(41)
Total	360	484	8	63	(55)
Derivatives hedging net investment in a foreign operation:					
- exchange rates	319	-	9	-	9
Total	319	-	9	-	9
Trading derivatives:					
- interest rates	190	765	18	34	(16)
- exchange rates	1,055	1,106	30	51	(21)
- commodities	2,944	6,570	621	1,310	(689)
Total	4,189	8,441	669	1,395	(726)
TOTAL	**7,487**	**11,317**	**859**	**1,716**	**(857)**

The increase in the amount of exchange rate derivatives classified as cash flow hedges is due mainly to the expiration of existing transactions during the year and the establishment of new hedges which are eligible for treatment as cash flow hedges.

Commodity derivatives mainly related to:

> cash flow hedges on coal and other oil commodities with a fair value of €120 million;

> commodity derivatives on fuels, with a fair value of €187 million;

> trading transactions in energy and other commodities, with a fair value of €328 million;

> embedded derivatives related to energy sale and purchase contracts in Slovakia, with a fair value of €106 million.

The following table reports the fair value of derivatives on the basis of the measurement inputs used, as provided for under the amendments to IFRS 7.

Millions of euro		Level 1	Level 2	Level 3
	at Dec. 31, 2009			
Cash flow hedge derivatives:				
- interest rates	3	-	3	-
- exchange rates	50	-	50	-
- commodities	120	5	115	-
Total	**173**	**5**	**168**	**-**
Fair value hedge derivatives:				
- interest rates	8		8	
Total	**8**	**-**	**8**	**-**
Derivatives hedging net investment in a foreign operation:				
- exchange rates	9	-	9	-
Total	**9**	**-**	**9**	**-**
Trading derivatives:				
- interest rates	18	-	18	-
- exchange rates	30	-	30	-
- commodities	621	87	495	39
Total	**669**	**87**	**543**	**39**
TOTAL	**859**	**92**	**728**	**39**

35. Other current liabilities – *€8,145 million*

Millions of euro	**at Dec. 31, 2009**	at Dec. 31, 2008	2009-2008
Payables due to customers	1,484	1,539	(55)
Payables due to the Electricity Equalization Fund and similar bodies	3,058	2,655	403
Payables due to employees	368	379	(11)
Other tax payables	589	965	(376)
Payables due to social security institutions	190	178	12
Payables for put options granted to minority shareholders	437	490	(53)
Other	2,019	992	1,027
Total	**8,145**	**7,198**	**947**

"Payables due to customers" include €728 million (€715 million at December 31, 2008) in security deposits related to amounts received from customers as part of electricity and gas supply contracts. Following the finalization of the contract, deposits for electricity sales, the use of which is not restricted in any way, are classified as current liabilities given that the company does not have an unconditional right to defer repayment beyond twelve months.

"Payables due to the Electricity Equalization Fund and similar bodies" include payables related to the application of equalization mechanisms for the purchase of electricity in Italy and Spain.

The item "Payables for put options granted to minority shareholders" at December 31, 2009, essentially regards the liability to Enel Distributie Muntenia in the amount of €332 million, Enel Energie Muntenia in the amount of €58 million and Marcinelle Energie in the amount of €16 million. These liabilities, which are estimated at fair value on the basis of level 3 inputs, are determined on the basis of the exercise conditions specified in the contracts; the change of €53 million for the year produced a decrease of the same amount in the goodwill of the subsidiaries.

36. Liabilities held for sale – *€224 million*

Millions of euro

	at Dec. 31, 2009	at Dec. 31, 2008	2009-2008
Long-term loans	50	334	(284)
Post-employment and other employee benefits	2	24	(22)
Provisions for risks and charges	9	24	(15)
Deferred tax liabilities	31	448	(417)
Other non-current liabilities	8	132	(124)
Short-term loans	40	515	(475)
Trade payables	76	244	(168)
Other current liabilities	8	70	(62)
Total	**224**	**1,791**	**(1,567)**

At December 31, 2009, the item includes certain liabilities of companies held by Endesa in Greece and Brazil, which in the light of decisions taken by management meet the requirements under IFRS 5 for their classification among liabilities held for sale.
At December 31, 2008, this item included the liabilities related to the renewable energy operations held by Endesa, as well as the liabilities related to the business units for high-voltage electricity distribution lines and gas distribution.

37. Related parties

As an operator in the field of generation, transport, distribution and sale of electricity, Enel provides services to a number of companies controlled by the Italian State, Enel's controlling shareholder. In the current regulatory framework, Enel concludes transactions with Terna - Rete Elettrica Nazionale (Terna), the Single Buyer, the Energy Services Operator, and the Energy Market Operator (each of which is controlled either directly or indirectly by the Ministry for the Economy and Finance).
Fees for the transport of electricity payable to Terna and certain charges paid to the Energy Market Operator are determined by the Authority for Electricity and Gas. Transactions relating to purchases and sales of electricity concluded with the Energy Market Operator on the Power Exchange and with the Single Buyer are settled at market prices.
In particular, companies of the Sales Division acquire electricity from the Single Buyer and settle the contracts for differences related to the allocation of CIP 6 energy with the Energy Services Operator, in addition to paying Terna fees for the use of the national transmission network. Companies that are a part of the Generation and Energy Management Division, in addition to paying fees for the use of the national transmission network to Terna, carry out electricity transactions with the Energy Market Operator on the Power Exchange and sell

electricity to the Single Buyer. The company of the Renewable Energy Division that operates in Italy sells electricity to the Energy Market Operator on the Power Exchange.
Enel also acquires fuel for generation and gas for distribution and sale from Eni, a company controlled by the Ministry for the Economy and Finance. All transactions with related parties are concluded on normal market terms and conditions.

The following table summarizes the relationships:

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Dec. 31, 2009		**2009**	
Single Buyer	206	1,102	1,157	6,792
Market Operator	748	680	4,923	4,844
Terna	367	423	1,735	1,717
Energy Services Operator	81	307	501	-
Eni	2	160	522	806
Italian Post Office	-	62	3	164
Other	1	21	1	66
Total	**1,405**	**2,755**	**8,842**	**14,389**

The following table shows transactions with associated companies outstanding at December 31, 2009 and carried out during the year, respectively.

	Balance sheet		Income statement	
Millions of euro	Receivables	Payables	Revenues	Costs
	at Dec. 31, 2009		**2009**	
Enel Rete Gas	36	83	17	261
SeverEnergia	46	-	1	-
Cesi	1	13	1	13
LaGeo	7	-	-	-
Other companies	15	5	17	13
Total	**105**	**101**	**36**	**287**

In compliance with the Enel Group's rules of corporate governance, which are discussed in a specific section of this report, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety. With a view to assuring substantive propriety – in order to ensure fairness in transactions with related parties, and to account for the special nature, value or other characteristics of a given transaction – the Board of Directors may ask independent experts to value the assets involved in the transaction and provide financial, legal or technical advice.

38. Contractual commitments and guarantees

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

Millions of euro

	at Dec. 31, 2009
Guarantees given:	
- sureties and other guarantees granted to third parties	3,076
Commitments to suppliers for:	
- electricity purchases	47,726
- fuel purchases	57,554
- various supplies	4,949
- tenders	1,380
- other	2,646
Total	114,255
TOTAL	**117,331**

Guarantees granted to third parties amounted to €3,076 million and include €641 million in commitments relating to the sale of real estate assets, in connection with the regulations that govern the termination of leases and the related payments, for a period of six years and six months from July 2004. The value of such guarantees is reduced annually by a specified amount.

The expected cash flow of the lease contracts, including forecast inflation, is as follows:
> 2010: €58 million;
> 2011: €51 million;
> 2012: €53 million;
> 2013: €54 million;
> 2014: €54 million.

The expected cash flow of the operating lease contracts of Endesa is as follows:
> 2010: €41 million;
> 2011: €40 million;
> 2012: €37 million;
> 2013 and beyond: €61 million.

Commitments for electricity amounted to €47,726 million at December 31, 2009, of which €20,768 million refers to the period 2010-2014, €9,937 million to the period 2015-2019, €8,410 million to the period 2020-2024 and the remaining €8,611 million beyond 2024.
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 December 31, 2009, was €57,554 million, of which €29,113 million refer to the period 2010-2014, €20,437 million to the period 2015-2019, €6,115 million to the period 2020-2024 and the remaining €1,889 million beyond 2024.
Various supply commitments include €274 million in respect of those under the cooperation agreement with EdF of November 30, 2007 for the construction of

the Flamanville nuclear plant. The amount represents Enel's share of 12.5% of the cost of construction of the plant, which is scheduled to begin in 2012.

39. Contingent liabilities and assets

Environmental litigation

Litigation regarding environmental issues primarily concerns the installation and operation of power lines and equipment of Enel Distribuzione, which succeeded Enel SpA in the related relationships. Enel Distribuzione has been involved in a number of civil and administrative suits relating to requests, often using urgent procedures, for the precautionary transfer or modification of operations on power lines by persons living near them on the basis of their alleged potential to cause harm, despite the fact that the company believes that they have been installed in compliance with current regulations. In a number of proceedings claims for damages for harm caused by electromagnetic fields have been lodged. The outcome of litigation on these issues is normally favorable to the company. In this regard, in a decision in February 2008, the court ruled that compliance with the statutory limits on exposure to electrical and magnetic fields ensure, as supported by the most authoritative studies in the field and evidence arising at the European level, that health will not be jeopardized. There have been sporadic adverse precautionary rulings, which have all been appealed. At present there are no final adverse rulings, and no damages for physical harm have ever been granted, although a ruling in February 2008 (appealed) found that harm had been caused by the "stress" associated with living near power lines and the fear of possible health problems.

There have also been a number of proceedings concerning electromagnetic fields generated by medium- and low-voltage transformer substations within buildings, in which the equipment, according to the company's technical staff, has always been in compliance with induction limits set by current regulations. Recent rulings have confirmed that compliance with the applicable regulations is sufficient guarantee of protection from harm.

In August 2008, the Court of Cassation (the supreme court of appeal) issued a ruling concerning a 380 kW power line (Forlì-Fano) no longer owned by Enel that, in conflict with current scientific knowledge in this area, accepted the existence of a causal relationship between the headaches suffered by a number of parties and exposure to electromagnetic fields. The situation concerning litigation has evolved thanks to the clarification of the legislative framework following the entry into force of the framework law on electromagnetic emissions (Law 36 of February 22, 2001) and the related implementing regulations for power lines (Prime Minister's Order of July 8, 2003). The new regulations seek to harmonize regulation of the field at the national level. The new rules also introduce a ten-year program as from the entry into force of Law 36/2001 for the upgrading of power lines. They also envisage the possibility of recovering, in part or in full, costs incurred by the owners of power lines and substations through electricity rates, in accordance with criteria to be set by the Authority for Electricity and Gas, pursuant to Law 481/95, as they represent costs incurred in the public interest. At present, the Prime Minister has not issued the Order setting the criteria for the upgrading of power lines (Article 4, paragraph 4, of Law 36/2001), which is necessary for distribution companies to submit the associated plans to the regional governments (Article 9, paragraph 2, of Law 36/2001).

An Order of the Director General for environmental protection of May 29, 2008, of the Ministry for the Environment approved the procedures for measuring and assessing magnetic induction, pursuant to Article 5, paragraph 2, of the Prime Minister's Order of July 8, 2003, and another Order issued by the same Ministry on May 29, 2008 approved the calculation methods for determining the distance restrictions for power lines, pursuant to Article 4, paragraph 1(h), of Law 36/2001.
A number of urban planning and environmental disputes regarding the construction and operation of certain power plants and distribution lines are pending. Based on an analysis of individual cases, Enel believes the possibility of adverse rulings is remote. For a limited number of cases, an unfavorable outcome cannot be ruled out completely, however. The consequences of unfavorable judgments could, in addition to the possible payment of damages, also include the costs related to work required to modify electrical equipment and the temporary unavailability of the plant.

Inquiries by the Milan Public Prosecutor's Office and the State Audit Court

In February 2003, the Milan Public Prosecutor's Office initiated a criminal investigation of former top managers of Enelpower and other individuals for alleged offences to the detriment of Enelpower and payments made by contractors to receive certain contracts. On April 29, 2009, a number of the accused, including the former CEO and another executive of Enelpower and the former CEO of Enel Produzione were committed for trial before the Court of Milan. On January 16, 2008, a preliminary hearing was held, following which the magistrate responsible for preliminary inquiries granted the request of Enel SpA, Enelpower SpA and Enel Produzione SpA to be recognized as injured parties. On April 27, 2009, the investigating magistrate announced a plea bargain for a number of the defendants, while the former directors and the executive of Enelpower were committed for trial. The trial proceedings began on February 12, 2010, and are still under way. The next hearing is scheduled for April 13, 2010.
Implementing the resolutions of the boards of Enel, Enelpower and Enel Produzione, legal and out-of-court action was taken against the suppliers involved, which led to settlements in favor of Enelpower with Siemens, Alstom and the agent Emirates Holdings.
At the same time, on the basis of the information that emerged during the criminal proceedings, the State Audit Court sued the former CEO and a former executive of Enelpower, in addition to the former chairman of Enel Produzione, citing them for possible administrative liability in relation to losses caused to the state. Enel, Enelpower and Enel Produzione deposited an instrument in support of the request of the Regional Public Prosecutor. In ruling no. 114106 of February 22, 2006, the State Audit Court, finding that the former directors and managers cited in the suit were liable, awarded Enelpower damages of about €14 million. The ruling was appealed by the State Audit Court - Lombardy Section and the former directors and managers. On December 3, 2008, the Central Jurisdictional Appeals Section of the Rome State Audit Court issued ruling no. 532/2008, which, in confirming the trial court ruling, also found in favor of Enelpower and against the former Enelpower and Enel Produzione directors and managers for losses caused to the state, ordering them to make restitution in the amount of about €22 million. The ruling also confirmed the seizure of assets of the appellants ordered by the Regional Public Prosecutor and sentenced them to pay court costs for both proceedings. In February 2009 the ruling was appealed by the former chairman of Enel Produzione to the Court of Cassation, which on

December 19, 2009, upheld the jurisdiction of the State Court of Accounts for the non-economic damage to the Ministry for the Economy and Finance caused by the defendants and quashed without remand the appeal ruling of the State Court of Accounts on grounds of lack of jurisdiction of the Court of Accounts for damages concerning companies. Consequently, Enel SpA, Enelpower SpA and Enel Produzione SpA took action to recover damages before the competent ordinary court.
In addition, in parallel with the above proceeding, Enelpower and Enel Produzione initiated a revocatory action against the claimants in respect of the former Enel Produzione CEO and the former Enelpower CEO and executive, obtaining a court ruling of the invalidity in their regard of a number of asset disposals. Finally, following the enforcement proceedings undertaken against the former directors and managers, more than €300,000 have been recovered.

BEG litigation

In November 2000 BEG SpA sought an arbitration ruling in Italy against Enelpower for breach of a collaboration agreement concerning the construction of a power station in Albania. BEG asked for damages from Enelpower of about €120 million. In its ruling of December 6, 2002, the Arbitration Chamber denied the claim advanced by BEG. An analogous suit was subsequently brought by Albania BEG Ambient, the parent of BEG, before the Court of Tirana, which in March 2009 awarded Albania BEG Ambient non-contractual damages of about €25 million, in addition to unspecified contractual damages.
The ruling, which is not provisionally enforceable, was appealed by Enelpower before the Albanian Court of Appeal. The Rome Court of Appeal denied BEG's appeal of the arbitration ruling in a decision of April 7, 2009, which was appealed by BEG before the Court of Cassation on June 25, 2009.

Out-of-court disputes and litigation connected with the blackout of September 28, 2003

In the wake of the blackout that occurred on September 28, 2003, numerous claims were submitted for automatic and other indemnities for losses. These claims gave rise to substantial litigation before justices of the peace, mainly in the regions of Calabria, Campania and Basilicata, with a total of some 120,000 proceedings. Charges in respect of such indemnities could be recovered in part under existing insurance policies. About two thirds of the initial rulings by these judges found in favor of the plaintiffs, while appellate courts have nearly all found in favor of Enel Distribuzione, based upon both the lack of proof of the loss claimed and the recognition that the company was not involved in causing the event. The few adverse rulings against Enel Distribuzione have been appealed to the Court of Cassation, which has consistently ruled in favor of Enel, confirming the position established in orders 17282, 17283 and 17284 of July 23, 2009, which in finding for the appellant found no liability on the part of Enel Distribuzione.
In May 2008, Enel served its insurance company a summons to ascertain its right to reimbursement of amounts paid in settlement of unfavorable rulings.
In June 2009, pending cases concerning the blackout of 2003 had fallen to about 90,000 and the volume of new claims has fallen substantially as a result of the court rulings or abandonment of the actions by the plaintiffs.

Litigation concerning free bill payment procedures

On March 21, 2007, the Authority for Electricity and Gas published Resolution no.

66/07 which – following an investigation begun on 2006 – imposed a fine of €11.7 million on Enel Distribuzione for alleged violation of the provisions of a previous resolution (no. 55/2000) which required the company to indicate in its invoices the no-additional-cost payment method among the payment methods available to customers. Enel appealed the ruling to the Lombardy Regional Administrative Court requesting that the resolution and the fine imposed be voided, arguing that they are illegal in a number of respects and the amount of the fine imposed is not proportionate. On October 30, 2007, Enel Distribuzione paid the fine, reserving all rights to obtain restitution following the outcome of the appeal pending before the Court. On January 29, 2008, the Lombardy Regional Administrative Court granted Enel's appeal, ruling that there was no requirement to publish information on free payment options in invoices and validated Enel's conduct.
In execution of the ruling, Enel requested restitution of the fine paid. The Authority for Electricity and Gas appealed the ruling to the Council of State, which on February 26, 2010, granted the appeal within limits to be specified in the full ruling. In the meantime, however, the number of cases brought by customers before justices of the peace seeking compensation for alleged (minimal) damages has increased (there are currently some 40,000 disputes pending, nearly all before justices of the peace in Campania and Calabria). Although the majority of rulings issued to date have found in favor of the plaintiffs, more recently numerous appeals courts have been finding in favor of Enel.

Finmek – Enel Factor litigation

On April 29, 2009 Enel Factor was issued a summons by Finmek SpA, a company under special administration. The dispute concerns a factoring relationship involving the assignment from Finmek to Enel Factor of receivables in respect of a contract between Finmek and Enel Distribuzione SpA for the supply of remote-readable digital meters to Enel Distribuzione. The assignments began in 2001 and continued until April 2004, when Finmek SpA entered special administration. With the summons, Finmek asked the court to ascertain the unenforceability of assignments carried out between May 7, 2003 and March 23, 2004 and to revoke or declare inoperative the assignments carried out in that period. Finmek's overall claim amounts to about $50 million. The next hearing before the Court of Padua has been scheduled for March 29, 2011.

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

The Court of Adria, in a ruling issued March 31, 2006 concluding criminal proceedings begun in 2005, convicted former directors and employees of Enel for a number of incidents of air pollution caused by emissions from the Porto Tolle thermoelectric plant. The decision, provisionally enforceable, held the defendants and Enel (as a civilly liable party) jointly liable for the payment of damages for harm to multiple parties, both natural persons and local authorities. Damages for a number of mainly private parties were set at the amount of €367,000. The calculation of the amount of damages owed to certain public entities (the Regions of Veneto and Emilia Romagna, the Province of Rovigo and various municipalities) was postponed to a later civil trial, although a "provisional award" of about €2.5 million was immediately due.
An appeal was lodged against the ruling of the Court of Adria by the Company and its employees and former directors. On March 12, 2009, the Court of Appeal of Venice partially reversed the lower court decision. It found that the former

directors had not committed a crime and that there was no environmental damage and therefore ordered recovery of the provisional award already paid. The employees were given token sentences and the damages awarded to private parties were halved. The prosecutors and the civil claimants lodged an appeal against the ruling with the Court of Cassation.

Inepar litigation

The arbitration tribunal called upon to decide on the request advanced in 2006 by Inepar Energia SA, Inepar Administração Participações SA and Inepar Industria e Costruções SA for damages from Enelpower for losses that the latter is alleged to have caused to the above Brazilian companies for breach of an agreement concerning a number of projects to be pursued in Brazil was convened at the Arbitration Chamber of Paris.
The damages requested, originally about $114 million in unspecified losses, were subsequently increased and specified by Inepar Energia and Inepar Industria e Costruções, who asked for Enelpower to pay $427 million (of which $10 million for breach of contract and $417 million in damages). Enelpower, in firmly rejecting the claim, filed a counterclaim for reimbursement of costs already incurred and damages for the harm caused to its image. On February 9, 2009, the Arbitration Chamber denied all the claims brought by Inepar Energia and Inepar Industria e Costruções and Enelpower's counterclaim. The Chamber also found Inepar Energia and Inepar Industria e Costruções jointly liable to Enelpower for its legal expenses in the amount of $805 thousand.

WISCO litigation

Enel.NewHydro Srl has initiated an arbitration proceeding against Trenitalia SpA in relation to the investment in Water & Industrial Services Company W.I.S.C.O. SpA (hereinafter "WISCO") and the corresponding agreement (entered into by Enel.Hydro SpA and succeeded by Enel.NewHydro Srl following a demerger) with Trenitalia SpA of December 23, 2003.
Enel.NewHydro has requested verification of the failed implementation of the project to develop WISCO, envisaged in the agreement, with the consequent voidance of the contract and of the acquisition of 51% of WISCO from Trenitalia (for €15 million), as well as the voidance of the put option for the sale (to Enel. NewHydro) of Trenitalia's remaining 49% stake in WISCO. Trenitalia has asked that the claim be rejected and the validity of the agreements binding on Enel. NewHydro, along with the exercise of the put option on May 22, 2007, by Trenitalia, at a price of €17.5 million, to be confirmed. Trenitalia has also requested damages for any substantiated losses. The next hearing was set for April 1, 2010, and the arbitration ruling is expected to be issued by June 30, 2010.

Extension of municipal property tax (ICI)

Article 1 *quinquies* of Decree Law 44 of March 31, 2005 containing urgent measures concerning local authorities (added during ratification with Law 88 of March 31, 2005) stated that Article 4 of Royal Decree Law 652 of April 13, 1939 (governing the land registry) shall be interpreted with regard to power plants alone in the sense that the buildings and permanent constructions consist of the land and those parts that are structurally attached to it, even temporarily, which may be joined by any means of connection with movable parts for the purpose of creating a single complex asset.
The Regional Tax Commission of Emilia Romagna, in Ordinance no. 16/13/06 (filed on July 13, 2006), referred the case to the Constitutional Court on the issue

of the constitutionality of Article 1 quinquies of the Decree Law, finding it relevant and not manifestly unfounded.

On May 20, 2008, the Constitutional Court, in judgment no. 162/08, ruled that the issues raised by the RTC of Emilia Romagna had no foundation and, therefore, confirmed the legitimacy of the new interpretation, whose primary effects on the Group are as follows:

> the inclusion of the value of the "turbines" in the land registry valuation of the plants;
> the power for local Land Registry Offices to modify, without a time limit, the imputed property incomes proposed by Enel.

The ruling also affirmed that "… the principle that the determination of imputed property income shall include all the elements constituting a plant … even if not physically connected to the land, holds for all of the buildings referred to in Article 10 of Royal Decree Law 652 of 1939" and not only power plants.

We also note that to date no valuation criterion has been introduced for the movable assets considered relevant for the determination of land registry values either with regard to the valuation method or the effective identification of the object of the valuation, and the above ruling does not appear to provide any guidance on this issue.

Accordingly, with regard to pending litigation, Enel Produzione and Enel Green Power will continue to pursue the case to request a substantial reduction of the values originally assigned by the Land Registry Offices to the removable parts of the plant. They have, however, allocated an adequate amount to the "Provisions for risks and charges" to cover fully the potential charges that would result from an unfavorable outcome, including the information that has emerged from new assessments. At the same time, they do not feel that further provisions are necessary to take into account possible retroactive application of the rule on imputed rent proposals, which to date have not been the subject of comments by the Land Registry Offices and, in any event, primarily concern small plants.

Tax dispute for Enel Rete Gas

The tax authorities have issued a tax assessment against Enel Rete Gas for the 2004 financial year following a partial audit conducted in 2007.

More specifically, the authorities charge the company with the following alleged irregularities for the 2004 tax year:

> unallowable deduction of the capital losses from the decommissioning of a number of plants, in the amount of about €2.7 million, because of an alleged lack of documentation;
> unallowable deduction of the capital loss from the disposal by Enel Distribuzione Gas (later merged into Enel Rete Gas) to Enel Distribuzione of the equity investment in Camuzzi Gazometri (later renamed Enel Rete Gas), in the amount of about €153 million (the transaction was part of the more complex reorganization and rationalization of the corporate structure completed in 2004), because the tax authorities allege that the transaction had no valid economic grounds and was carried out for the sole purpose of reducing tax liabilities (and therefore subject to anti-tax avoidance legislation).

In May 2008 Enel Rete Gas received a request for clarification pursuant to Article 37 bis, paragraph 4, of Presidential Decree 600/73 from the Milan Office of the Revenue Agency (mandatory taxpayer hearing). The briefs containing the clarifications were submitted by Enel Rete Gas to the Revenue Agency in 2008.

In November 2009, the Major Taxpayer Office of the Regional Revenue Department issued a tax assessment on the basis of the findings of the partial audit of the 2004 tax year carried out by the Revenue Agency. Although

appropriate documentation was provided for all issues raised during the course of the procedure envisaged under Article 37 bis of Presidential Decree 600/73, the Major Taxpayer Office elected to reject the arguments of the company, and the findings of the audit report were essentially incorporated into the notice of assessment.
As regards the alleged tax avoidance involved in the disposal of the holding in Camuzzi Gazometri, the company feels that there were well-founded legal and economic reasons for the structuring the transaction in the manner in which it was carried out and, therefore, it is unlikely that an adverse judgment would be issued in any dispute, as indicated in the opinion of the tax consultant prepared in January 2010.
Although the company believes that the tax claim advanced with the assessment is entirely illegitimate and objectively unfounded, for the sole purpose of avoiding litigation on January 15, 2010 it submitted a request for settlement pursuant to Article 6, second paragraph, of Legislative Decree 218 of June 19, 1997 with the Revenue Agency. The purpose of the request is to explore the possibility to obtain a significant reduction in the Agency's claim, while at the same time shortening the dispute process and containing legal costs associated with litigation.
In addition, in accordance with the contractual provisions governing the sale of 80% of the stake in Enel Rete Gas, Enel Distribuzione has undertaken to indemnify the company for any costs it may incur in connection with the dispute.

Contingent liabilities of the Endesa Group

In 2002 EdF International submitted a request for arbitration at the International Court of Arbitration of the International Chamber of Commerce against Endesa Internacional (now Endesa Latinoamérica), Repsol and YPF. The request regards payment from Endesa of $256 million (plus interest) and from Repsol-YPF of $69 million (plus interest). The request was contested by Endesa Latinoamérica, Repsol and YPF, which submitted counterclaims for $58 million (Endesa Latinoamérica) and $14 million (YPF). The dispute originated with the sale to the French group of the equity investments held by Endesa Latinoamérica and YPF in the Argentine companies Easa and Edelnor. On October 22, 2007, the court ruled that Endesa Latinoamérica should pay about $100 million (plus interest); both parties appealed the ruling. In April 2008, Endesa Latinoamérica and YPF obtained a ruling from the ordinary Argentine courts suspending the effects of EdF's claim. In August 2009, the court notified Endesa Latinoamérica and YPF of the respective appeals against the ruling issued on October 22, 2007. On September 7, 2009, Endesa deposited its brief in response to the EdF appeal.

There are three pending legal proceedings under way against Endesa Distribución Eléctrica SL (concerning losses from a forest fire in Catalonia in the areas of Gargallà (1994), Castellbisbal (1994) and Aguillar de Segarra (1998)) which could give rise to payment of damages of a total estimated amount of about €44 million. In addition, the "Generalitat de Catalunya" fined the company €10 million for service interruptions in Barcelona on July 23, 2007. Endesa Distribución Eléctrica appealed the fine, asking for a suspension, which was granted by the "*Tribunal Superior de Justicia*" of Catalonia on April 8, 2009.

In a complaint against the Brazilian government, the Brazilian subsidiary of Endesa, Ampla Energía e Servicios CA (Ampla), was ruled to be exempt from the "social security funding contribution" (Cofins), a tax on revenues from electricity sales. The court upheld the decision, declaring it definitive, but the Brazilian government nevertheless initiated an "*Ação Rescisória*", a special proceeding seeking the revision of a definitive ruling. To date, the courts have ruled in favor of Ampla. The dispute regards a total of about €155 million.

In 2005, the Brazilian tax authorities notified Ampla of an assessment following an appeal regarding the non-applicability of the tax exemption for interest received by subscribers of a fixed-rate bond issued by Ampla in 1998. On December 6, 2007, Ampla was successful in the second level of the administrative appeals, but the Brazilian authorities appealed the ruling to the Superior Council for Tax Appeals. The dispute involves a total of about €272 million.

In 2002 the State of Rio de Janeiro ruled that the ICMS (*Impuesto a la Circulación de Mercaderías y Servicios*) should be calculated and paid on the 10th, 20th and 30th of the same month in which the tax accrues. Nevertheless, Ampla continued to pay the tax in compliance with the previous system (up to the 5th day of the subsequent month). Despite an informal agreement with the State of Rio de Janeiro and two tax amnesties, in October 2004 Ampla was fined for late payment of the ICMS. Ampla appealed the fine. At the first level of adjudication, the court ruled in favor of the State of Rio de Janeiro, prompting Ampla to appeal to the next level. The dispute involves a total of €59 million.

On July 30, 2007, Iberdrola requested an indemnity of about €144 million from Endesa for alleged non-pecuniary harm and loss of prestige following the suspension of the public tender offer initiated by Gas Natural and the agreement between Gas Natural and Iberdrola concerning the division between those companies of the assets acquired by Endesa.

On May 8, 2008, the court issued its ruling in Endesa's appeal against the sentence of the *Audiencia Nacional* voiding the ordinance of October 29, 2002 governing transition costs to competition for 2001. The court ruled against Endesa, upholding the decision of the *Audiencia Nacional*. The ruling is not expected to have a significant impact on the company's earnings.

On September 18, 2008, the Ministry of Industry, Tourism and Trade issued a resolution in which it undertakes to initiate a disciplinary proceeding against Endesa Generación for the release of radioactive particles at the Asco I nuclear power plant. Following the proceeding, the Ministry fined Endesa Generación, which appealed the penalties (for four major and two minor violations) established in Law 25/1964 (the Nuclear Power Act) in the amount of about €15 million. On December 1, 2009, the *Audiencia Nacional* ordered payment of the fine to be suspended subject to issuance of a bank guarantee.

The National Energy Commission initiated an infraction proceeding against Endesa Generación for alleged anticompetitive practices regarding the rules governing the electricity generation market, as the company had stopped generation between November 12 and 17, 2008 at its Foix plant. The fine levied amounted to €300 thousand and was appealed to the administrative courts, with a request for suspension of payment.

In March 2009, Josel SL informed Endesa Distribución Eléctrica CL of its intention to withdraw from the contract for the sale of several buildings due to changes in their zoning status, requesting the restitution of about €85 million plus interest.

On April 3, 2009, Endesa Distribución Eléctrica gave notice that it opposes this request.

On May 19, 2009, the town of Granadilla de Abona fined Endesa €72 million for the construction of the Centrale Generadora de Ciclo Combinato 2 power plant. On July 13, 2009, Endesa has lodged an appeal with the administrative courts against the fine. On September 18, 2009, also obtained an order suspending payment of the penalty.

With a resolution of April 2, 2009, the *Comisión Nacional de Competencia* (the antitrust authority) fined Endesa Distribución Eléctrica SL €15.3 million for violation of Article 6 of the *Ley de Defensa de la Competencia* and Article 82 of the TUE. The alleged violation was abuse of a dominant position in having prevented the electricity sales company Centrica Energía SL from accessing "SIPS" (the supply point information system, created with Royal Decree 1535/2002) and having transferred customer data to the electricity sales company in its group. On May 18, 2009, Endesa appealed the ruling to the *Audiencia Nacional*. On May 27, 2009, the latter suspended the penalty on a precautionary basis.

On March 19, 2009, the Arbitration Tribunal – convened in 2005 at the Chamber of Conciliation and Arbitration of the "*Fundacion Getulio Vargas*" of Rio de Janeiro at the request of Enertrade Comercializadora de Energia CA, which sought an arbitration ruling against the Brazilian affiliate of Endesa Latinoamérica, Ampla Energia e Servicios SA concerning the interpretation of an electricity supply contract – issued a ruling ordering the Endesa affiliate to pay the amount requested by the complainant plus interest, also granting termination of the contract. The financial impact of the ruling is an estimated 72.6 million Brazilian reais (about €29 million). In May 2009 Ampla Energia e Servicios appealed the arbitration ruling to the "8° *Vara Civil de Niteroi*". The appeal was accepted by the court, which ordered execution of the ruling to be suspended until the appeal was decided.

Endesa Generación is currently involved in a arbitration proceeding with a seller of liquefied natural gas (LNG). The dispute regards the adjustment of prices using the mechanism provided for in the long-term agreement between the parties. The ruling will not be issued before 2010. If the ruling goes against Endesa Generación, the company could be required to pay the increase in the price of LNG already delivered as well as future deliveries. It is not currently possible to estimate the amount of such additional costs.

On June 24, 2009, Spain's antitrust authority initiated a proceeding against a number of distribution companies (Endesa, Iberdrola, Hidrocantabrico, Unión Fenosa and E.ON) for an alleged violation of Article 1 of Law 15/2007 (the Competition Act), consisting in a collusive agreement that, according to the authority, was designed to prevent, restrict or interfere with competition in the domestic market for electricity supply by delaying the process of changing suppliers. It is not currently possible to estimate the amount of any penalties.

On August 31, 2009, Endesa's co-shareholder in the Portuguese company TP - Sociedade Térmica Portuguesa SA presented a request for arbitration for an alleged violation of the shareholders' agreement. On September 10, 2009 Endesa appointed its arbitrator. On September 23, 2009, the arbitrator appointed by TP and that appointed by Endesa selected the president of the arbitration tribunal.

On September 9, 2009, Endesa's co-shareholder in Endesa Hellas presented a request for arbitration for an alleged violation of the shareholders' agreement, asking to acquire Endesa's holding in Endesa Hellas at the market price discounted by 17%. Endesa has presented its defense and submitted a counterclaim, indicating that it would sell its stake to the partner for €205 million or would purchase the partner's holding at the market price discounted by 17%.

On July 2, 2009, the Spanish government established that the "Santa Maria de Garoña" nuclear power plant, 50%-owned by Endesa and Iberdrola, can continue to operate until 2013, authorizing a 4-year extension of its concession. In doing so, the government denied the request for an extension of 10 years proposed by the *Condejo de Energia Nuclear*. On September 14, 2009, the government's measure was appealed to the *Audiencia Nacional*.

On October 1, 2009, the investigative unit of the *Comisión Nacional de Competencia* initiated a proceeding against electricity companies in Spain, alleging that certain generation companies had infringed the *Ley de Competencia*, abusing their dominant position in the technical restrictions market, possibly supported by illegal coordination with a number of electricity sales companies. The companies involved are Endesa, Iberdrola, E.ON España, Gas Natural, Hidroeléctrica del Cantabrico, Nueva Generadora del Sur, Elcogas and Electrabel España. Endesa is currently providing investigators with the documentation that they have requested.

A Brazilian construction company held a contract for civil works with the Brazilian company CELF (owned by the State of Rio de Janeiro), which withdrew from the contract. As a consequence of the transfer of assets from CELF to Ampla Energia e Servicios (an Endesa Group company), the Brazilian construction company complained that its creditor rights in respect of CELF (deriving from the contract for civil works) had been infringed and, in 1998, lodged a claim for about €59 million. In March 2009, the Brazilian court ruled in favor of the plaintiff; Ampla and the State of Rio de Janeiro appealed the decision.

In 1998 the Brazilian company CIEN (an Endesa Group company) signed an agreement with Tractebel for the delivery of electricity from Argentina. As a result of Argentine regulatory changes introduced as a consequence of the economic crisis in 2002, CIEN was unable to make the electricity available to Tractebel. In October 2009, Tractebel sued CIEN, which submitted its defense.

As regard property tax issues, the Spanish tax authorities undertook a new appraisal of "*Bienes Inmuebles de Características Especiales*" (real estate with special features). The new appraisals took effect as from 2008 for ports, hydroelectric plants, conventional thermal plants and nuclear power plants and as from 2009 for wind farms and photovoltaic plants. The appraisals were appealed by the corresponding companies of the Endesa Group. For 2008 and 2009, the liability deriving from the new land registry values amounts to €67 million, although the amount challenged by Endesa comes to €31 million.

40. Subsequent events

Enel Green Power, Sharp and STMicroelectronics agreement for the manufacture of photovoltaic panels

On January 4, 2010, Enel Green Power, Sharp and STMicroelectronics signed an agreement for the construction of one of the largest photovoltaic manufacturing plants in Italy. The facility will be located in Catania and will produce triple-junction thin-film panels. The project, which provides for an initial manufacturing capacity of 160 MW, will involve a total investment of €320 million. At the same time, Enel and Sharp signed an additional agreement for the joint development of photovoltaic plants with a total installed capacity of about 500 MW by 2016.

Exploration and development of a gas field in Algeria

On January 18, 2010, a consortium formed by Enel (27.5%), Repsol (52.5%) and GDF-SUEZ (20%) signed an agreement with Algeria's National Agency for the Valorisation of Hydrocarbon Resources and the Sonatrach oil company for the exploration and development of a gas field in Algeria ("South-East Illizi").

Acquisition of Padoma Wind Power

On January 21, 2010, Enel North America and NRG Energy reached an agreement for Enel Green Power's American subsidiary to acquire Padoma Wind Power, a specialized wind power development company, from NRG. Padoma is developing about 4,000 MW of potential projects in California which, once built, will help the state meet its Renewable Portfolio Standard target of 33% of retail sales from eligible renewable energy resources by 2020.

The two companies also reached an agreement under which NRG will retain a right of first offer should Enel North America seek an equity partner in the Padoma projects.

€3 billion bond issue

On February 10, 2010, CONSOB approved publication of the prospectus relating to the offering and listing on the electronic bond market (MOT) of Enel fixed- and floating-rate bonds reserved for investors in Italy and other European countries (specifically France, Germany, Belgium and Luxembourg) for an original maximum aggregate amount of €2 billion, raised to €3 billion on February 18, 2010, in response to investor demand.

Both the fixed- and floating-rate bonds have a 6-year maturity (March 2016). The fixed-rate bond, issued in the amount of €2 billion, will pay annual effective gross interest of 3.52% (the sum of a spread of 73 basis points and the 6-year mid-swap rate), while the floating-rate bond, issued in the amount of €1 billion, will pay interest equal to 6-month Euribor plus a spread of 73 basis points.

Reorganization of renewables operations

On 15 and 17 March 2010 respectively, the boards of directors of Endesa SA and Enel SpA approved the integration of the operations of ECYR (the Endesa company that pursues renewables operations in the Iberian peninsula) and Enel Green Power (EGP) in the renewable energy sector in Spain and Portugal.

The aim of the agreement is to ensure the unified management, within EGP, of development on the Iberian peninsula of all of the activities of EGP and Endesa in the renewable energy field. This objective will be pursued through ECYR, which will be held by EGP (60%) and Endesa (40%).

The agreement provides for the integration to take place in the following stages:
> Enel Green Power International (EGPI) to acquire 30% of ECYR for about €326 million;
> capital increase for ECYR reserved for EGPI, which will subscribe the offering with the transfer of its holding in EUFER and a cash payment of about €534 million. This will give EGP a post-increase stake of 60% of ECYR.

The acquisition of the stake and the subsequent subscription of the capital increase of ECYR will be carried out at market values, as appraised by a number of independent investment banks, which have issued a fairness opinion for the transaction.

Sale of Endesa Hellas

On March 16, 2010, Endesa reached an agreement with its partner Mytilineos Holding for the sale of Endesa Hellas. In particular, Mytilineos agreed to acquire Endesa's 50.01% stake in Endesa Hellas for €140 million. In turn, Endesa will acquire the hydroelectric and wind plants (part already operational and part under construction) with a total capacity of 15 MW for €20 million. The transaction is conditional upon obtaining a number of permits and is expected to be completed in July 2010.

41. Stock incentive plans

Between 2000 and 2008, Enel implemented stock incentive plans (stock option plans and restricted share units plans) each year in order to give the Enel Group – in line with international business practice and the leading Italian listed companies – a means for fostering management motivation and loyalty, strengthening a sense of corporate team spirit in our key personnel, and ensuring their enduring and constant effort to create value, thus creating a convergence of interests between shareholders and management.

The remainder of this section describes the features of the stock incentive plans adopted by Enel and still in place in 2009.

2004 stock option plan

Beneficiaries

The Regulations provided for the executives selected by the Board of Directors to be granted personal, non-transferable inter vivos options, to subscribe a corresponding number of newly issued ordinary Enel shares. The executives were divided into different brackets and the number of options granted to those in each bracket was determined on a proportional basis. The Plan beneficiaries included the Chief Executive Officer of Enel in his capacity as General Manager.

Exercise conditions

The right to subscribe the shares was subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit from the Group of the company at which the executive is employed, and succession) specifically governed by the Regulations.

Exercise of the options was also subordinate to achievement of two objectives, of which (i) one of an operational nature, represented by outperforming Group EBITDA for the year in which the options were granted as estimated in the budget approved by the Board of Directors and (ii) another of a market nature, under which the percentage change in the price of Enel shares recorded on Borsa Italiana's electronic stock exchange during the year in which the options were granted had to be greater than the performance of a specific benchmark index, determined by the Regulations as the average of the MIBtel index (weighting: 50%) and the FTSE Eurotop 300 Electricity index (weighting: 50%) on a total shareholders' return basis, i.e. taking account (both for Enel shares and the benchmark index) of the effect of reinvesting gross dividends in the shares. If even one objective was not achieved, all the options automatically lapsed, there being no provision for a mechanism allowing them to be recovered.

Exercise procedures

In the event the conditions of exercise were met, the options would be exercisable as follows: 15% as from the first year following the grant year, an additional 15% as from the second year following the grant year, 30% as from the third year following the grant year, and the remaining 40% as from the fourth year following the grant year, with the requirement that the deadline for exercising all the options is the fifth year following that in which they were granted. This time limit therefore expired on December 31, 2009.
The options could be exercised each year at any time, with the exception of two blocking periods lasting about one month before the approval of the draft annual financial statements of Enel SpA and the half-year report by the Board of Directors.

Strike price

The strike price of the shares was originally set by the Board of Directors at €6.242, equal to the arithmetic average of the reference prices of Enel shares on Borsa Italiana SpA's electronic stock exchange during the period between the date on which the options were granted and the same day of the preceding calendar month. Subscription of the shares was to be charged entirely to the beneficiaries, as the plan does not provide for any facilitated terms to be granted in this respect.
The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €5.502 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares.

Shares serving the plan

The 2004 stock option plan is served by shares issued as part of the capital increase authorized by the Extraordinary Shareholders' Meeting of May 2004. The divisible, paid capital increase was approved by the Board of Directors in March 2005 in the maximum amount of €38,527,550, to be subscribed by December 31, 2009.

Developments in the 2004 stock option plan

Following achievement of both the objectives discussed earlier, all the options granted vested in accordance with the timetable mentioned above. The following table reports developments in the 2004 plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options exercised at Dec. 31, 2009	Options lapsed at Dec. 31, 2008	Options lapsed in 2009
38,527,550	640 Group executives	€ 6.242 (1)	Rights vested	26,437,815	2,112,800 (2)	9,976,935 (3)

(1) The strike price was changed to €5.502 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.
(2) Options lapsed for early termination of service of beneficiaries.
(3) Options lapsed for early termination of service or after beneficiaries failed to exercise them.

2007 stock option plan

The 2007 plan is founded on the same rationale as the 2004 plan, adopting most of the provisions of its implementing Regulations and departing from them only in the manner described below.

Beneficiaries

Like the 2004 plan, the division of the beneficiaries of the plan into brackets is maintained and the options are granted using proportional criteria. The beneficiaries do not include executives in the Infrastructure and Networks Division (who have received other incentives linked to specific objectives regarding the Division's business area). The exclusion was motivated by the obligation for Enel – connected with the full liberalization of the electricity sector as from July 1, 2007 – to implement administrative and accounting unbundling so as to separate the activities included in the Infrastructure and Networks Division from those of the Group's other business areas.

Exercise conditions

Unlike the provisions of the 2004 plan, the 2007 plan sets multi-year performance objectives. While the Group EBITDA target is unchanged, that concerning the performance of Enel's shares against a benchmark index has been modified slightly. Specifically, the composition of the index is now the average performance of the MIBtel index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric index (weight: 50%). The latter replaced the FTSE Eurotop 300 Electricity index above all because it is more representative of the performance of industry operators at the international level.
More specifically, the 2007 plan establishes that an initial 25% of the options granted may be exercised on the condition that both of the objectives are achieved in the two years covering the year the options were granted and the subsequent year, while the remaining 75% may be exercised subject to achievement of both objectives during the three years covering the year the options were granted and the subsequent two years. If one or both of the objectives are not achieved in the two-year period indicated above, the initial 25% of the options can be recovered with the achievement of both objectives over the longer three-year period indicated above.

Exercise procedures

Once the conditions of exercise have been satisfied, 25% of the options granted may be exercised as from the second year subsequent to the grant year, an additional 35% as from the third year subsequent to the grant year, and the remaining 40% as from the fourth year subsequent to the grant year, with the deadline for exercising all the options being the sixth year subsequent to the grant year.

Strike price

The strike price was originally set at €7.859, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2007, in order to ensure that the structure of the plan is fully consistent with the reference time period and the period in which the exercise conditions for the options are observed.

The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €6.928 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares.

Shares serving the plan

In May 2007, the Extraordinary Shareholders' Meeting authorized the Board of Directors to carry out a capital increase in the maximum amount of €27,920,000, with characteristics analogous to the increases authorized in May 2004.

Developments in the 2007 stock option plan

As neither the two-year nor the three-year performance targets for Enel shares with respect to the benchmark index not achieved, all of the options granted under the plan lapsed automatically.

The following table reports developments in the 2007 plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options exercised at Dec. 31, 2009	Options lapsed at Dec. 31, 2008	Options lapsed in 2009
27,920,000	379 Group executives	€ 7.859 (1)	Rights not vested	None	760,166 (2)	27,159,834 (3)

(1) The strike price was changed to €6.928 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.
(2) Options lapsed for early termination of service of beneficiaries.
(3) Options lapsed for failure to achieve one of the exercise conditions.

2008 stock option plan

The approach adopted in the 2008 plan differs substantively from those approved in previous years, with the exception of (i) the status of the options as personal, non-transferable inter vivos rights to subscribe a corresponding number of newly issued ordinary Enel shares and (ii) the possibility of exercising the options (once, after three years have passed from the grant date, the exercise conditions have been satisfied) at any time in each year of the plan except during two blocking periods of about one month each. The special features of the 2008 plan are discussed below.

Beneficiaries

The beneficiaries of the plan – who again include the CEO of Enel is his capacity as General Manager – will only comprise the small number of managers who represent the first reporting line of top management. The head of the Infrastructure and Networks Division does not participate for the reasons explained in the description of the 2007 plan.

The beneficiaries have been divided into two brackets (the first includes only the CEO of Enel in his capacity as General Manager) and the basic number of options granted to each has been determined on the basis of their gross annual compensation and the strategic importance of their positions, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

The plan established two operational objectives, both calculated on a consolidated, three-year basis: (i) earnings per share (EPS, equal to Group net income divided by the number of Enel shares in circulation) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years and (ii) the return on average capital employed (ROACE, equal to the ratio between operating income and average net capital employed) for the 2008-2010 period, determined on the basis of the amounts specified in the budgets for those years. Depending on the degree to which the two objectives are achieved, the number of options that can actually be exercised by each beneficiary is determined on the basis of a performance scale established by the Enel Board and may vary up or down with respect to the basic option grant by a percentage amount of between 0% and 120%.

Exercise procedures

Once achievement of the operational objectives has been verified, the options can be exercised as from the third year after the grant year and up to the sixth year as from the grant year.

Strike price

The strike price was originally set at €8.075, equal to the reference price for Enel shares observed on the electronic stock exchange of Borsa Italiana on January 2, 2008 (as in the 2007 plan).
The strike price was modified by the Board of Directors on July 9, 2009 – which set it at €7.118 – in order to take account of the capital increase completed by Enel that month and the impact that it had on the market price of Enel shares.

Shares serving the plan

In June 2008, the Extraordinary Shareholders' Meeting authorized the Board of Directors to carry out a capital increase in the maximum amount of €9,623,735, with characteristics analogous to the increases authorized previously.

Developments in the 2008 stock option plan

Bearing in mind that the vesting period for the 2008 plan has not yet ended, with the verification of achievement of the targets described above, the following table reports developments in the plan:

Total options granted	Number of beneficiaries	Strike price	Verification of plan conditions	Options lapsed at Dec. 31, 2008	Options lapsed in 2009
8,019,779 (1)	16 Group executives	€ 8.075 (2)	- (3)	None	None

(1) If the degree of achievement of the two operational objectives indicated above should reach the highest level of the performance scale, a maximum of 9,623,735 options would be exercisable.
(2) The strike price was changed to €7.118 as from July 9, 2009 in order to take account of the impact of the capital increase completed by Enel that month on the market price of Enel shares.
(3) The review to be carried out by the Board of Directors to verify the satisfaction of the exercise conditions for the 2008 plan is scheduled to take place as part of the approval of the draft financial statements of Enel SpA for 2010.

The following table summarizes developments over the course of 2008 and 2009 in the Enel stock option plans, detailing the main assumptions used in calculating their fair value.

DEVELOPMENTS IN STOCK OPTION PLANS

Number of options	2003 plan	2004 plan	2006 plan	2007 plan	2008 plan	**Total**
Options granted at December 31, 2007	47,624,005	38,527,550	31,790,000	27,920,000	-	**145,861,555**
Options exercised at December 31, 2007	42,937,716	25,177,615	-	-	-	**68,115,331**
Options lapsed at December 31, 2007	3,348,716	2,065,200	905,000	147,000	-	**6,465,916**
Options outstanding at December 31, 2007	1,337,573	11,284,735	30,885,000	27,773,000	-	**71,280,308**
Options granted in 2008	-	-	-	-	8,019,779 (*)	**8,019,779**
Options exercised in 2008	791,550	1,260,200	-	-	-	**2,051,750**
Options lapsed in 2008	546,023	47,600	30,885,000	613,166	-	**32,091,789**
Options outstanding at December 31, 2008	-	9,976,935	-	27,159,834	8,019,779 (*)	**45,156,548**
Options lapsed in 2009	-	9,976,935	-	27,159,834	-	**37,136,769**
Options outstanding at December 31, 2009	-	-	-	-	8,019,779 (*)	**8,019,779**
Fair value at grant date (euro)	0.37	0.18	0.23	0.29	0.17	
Volatility	28%	17%	14%	13%	21%	
Option expiry	Dec. 2008	Dec. 2009	Dec. 2012	Dec. 2013	Dec. 2014	

(*) If the degree of achievement of the operational objectives indicated for the 2008 plan should reach the highest level of the performance scale, a maximum of 9,623,735 options would be exercisable.

Stock options granted to the General Manager and managers with strategic responsibilities

The following table reports the stock options of the General Manager (and Chief Executive Officer) of Enel SpA and Company managers with strategic responsibilities. The information regarding the latter is provided in aggregate form, pursuant to the provisions of Article 78 and annex 3C of CONSOB Resolution no. 11971/1999 (the "Issuers Regulation").

Each option in the table corresponds to the subscription of one share.

		Options held at the start of 2009			Options granted in 2009 (3)	Options exercised in 2009 (3)	Options lapsed in 2009	Options held at the end of 2009		
Name	Position	Number of options	Average exercise price (euros)	Average expiry	Number of options	Number of options	Number of options	Number of options	Average exercise price (euros)	Average expiry
Fulvio Conti (1)	General Manager of Enel SpA	3,422,772	7.66	2013	-	-	2,100,000	1,322,772 (4)	7.12	2014
	Managers with strategic responsibilities (2)	12,965,562	7.86	2014	-	-	6,268,555	6,697,007 (5)	7.12	2014

(1) Of the options reported in the table, those granted up through all of 2005 were granted to Fulvio Conti as head of the Administration, Finance and Control Department of Enel SpA, the position he held until June 20, 2005.
(2) In 2009, managers with strategic responsibilities included heads of Enel SpA Departments and Division heads, for a total of 17 management positions.
(3) As no options were granted or exercised in 2009, the average exercise price and average expiry of the stock options are not reported.
(4) If the degree of achievement of the operational objectives for the 2008 stock option plan should reach the highest level of the performance scale, a maximum of 1,587,326 options would vest.
(5) If the degree of achievement of the operational objectives for the 2008 stock option plan should reach the highest level of the performance scale, a maximum of 8,036,409 options would vest.

Restricted share units plan 2008

In June 2008 Enel's Ordinary Shareholders' Meeting approved an additional incentive mechanism, a restricted share units plan. The plan – which is also linked to the performance of Enel shares – differs from the stock option plans in that it does not involve the issue of new shares and therefore has no diluting effect on share capital. It grants the beneficiaries rights to receive the payment of a sum equal to the product of the number of units exercised and the average value of Enel shares in the month preceding the exercise of the units.

Beneficiaries

The plan covers the management of the Enel Group (including the managers already participating in the 2008 stock option plan, which includes the Enel CEO in his capacity as General Manager), with the exception of the managers of the Infrastructure and Networks Division for the reasons discussed with the 2007 stock option plan.
The beneficiaries have been divided into brackets and the basic number of units granted to each has been determined on the basis of the average gross annual compensation of the bracket, as well as the price of Enel shares at the start of the period covered by the plan (January 2, 2008).

Exercise conditions

Exercise of the units – and the consequent receipt of the payment – is subordinate to the condition that the executives concerned remain employed within the Group, with a few exceptions (such as, for example, termination of employment because of retirement or permanent invalidity, exit of the company at which the beneficiary is employed from the Group or inheritance) specifically governed by the Regulations.
As regards other exercise conditions, the plan first establishes a suspensory operational objective (a "hurdle target"): (i) for the first 50% of the basic number of units granted, Group EBITDA for 2008-2009, calculated on the basis of the amounts specified in the budgets for those years; and (ii) for the remaining 50% of the basic number of units granted, Group EBITDA for 2008-2010, calculated on the basis of the amounts specified in the budgets for those years.
If the hurdle target is achieved, the actual number of units that can be exercised by each beneficiary is determined on the basis of a performance objective represented by:

(i) for the first 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2009 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and that of a specific benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced with the FTSE Italia All Share index after an analogous substitution by Borsa Italiana in 2009 – and the Bloomberg World Electric index (weight: 50%); and
(ii) for the remaining 50% of the basic number of units granted, a comparison on a total shareholders' return basis – for the period from January 1, 2008 to December 31, 2010 – between the performance of ordinary Enel shares on the electronic stock exchange of Borsa Italiana SpA and the benchmark index calculated as the average of the performance of the MIBtel index (weight: 50%) – replaced in 2009 with the FTSE Italia All Share index as indicated above – and the Bloomberg World Electric index (weight: 50%).

The number that can be exercised may vary up or down with respect to the basic unit grant by a percentage amount of between 0% and 120% as determined on the basis of a specific performance scale.
If the hurdle target is not achieved in the first two-year period, the first tranche of 50% of the units granted may be recovered if the same hurdle target is

achieved over the longer three-year period indicated above. It is also possible to extend the validity of the performance level registered in the 2008-2010 period to the 2008-2009 period, where performance was higher in the longer period, with the consequent recovery of units that did not actually vest in the first two-year period because of the lower performance level.

Exercise procedures

Once achievement of the hurdle target and the performance objectives has been verified, of the total number of units granted, 50% may be exercised as from the second year subsequent to the grant year and the remaining 50% as from the third year subsequent to the grant year, with the deadline for exercising all the units being the sixth year subsequent to the grant year.
In any event, each year the units can only be exercised during four time windows of ten business days each (to be announced by Enel over the course of the plan) in the months of January, April, July and October.

Developments in the 2008 restricted share units plan

The review conducted by the Board of Directors to verify satisfaction of the exercise conditions for the first 50% of the units granted found that in 2008-2009 (i) the hurdle target for Group EBITDA had been achieved, and (ii) Enel shares had slightly outperformed the benchmark index, meaning that according to the performance scale 100% of the units originally granted had vested.
The following table reports developments in the 2008 restricted share units plan:

Total units granted	Number of beneficiaries	Verification of plan conditions	Units lapsed at Dec. 31, 2008	Units lapsed in 2009
1,766,675 (1)	387 Group executives	First 50% of units vested (2)	None	11,350 (3)

(1) If the degree of achievement of the performance objectives indicated above should reach the highest level of the performance scale, a maximum of 2,120,010 units would vest.
(2) The review carried out by the Board of Directors to verify the achievement of the hurdle target and the performance target of the 2008 restricted share units plan for the remaining 50% of units granted is scheduled to take place on the occasion of the approval of the draft financial statements of Enel SpA for 2010.
(3) Options lapsed for early termination of service of beneficiaries.

Number of RSU	2008 plan
RSU outstanding at December 31, 2008	1,766,675
RSU lapsed in 2009	11,350
RSU outstanding at December 31, 2009	1,755,325
of which vested at December 31, 2009	-
Fair value at the grant date (euro)	3.16
Fair value at December 31, 2009 (euro)	3.28
Expiry of the restricted share units	December 2014

Payment of a bonus connected with the portion of the dividends attributable to asset disposals, to be made in conjunction with the exercise of stock options

In March 2004, the Board of Directors voted to grant a special bonus, beginning in 2004, to the beneficiaries of the various stock option plans who exercise the options granted to them, establishing that the amount is to be determined each time by the Board itself when it adopts resolutions concerning the allocation of earnings and is based on the portion of the “disposal dividends” (as defined

below) distributed after the granting of the options.
The rationale underlying this initiative is that the portion of dividends attributable to extraordinary transactions regarding the disposal of property and/or financial assets ("disposal dividends") should be considered a form of return to shareholders of part of the value of the Company, and as such capable of affecting the performance of the shares.
The beneficiaries of the bonus are thus the beneficiaries of the stock option plans who – either because they choose to do so or because of the restrictions imposed by the exercise conditions or the vesting periods – exercise their options after the ex dividend date of the "disposal dividends" and therefore could be penalized. The bonus is not paid, however, for the portion of other kinds of dividends, such as those generated by ordinary business activities or reimbursements associated with regulatory measures.
Essentially, when beneficiaries of the stock option plans have exercised the options granted to them, as from 2004 they have been entitled to receive a sum equal to the "disposal dividends" distributed by Enel after the options have been granted but before they have been exercised. The bonus will be paid by the company of the Group that employs the beneficiary and is subject to ordinary taxation as income from employment.
Under these rules, to date the Board of Directors has approved: (i) a bonus amounting to €0.08 per option exercised, with regard to the dividend (for 2003) of €0.36 per share payable as from June 24, 2004; (ii) a bonus amounting to €0.33 per option exercised, with regard to the interim dividend (for 2004) of the same amount per share payable as from November 25, 2004; (iii) a bonus amounting to €0.02 per option exercised, with regard to the balance of the dividend (for 2004) of €0.36 per share payable as from June 23, 2005; and (iv) a bonus amounting to €0.19 per option exercised, with regard to the interim dividend (for 2005) of the same amount per share payable as from November 24, 2005.
It should be noted that the overall dilution of share capital as of December 31, 2009 attributable to the exercise of the stock options granted under the various plans amounts to 1.31% (taking account of share capital after the capital increase carried out by the company in June 2009) and that further developments in the plans could, in theory, increase the dilution up to a maximum of 1.41% (once again taking account of share capital after the capital increase carried out by the company in June 2009).

42. Compensation of directors, members of the Board of Auditors, the General Manager and managers with strategic responsibilities

The compensation paid to directors, members of the Board of Auditors, the General Manager and managers with strategic responsibilities of Enel SpA is summarized in the following table.
The table has been prepared with regard to the period for which the position was held on an accruals basis. The information regarding managers with strategic responsibilities is provided in aggregate form, pursuant to the provisions of Article 78 and annex 3C of CONSOB Resolution no. 11971/1999 (the "Issuers Regulation").
The directors of Enel SpA have waived all forms of compensation for positions held in subsidiaries.
A description of the overall compensation of the members of the Board of Directors, the members of the Board committees, the Chairman and the Chief Executive Officer/General Manager is provided in the second section of the corporate governance report (under "Board of Directors – Pay").

COMPENSATION OF DIRECTORS, MEMBERS OF THE BOARD OF AUDITORS, THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

Last name	Name	Position	Period for which position was held	End of term	Remuneration (euro)	Non-monetary benefits (euro)	Bonuses and other incentives (euro)	Other compensation (euro)	Total
Directors									
Gnudi	Piero	Chairman	1/2009-12/2009	Approv. fin. stat. 2010	700,000.00	14,193.48 (1)	333,245.90 (2)(*)		**1,047,439.38**
Conti	Fulvio	CEO and GM	1/2009-12/2009	Approv. fin. stat. 2010	600,000.00		609,180.33 (3)(*)	1,411,614.18 (4)(*)	**2,620,794.51**
Ballio	Giulio	Director	1/2009-12/2009	Approv. fin. stat. 2010	117,000.00				**117,000.00**
Codogno	Lorenzo	Director	1/2009-12/2009	Approv. fin. stat. 2010	117,500.00 (5)				**117,500.00**
Costi	Renzo	Director	1/2009-12/2009	Approv. fin. stat. 2010	118,250.00				**118,250.00**
Fantozzi	Augusto	Director	1/2009-12/2009	Approv. fin. stat. 2010	122,250.00				**122,250.00**
Luciano	Alessandro	Director	1/2009-12/2009	Approv. fin. stat. 2010	118,250.00				**118,250.00**
Napolitano	Fernando	Director	1/2009-12/2009	Approv. fin. stat. 2010	117,250.00				**117,250.00**
Tosi	Gianfranco	Director	1/2009-12/2009	Approv. fin. stat. 2010	123,250.00				**123,250.00**
			Total compensation of directors		**2,133,750.00**	**14,193.48**	**942,426.23**	**1,411,614.18**	**4,501,983.89**
Board of Auditors									
Fontana	Franco	Chair. Board of Auditors	1/2009-12/2009	Approv. fin. stat. 2009	75,000.00				**75,000.00**
Conte	Carlo	Standing Auditor	1/2009-12/2009	Approv. fin. stat. 2009	65,000.00 (6)				**65,000.00**
Mariconda	Gennaro	Standing Auditor	1/2009-12/2009	Approv. fin. stat. 2009	65,000.00				**65,000.00**
			Total compensation of Board of Auditors		**205,000.00**	**-**	**-**	**-**	**205,000.00**
		Managers with strategic responsibilities (7)	**1/2009-12/2009**					**14,411,744.33**	**14,411,744.33**
			TOTAL		**2,338,750.00**	**14,193.48**	**942,426.23**	**15,823,358.51**	**19,118,728.22**

(1) Insurance policy.
(2) Variable portion of compensation for 2008 approved and disbursed in 2009. In 2010 the Board of Directors will determine the variable portion of compensation due to the Chairman for 2009 (in an amount of no more than €560,000.00), once the achievement of the Group targets set for that year has been verified.
(3) The variable portion of compensation for 2008, approved and disbursed in 2009. In 2010, the Board of Directors will determine the variable portion of compensation due to the Chief Executive Officer for 2009 (in an amount of no more than €900,000.00), once the achievement of the Group targets set for that year has been verified.
(4) The amount breaks as follows: i) a fixed portion of compensation of €700,903.80 for the position of General Manager for 2009; ii) a variable portion of compensation of €710,710.38 for 2008, approved and disbursed in 2009. In 2010, the Board of Directors will determine the variable portion of compensation due to the General Manager for 2009 (in an amount of no more than €1,050,000.00), once the achievement of the Group targets set for that year has been verified.
(5) Compensation paid to the Ministry for the Economy and Finance in the amount of €115,000.00 pursuant to the Directive of the Presidency of the Council of Ministers – Department of Public Administration of March 1, 2000.
(6) Compensation entirely paid to the Ministry for the Economy and Finance pursuant to the Directive of the Presidency of the Council of Ministers – Department of Public Administration of March 1, 2000.
(7) In 2009, managers with strategic responsibilities included heads of Enel SpA Departments and Division heads, for a total of 17 management positions.
(*) As regards the variable component of the compensation of senior management (in particular the Chairman and the CEO/General Manager, who are assigned the same objectives), the Group targets for 2009 (each of which has a specific weighting) include achievement of the consolidated EBITDA set in the budget, reducing consolidated financial debt, the satisfaction of customers who signed up plans offered by the subsidiary Enel Energia SpA, the margin of the generation area, workplace safety and the Group internalization process (with special reference to the integration of management processes between Enel and Endesa).

Corporate governance

Report on corporate governance and ownership structure

Section I: Governance and ownership structure

Introduction

During 2009, the corporate governance structure in place at Enel SpA (hereinafter, also "Enel" or the "Company") and in the group of companies that it controls (hereinafter, for the sake of brevity, the "Group") continued to reflect the principles contained in the edition of the Self-regulation Code of Italian listed companies promoted by *Borsa Italiana*, published in March 2006 and available on Borsa Italiana's website at http://www.borsaitaliana.it/ borsaitaliana/ufficio-stampa/comunicati-stampa/2006/codiceautodisciplina.en_pdf.htm (hereinafter, for the sake of brevity, the "Self-regulation Code"), as well as the recommendations made in this regard by the CONSOB and, more generally, international best practice. The aim of this corporate governance system is essentially the creation of value for the shareholders, taking into account the social importance of the Group's activities and the consequent need, in carrying them out, to adequately consider all the interests involved.

Ownership structure

Share capital structure

The capital stock of the Company consists exclusively of registered ordinary shares fully paid up and entitled to full voting rights at both Ordinary and Extraordinary Shareholders' Meetings. At the end of 2009 (and still as of March 2010), Enel's share capital amounted to €9,403,357,795, divided into the same number of ordinary shares with a par value of €1 each.
Since November 1999, the Company's shares have been listed on the Electronic Stock Exchange organized and managed by Borsa Italiana. In addition, the shares of the Company were listed on the New York Stock Exchange in the form of ADSs (American Depositary Shares) from November 1999 until December 2007. At the Company's request, because of the low trading volume and the financial and administrative burdens connected with maintaining the listing and the registration of the aforesaid ADSs in the United States, in December 2007 such ADSs were delisted from the New York Stock Exchange. In March 2008, following the completion of the procedure of deregistering Enel's ADSs (and ordinary shares) at the Securities and Exchange Commission (SEC), the Company's reporting obligations provided for by the Securities Exchange Act of 1934 ceased and the provisions regarding corporate governance contained in the Sarbanes-Oxley Act no longer apply to Enel. In this regard it should be noted that, even after the

completion of the deregistration, the essence of internal controls over financial reporting required by Section 404 of the Sarbanes-Oxley Act is still applied by the Company and the Group (as better specified in the second section of the document under "Internal Control System" - "The system of risk management and internal control on financial information").

Major shareholdings and shareholders' agreements

According to the entries in Enel's stock register, the reports made to the CONSOB, and the information at the Company's disposal, as of March 2010 no shareholder – with the exception of the Ministry for the Economy and Finance of the Italian Republic, which owns 13.88% of the share capital, Cassa Depositi e Prestiti (a joint-stock company controlled by the aforesaid Ministry), which owns 17.36% of the share capital, and the group controlled by Blackrock Inc., which owns 3.02% of the share capital as asset management – owns more than 2% of the Company's share capital, nor, to the Company's knowledge, do any shareholders' agreements indicated in the Unified Financial Act regarding Enel's shares exist.
The Company is therefore subject to the *de facto* control of the Ministry for the Economy and Finance, which has sufficient votes to exercise a dominant influence at Ordinary Shareholders' Meetings of Enel. However, the aforesaid Ministry is not in any way involved in managing and coordinating the Company, in accordance with the provisions of Article 19, paragraph 6, of Decree Law 78/2009 (subsequently converted into Law 102/2009), which made it clear that the regulations contained in the civil code regarding the management and coordination of companies do not apply to the Italian government.
During 2009, the Intesa Sanpaolo group (in November 2009), the Barclays group (from May to June and subsequently from September to December 2009), the Assicurazioni Generali group (in November 2009), and UBS AG (in November 2009) were temporarily in possession of a shareholding constituting slightly more than 2% of the Company's share capital.

Limit to the ownership of shares and to voting rights

Implementing a provision of the regulations regarding privatizations, the Company's bylaws provide that – except for the government, public bodies, and parties subject to their respective control – no shareholder may own, directly or indirectly, Enel shares that constitute more than 3% of the share capital.
The voting rights regarding the shares owned in excess of the aforesaid limit of 3% may not be exercised, and the voting rights to which each of the parties concerned by the limit to share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders concerned. In case of noncompliance, resolutions of Shareholders Meetings may be challenged in court if it is assessed that the majority required would not have been attained without the votes expressed in excess of the aforesaid limit.
According to the regulations regarding privatizations and subsequent modifications, the provisions of the bylaws concerning the limit to share ownership and to voting rights will lapse if the limit of 3% is exceeded following a takeover bid in consequence of which the bidder holds shares amounting to at least 75% of the capital with the right to vote on resolutions regarding the appointment or removal of Directors.

Special powers of the Italian government

Implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign the Italian government (represented for this purpose by the Ministry for the Economy and Finance) several "special powers", which are exercisable regardless for the number of shares owned by the aforesaid Ministry. Specifically, the Minister for the Economy and Finance, in agreement with the Minister for Productive Activities (currently the Minister for Economic Development), has the following "special powers", to be used according to the criteria established by the Prime Minister's Decree of June 10, 2004:

> opposition to the acquisition of significant shareholdings (that is to say, amounting to or exceeding 3% of Enel's share capital) by parties to whom the aforesaid limit to share ownership applies. Grounds for the opposition must be given and the opposition may be expressed only in cases in which the Ministry considers the transaction to be in actual fact detrimental to vital national interests;
> opposition to shareholders' agreements referred to in the Unified Financial Act if they concern 5% or more of Enel's share capital. In this case, too, grounds must be given for the opposition, which may be expressed only in cases in which the shareholders' agreements are liable to cause concrete detriment to vital national interests;
> veto of the adoption of resolutions liable to have a major impact on the Company (by which is understood resolutions to wind up, transfer, merge, or split up the Company or to move its headquarters abroad or change its corporate purpose, as well as those aimed at abolishing or changing the content of the "special powers"). Grounds for the veto must in any case be given and the veto may be exercised only in cases in which such resolutions are liable to cause concrete detriment to vital national interests;
> appointment of a director without the right to vote (and of the related substitute in case he or she leaves the office).

It should be noted that, on March 26, 2009, the Court of Justice of the European Communities declared that, by adopting the provisions stated in Article 1, paragraph 2, of the aforesaid Prime Minister's Decree of June 10, 2004 containing the criteria for exercising the special powers, Italy failed to meet its obligations under Articles 43 (*freedom of establishment*) and 56 (*free circulation of capital*) of the institutive Treaty of the European Community.

Employee shareholdings: mechanism for exercising voting rights

The Unified Financial Act sets forth specific rules regarding voting proxies in listed companies, which deviate – for such companies – from the provisions set forth in the Civil Code. The foregoing specific rules govern also the solicitation of proxies by shareholders' associations, including those that gather employee-shareholders. In particular, pursuant to the Unified Financial Act, the associates may give a proxy to the legal representatives of the association. Proxies shall be signed by the givers, may be revoked and may be given only for one shareholders' meeting that has already been called, remaining effective for subsequent calls where applicable; they may not be given blank and shall show the date, the name of the appointee and the voting instructions. Proxies may also be given for only some of the resolutions shown on the proxy form. Shares for which complete or partial proxies have been given shall be counted for the purpose of establishing the due constitution of the shareholders' meeting. The association shall vote, unanimously or otherwise, in conformity with the indications given by each member in the proxy form.

In March 2008 the establishment of an employee-shareholders' association called *ADIGE - Associazione Azionisti Dipendenti Gruppo Enel* (Association of Employee-Shareholders of Enel Group) has been notified to the Company. The foregoing rules apply to such association.

It should be noted that the question of voting proxies is to undergo significant changes following Italy's recent adoption of Directive 2007/36/EC (regarding the exercise of several rights of the shareholders of listed companies) through Legislative Decree 27 of January 27, 2010, whose important changes concerning the shareholders' meetings of listed companies will apply to meetings of which the notice is published after October 31, 2010.

Appointment and replacement of Directors and amendments of the bylaws

The rules that regulate the appointment and replacement of Directors are examined in the second section of this document (under "Board of Directors – Appointment, replacement, composition, and term").
As far as the rules applicable to amendments of the bylaws are concerned, Extraordinary Shareholders Meetings resolve thereon according to the majorities provided for by the law.
As allowed by the law, however, the Company's bylaws assign to the authority of the Board of directors resolutions concerning:
> mergers by absorption of entirely or at least 90% owned companies, as well as de-mergers corresponding to the latter;
> the establishment or closing of secondary headquarters;
> which directors are entrusted with representing the Company;
> the reduction of the share capital in the event one or more shareholders withdraw;
> the harmonization of the bylaws with provisions of the law;
> moving the registered office within Italy.

Furthermore, implementing the provisions of the regulations regarding privatizations, the Company's bylaws assign to the Italian government (represented for this purpose by the Ministry for the Economy and Finance) the "special power" to veto the adoption of several resolutions – specified in detail in the paragraph "Special powers of the Italian government" – liable to have a major impact on the Company and, at the same time, to entail the amendment of its bylaws.

Authorizations to increase the share capital and to buy back shares

Implementing the special authorization granted it by the Shareholders' Meeting in April 2009, in May 2009 the Board of Directors resolved on a share capital increase with preemptive rights and for payment, which ended in July of the same year. As a result of such transaction, the Company issued 3,216,938,192 new ordinary shares, which entailed an increase of the share capital from €6,186,419,603 to €9,403,357,795. The value of the transaction, including the premium, was €7,978 million.
As of March 2010, three authorizations are pending for the Board of Directors to increase the share capital for stock-option plans addressed to the Company's and Group's executives, with the consequent exclusion of the shareholders' preemptive rights.
Specifically, in May 2006 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of €31,790,000 for the 2006 stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. In March 2009 the Board of Directors ascertained the failure to attain one of the objectives to which the exercise of the stock options assigned under the 2006 plan was subject; which entailed the lapse of the stock options in question, as well as of the related share capital increase.
In May 2007 the extraordinary session of a Shareholders' Meeting authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of €27,920,000 for the 2007

stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting. It should be pointed out also in this case that in March 2010, the Board of Directors ascertained the failure to achieve one of the objectives to which the exercise of the stock options assigned under the 2007 plan was subject, which entailed the lapse of the options in question, as well as of the related share capital increase.

In June 2008, the extraordinary session of the Shareholders' Meeting has also authorized the Board of Directors, for a period of five years, to increase the share capital one or more times, divisibly, by a maximum amount of €9,623,735 for the 2008 stock-option plan, which had been approved by the ordinary session of the same Shareholders' Meeting.

The authorization for the 2008 stock-option plan is still in force and the related amount could entail a maximum total dilution amounting to 0.10% of the share capital as recorded at the beginning of March 2010.

For the sake of completeness, it should be pointed out that the total actual dilution of the share capital as of the end of 2009 in consequence of the exercise of the stock options assigned through the plans preceding the aforesaid ones amounted to 1.31%. Such diluting effects are calculated taking into account the amount of the share capital following the previously mentioned capital increase with preemptive rights and for payment carried out by the Company in 2009.

As of March 2010, there are no authorizations for the Board of Directors to either issue financial instruments granting shareholding or to buy back shares.

Change-of-control clauses

A) The Enel-Acciona Contract

In March 2007, Enel, its subsidiary Enel Energy Europe Srl, and the Spanish companies Acciona SA and Finanzas Dos SA (the latter a subsidiary of Acciona) entered into a cooperation contract, which was modified in April 2007 (hereinafter, for the sake of brevity, the "Enel-Acciona Contract"), for the purpose of developing a project for the joint management of the Spanish company Endesa SA by making a takeover bid for the latter's entire share capital. This bid was concluded successfully in October 2007. The Enel-Acciona Contract ceased to have effect during June 2009, once the conditions to which the subsequent contract entered into by the same parties in February 2009 – regarding the sale to Enel Energy Europe of 25.01% of the share capital of Endesa held by Acciona and Finanzas Dos – was subject materialized.

The Enel-Acciona Contract provided that, in the event there was a change of control in any of the contracting companies that was significant according to the criteria established by Section 4 of the Spanish law regarding the security market (*Ley del Mercado de Valores*), the other parties would have the right to demand that Endesa's assets be divided in accordance with the procedure regulated by the aforesaid Contract. However, the contracting parties had expressly agreed in this regard that if Enel were to be privatized, either entirely or partially, such change of control would not entitle the other parties to demand that Endesa's assets be divided.

B) The Credit Agreement for purchasing Endesa shares

In order to finance the purchase of Endesa shares as part of the takeover bid referred to in paragraph A) above, in April 2007 Enel and its subsidiary Enel Finance International SA entered into a syndicated term and guarantee facility agreement (hereinafter, for the sake of brevity, the "Credit Agreement") with a pool of banks for a total amount of €35 billion. In April 2009, Enel and Enel Finance International negotiated with a pool of 12 banks an extension of the Credit Agreement amounting to an additional €8 billion and an extension (with respect to the deadlines provided for by the aforesaid Credit Agreement) of the period established for the repayment of this additional sum, with the intention of financing the acquisition by Enel's subsidiary Enel Energy Europe of the 25.01% of Endesa's share capital held by Acciona and Finanzas Dos. Specifically, it was agreed that of the additional €8 billion obtained through the extension of the Credit Agreement, €5.5 billion may be paid back in 2014 and the remaining €2.5 billion in 2016. Following the acquisition by the subsidiary Enel Energy Europe of the 25.01% of Endesa's capital held by Acciona and Finanzas Dos, in June 2009 the aforesaid extension of the Credit Agreement, amounting to €8 billion, was entirely used. In December 2009, following the repayments made, the remaining amount of the Credit Agreement – including the aforesaid additional €8 billion – was €9.9 billion. The Credit Agreement makes specific provisions for the cases (hereinafter, for the sake of brevity, the "cases of change of control") in which (i) control of Enel is acquired by one or more parties other than the Italian government or (ii) Enel or any of its subsidiaries contributes (including through mergers) a substantial portion of the assets of the Group to parties that are not part of the latter, so that the Group's creditworthiness is significantly compromised in the opinion of the pool of banks. Specifically, if one of the aforesaid hypothetical cases of change of control occurs:

> each bank belonging to the pool may propose to renegotiate the terms and conditions of the Credit Agreement or communicate its intention of withdrawing from the contract;

> Enel and its subsidiary Enel Finance International may decide to advance the repayment of the sums received and to cancel without penalties the entire financial commitment assumed by each bank belonging to the pool (i) with which the renegotiation of the terms and conditions of the Credit Agreement has not been successful or (ii) that has communicated its intention to withdraw from the contract;

> each of the latter banks belonging to the pool may demand the early repayment of the sums paid out and the cancellation of the entire financial commitment it assumed;

> in the event none of the banks belonging to the pool either proposes to renegotiate the terms and conditions of the Credit Agreement or communicates its intention to withdraw from the contract, the Credit Agreement remains fully effective according to the terms and conditions originally agreed on.

C) The Revolving Credit Facility Agreement

In order to meet general treasury requirements, in November 2005 Enel entered into a revolving credit facility agreement with a pool of banks for a total amount of €5 billion. This contract provides for rules regarding changes of control and the related effects that are essentially the same as those in the Credit Agreement described in paragraph B) above.

D) The Revolving Credit Facility Agreement entered into with the Bank of America

In order to satisfy specific treasury requirements, in December 2009 Enel entered into a revolving credit facility agreement with the Bank of America N.A. with a total amount of €650 million and a term of 12 months from the date of signing. This contract also provides for conditions regarding the possibilities of a change of control and its related effects that are essentially the same as those of the Credit Agreement described in the preceding paragraph B).

E) The EIB loan to Enel Produzione

In order to increase its investment in the field of renewable energy and environmental protection, in June 2007 the subsidiary Enel Produzione SpA entered into a loan contract with the European Investment Bank (hereinafter, for the sake of brevity, the EIB) for up to €450 million, which expires in July 2027.
This contract provides that both Enel Produzione and Enel are obliged to inform the EIB of any changes in their control. If it deems that such changes could have negative consequences on the creditworthiness of Enel Produzione or Enel, the EIB may demand additional guarantees, changes in the contract, or alternative measures that it considers satisfactory. If Enel Produzione does not accept the solutions it proposes, the EIB has the right to unilaterally rescind the loan contract in question.

F) The EIB loans to Enel Distribuzione

In order to expand its plan for installing digital meters, in December 2003 the subsidiary Enel Distribuzione SpA entered into a loan contract with the EIB in the amount of €500 million, which expires in December 2018.
Subsequently, in order to develop the process of making its electricity network more efficient, in November 2006 the aforesaid Enel Distribuzione entered into another loan contract with the EIB in the amount of €600 million, which expires in December 2026.
Both of the contracts in question are accompanied by a guarantee contract – not yet effective as of February 2010 as far as the aforesaid loan granted to the subsidiary Enel Distribuzione in December 2003 is concerned – entered into by the EIB and Enel, which provides that the Company, in its capacity as guarantor of the aforesaid loans, is obliged to inform the EIB of any changes in its control structure. After receiving such information, the EIB will examine the new situation in order to decide on a possible change in the conditions regulating the aforesaid loans to Enel Distribuzione.

G) The Cassa Depositi e Prestiti loan to Enel Distribuzione

In April 2009, the same Enel Distribuzione entered into a framework loan contract with Cassa Depositi e Prestiti SpA (hereinafter, for the sake of brevity, "CDP") in the amount of €800 million, which will expire in April 2029 and is also aimed at developing the process of making the power network of said subsidiary more efficient.
This contract is also accompanied by a guarantee contract entered into by CDP and Enel, according to which the Company, as the surety for the aforesaid loan, is obliged to inform CDP (i) of any change in the composition of the capital of Enel Distribuzione that could entail the loss of the control of said company, as well as (ii) any significant deterioration of the situation or prospects of Enel Distribuzione's and/or Enel's balance sheet, income statement, cash flow, or operations. The materialization of such cases may entail the obligation for Enel Distribuzione to repay immediately to CDP the loan received.

Compensation of the Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid

The pay arrangements with the persons who currently hold, respectively, the positions of Chairman and Chief Executive Officer (as well as General Manager) of Enel provide for forms of compensation in case of their resignation or their dismissal without a just cause.
Specifically, it is provided that, in case of their justified resignation or their removal

without a just cause, the Chairman and the Chief Executive Officer of Enel be paid compensation amounting to:

> in the Chairman's case, the total sum of the fixed and variable pay that he would have received until the expiry of his term (assuming, with regard to the variable part, the average pay received in the last two years or, absent that, 50% of the maximum amount provided for);
> in the Chief Executive Officer's (and General Manager's) case, the total sum of the fixed and variable pay (assuming, with regard to the variable part of the same, the average pay received in the last two years or, absent that, 50% of the maximum amount provided for) that he would have received as Chief Executive Officer and as General Manager until the expiry of the relationships concerned.

In addition to the foregoing, when his employment as an executive ends (in consequence of the termination of his relationship as a Director, including if the latter occurs before the end of his term, because of his justified resignation or his removal without a just cause), the General Manager will be paid compensation amounting to three years of (i) the fixed pay received in such capacity, as well as (ii) 50% of the variable pay received in the same capacity, amounting to a total sum of €3,675,000. This compensation includes indemnity in lieu of notice and entails the waiver by the person concerned of any demands that could be made on the basis of the national collective bargaining agreement for executives of industrial firms.
It should be pointed out, however, that no specific compensation is provided for in the event the relationship of any member of the Board of Directors is terminated following a takeover bid.
A description of the total pay of the members of the Board of Directors and the members of the related Committees, as well as the Chairman and the Chief Executive Officer/General Manager is provided in the second section of this report (under "Board of Directors - Pay").

Organizational structure

In compliance with the current regulations applicable in Italy to companies with listed shares, the organizational structure of the Company includes:

> a Board of Directors entrusted with the management of the Company;
> a Board of Statutory Auditors responsible for (i) ensuring compliance with the law and the Company's bylaws, as well as the observance of correct management principles in the carrying out of the Companies activities, (ii) checking the adequacy of the Company's organizational structure, internal auditing system, and administration and accounting system, and (iii) ascertaining how the corporate governance rules provided by the Self-regulation Code are actually implemented;
> Shareholders' Meetings, called to resolve – in either an ordinary or an extraordinary session – on, among other things, (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors, as well as their compensation and responsibilities, (ii) the approval of the financial statements and the allocation of net income, (iii) the acquisition and sale of own shares, (iv) stock-option plans, (v) amendments of the Company's bylaws, and (vi) the issue of convertible bonds.

The external audit of the Company's and Group's accounts is entrusted to a specialized firm registered with the CONSOB and expressly appointed, after the Board of Statutory Auditors has made a grounded proposal, by a Shareholders' Meeting.

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Section II: Implementation of the recommendations of the Self-regulation Code and additional information

Board of Directors

Role and powers

The Board of Directors plays a central role in the Company's organization and is entrusted with the powers and the responsibility for strategic and organizational policies, as well as with verifying the existence of the controls necessary for monitoring the performance of the Company and the Group. In consideration of its role, the Board of Directors meets regularly and is organized and works so as to ensure the effective performance of its duties.

In this context, and in accordance with the provisions of the law and specific resolutions of its own (and, in particular, of the one adopted in June 2008), the Board of Directors:

> establishes the corporate governance system for the Company and the Group and sees to the constitution and the definition of the duties of the Board's internal committees, whose members it appoints;

> delegates and revokes the powers of the Chief Executive Officer, defining their content, limits, and the procedures, if any, for exercising them. In accordance with the delegations in force, the Chief Executive Officer is vested with the broadest powers for the management of the Company, with the exception of those that are assigned otherwise by the law or by the Company's bylaws or are reserved to the Board of Directors according to resolutions of the latter, which are described below;

> receives, together with the Board of Statutory Auditors, constant and exhaustive information from the Chief Executive Officer regarding the activities carried out in the exercise of his powers, which is summarized in a special quarterly report. In particular, with regard to all the most significant transactions carried out using the powers of his office (including atypical or unusual transactions or ones with related parties whose approval is not reserved to the Board of Directors), the Chief Executive Officer reports to the Board on (i) the features of the transactions, (ii) the parties concerned and any relation they might have with the Group companies, (iii) the procedures for determining the considerations concerned, and (iv) the related effects on the income statement and the balance sheet;

> determines, on the basis of the proposals made by the dedicated Committee and after receiving the opinion of the Board of Statutory Auditors, the compensation of the Chief Executive Officer and of the other Directors who hold specific offices;

> evaluates, on the basis of the analyses and proposals made by the dedicated Committee, the criteria adopted for the compensation of the Company's and the Group's executives with strategic responsibilities and decides with regard to the adoption of the stock options plans addressed to executives to be submitted to Shareholders' Meetings for approval;

> evaluates the adequacy of the Company's and the Group's organizational, administrative, and accounting structure and resolves on the changes in the organizational structure proposed by the Chief Executive Officer;

> establishes the corporate structure of the Group and checks if it is appropriate;

> examines and approves the strategic, business, and financial plans of the

Company and the Group. In this regard, the current division of powers within the Company specifically provides for the Board of Directors to resolve on the approval of:

– the annual budget and the long-term plan (which includes the aggregates of the annual budgets and long-term plans of the Group companies);
– strategic agreements, also determining – upon proposal by the Chief Executive Officer and after the Chairman has expressed his opinion – the strategic objectives of the Company and the Group;

> examines and approves beforehand the transactions of the Company and the Group that have a significant impact on their strategy, balance sheets, income statements, and cash flows, particularly in cases where they are carried out with related parties or are otherwise characterized by a potential conflict of interest. In particular, all financial transactions of a significant size – by which is meant taking on loans exceeding the value of €50 million, as well as granting loans and issuing guarantees in favor of third parties exceeding the value of €25 million – must be approved beforehand (if they concern the Company) or evaluated (if they regard the Group companies) by the Board of Directors.
In addition, the acquisition and disposal of equity investments amounting to more than €25 million must be approved beforehand (if they are carried out directly by the Company) or evaluated (if they concern Group companies) by the Board of Directors. Finally, the latter approves agreements (with ministries, local governments, etc.) that entail expenditure commitments exceeding €25 million;
> provides for the exercise of voting rights at shareholders' meetings of the main companies controlled by the Parent Company and designates the directors and statutory auditors of the aforesaid companies;
> appoints the General Manager and grants the related powers;
> evaluates the general performance of the Company and the Group, with particular reference to conflicts of interest, using the information received from the Chief Executive Officer and verifying periodically the achievement of the objectives set;
> formulates proposals to submit to Shareholders' Meetings and reports during the latter on the activities that have been carried out and planned, seeing that the shareholders have adequate information on the elements necessary for them to participate in a well-informed manner in the decisions that are within the authority of such Meetings.

Appointment, replacement, composition, and term

Pursuant to the provisions of the Company's bylaws, the Board of Directors consists of from three to nine members, who are appointed by an Ordinary Shareholders' Meeting (which determines their number within such limits) for a term not exceeding three accounting periods and may be reappointed at the expiration of their term. To them may be added a non-voting Director, whose appointment is reserved to the Italian government in virtue of the legislation regarding privatizations and a specific provision of the bylaws (as previously explained). To date, the Italian government has not exercised such power of appointment.
According to the current legislation, all the Directors must possess the requisites of honorableness required of (i) company representatives of financial intermediaries, as well as (ii) statutory auditors of listed companies.
In compliance with the legislation regulating privatizations and in accordance with the amendments made at the end of 2005 to the Unified Financial Act, the bylaws also provide for the appointment of the entire Board of Directors to take place according to the "slate-vote" mechanism aimed at ensuring the presence

on the Board of Directors of members nominated by minority shareholders amounting to three-tenths of the Directors to be elected. In the event this number is a fraction, it is to be rounded up to the nearest integer.
Each slate must include at least two candidates possessing the requisites of independence established by the law (that is to say, those provided for the statutory auditors of listed companies), distinctly mentioning such candidates and listing one of them first on the slate.
The slates must list the candidates in numerical order and may be presented by the outgoing Board of Directors or by shareholders who, individually or together with other shareholders, represent at least 1% of the share capital. The slates must be filed at the Company's registered office and published in newspapers with a nation-wide circulation sufficiently in advance of the date of the Shareholders' Meeting concerned – 20 days in advance being the deadline if the slate is presented by the outgoing Board of Directors and 10 days if the slates are presented by shareholders – so as to ensure a transparent process for the appointment of the Board of Directors. In this regard, it should be noted that, in occasion of the election of the Board of Directors held in June 2008, shareholders were requested to file their slates at least 15 days before the date of the Shareholders' Meeting in compliance with the recommendations of the Self-regulation Code and according to a specific note contained in the notice of the Meeting.
It should be noted that the question of the deadlines and the quorum required for the presentation, as well as the procedures for filing and publishing, slates for the election of the Board of Directors will be subject to significant changes following Italy's recent implementation of Directive 2007/36/EC – regarding the exercise of several rights of the shareholders of listed companies – through Legislative Decree 27 of January 27, 2010, whose important innovations will apply to shareholders' meetings of which the notice is published after October 31, 2010.
A report with exhaustive information regarding the personal and professional characteristics of the candidates, accompanied by a statement as to whether or not the latter qualify as independent according to the provisions of law and of the Self-regulation Code, must be filed at the Company's registered office together with the slates, as well as published promptly on both the Company's and Borsa Italiana's websites.
For the purposes of identifying the Directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required for presenting the aforesaid slates are not taken into account (i.e. 0.5% of the share capital).
For the appointment of Directors who, for whatever reason, are not elected according to the "slate-vote" system, a Shareholders' Meeting resolves in accordance with the majorities required by the law, ensuring in any case the presence of the necessary number of Directors possessing the requirements of independence established by the law (that is to say, at least one Director if the Board consists of no more than seven members or two Directors if the Board consists of more than seven members).

The replacement of Directors is regulated by the provisions of the law. In addition to such provisions, the bylaws provide that:
> if one or more of the Directors leaving their office vacant were drawn from a slate also containing candidates who were not elected, the replacement must be made by appointing, in numerical order, persons drawn from the slate to which the Directors in question belonged, provided that said persons are still eligible and willing to accept the office;

> in any case, in replacing Directors who leave their office vacant, the Board of Directors must ensure the presence of the necessary number of Directors possessing the requirements of independence established by the law;
> if the majority of the Directors appointed by a Shareholders' Meeting leave their office vacant, the entire Board is to be deemed to have resigned and the Directors still in office must promptly call a Shareholders' Meeting to elect a new Board.

The Board of Directors confirmed – most recently in December 2006 – that it can defer the creation within itself of a special nomination committee, because to date there has been no evidence that it is difficult for shareholders to find suitable candidates, so as to achieve a composition of the Board of Directors that conforms to the provisions of the law and is in line with the recommendations of the Self-regulation Code.

As resolved by the Ordinary Shareholders' Meeting of June 11, 2008, the incumbent Board of Directors consists of nine members, whose term expires when the financial statements for 2010 are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board thus currently consists of the following members, whose professional profiles are summarized below, together with the specification of the slates on which they were nominated. The slates were presented by the Ministry for the Economy and Finance (which at the time owned 21.10% of the Company's share capital) and by a group of 15 institutional investors (which at the time owned a total of 1.02% of the Company's share capital).

> **Piero Gnudi**, 71, Chairman (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in economics and commerce (1962) of the University of Bologna and proprietor of an accounting firm located in Bologna, he has served on the board of directors and board of statutory auditors of numerous important Italian companies, including STET, ENI, Enichem, and Credito Italiano. In 1995 and 1996 he was economic advisor to the Minister of Industry. Since 1994, he has been on the board of directors of IRI, where he has also held the positions of supervisor of privatizations (from 1997 to 1999) and chairman and chief executive officer (1999-2000); later, from 2000 to 2002, he served as chairman of the IRI liquidation committee. A member of the executive of Confindustria, the steering committee of Assonime (an association of Italian corporations), the committee in charge of strategic development of the Italian Financial Markets, the executive committee of the Aspen Institute, the committee on the corporate governance of listed companies reconstituted on the initiative of Borsa Italiana in April 2005, and president of the Mediterranean Energy Observatory (OME) and of the "e8" (the organisation gathering the chairmen of major electricity production companies in the world), he currently also holds the positions of chairman of Emittenti Titoli and director of UniCredit. He has been Chairman of the Board of Directors of Enel since May 2002.

> **Fulvio Conti**, 62, Chief Executive Officer and General Manager (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate of the University of Rome "La Sapienza" with a degree in economics and commerce, in 1969 he joined the Mobil group, where he held a number of executive positions in Italy and abroad and in 1989-90 was in charge of finance for Europe. The head of the accounting, finance, and control department of Montecatini from 1991 to 1993, he subsequently was in charge of finance at Montedison-Compart (between 1993 and 1996), overseeing the financial restructuring of such group. The general manager and chief financial officer of the Italian National Railways between 1996 and 1998, he also held important positions in other companies of such group (including Metropolis and Grandi Stazioni). Vice-chairman of Eurofima in 1997, in 1998-99 he was general manager and chief financial officer of Telecom Italia, holding also in this case important positions in other companies of such group (including Finsiel, TIM, Sirti, Italtel, Meie and STET International). From 1999 to June 2005 he was Enel's chief financial officer. He has been Chief Executive Officer and General Manager of Enel since May 2005. He is currently also a director of Barclays Plc and of AON Corporation and deputy chairman of Eurelectric, as well as a director of the Accademia Nazionale di Santa Cecilia.

> **Giulio Ballio**, 70, Director (designated on the slate presented by institutional investors).

A graduate (1963) with a degree in aeronautical engineering of the Milan Polytechnic Institute, he has also made his academic career there. A professor since 1975, since 1983 he has held the chair of steel constructions at the school of engineering and since 2002 has been president of the Institute. The author of many publications (which have also been published abroad), he has carried on an extensive scientific activity. Alongside his academic activity, since 1964 he has worked with several engineering firms and in 1970 founded an engineering services company (BCV Progetti), where he has been involved in numerous projects as designer, site engineer, and consultant, both in Italy and abroad. A member of the National Research Council's committee on regulations for constructing with steel from 1970 to 2000, he was a member of the board of steel experts from 1975 to 1985 and chairman in 1981-82, as well as a member of the chairman's council of the Italian Calibration Service from 1997 to 2002. He has been involved in the renovation of several important monumental buildings (including the Accademia Bridge in Venice) and has coordinated research activities in the field of construction both in Italy and abroad. He has been a Director of Enel since May 2005, as well as a director of RCS Quotidiani since April 2007 and of the "La Triennale" Foundation of Milan since May 2009.

> **Lorenzo Codogno**, 50, Director (designated on the slate presented by the Ministry for the Economy and Finance).

After studying at the University of Padua, Lorenzo Codogno completed his studies in the United States, where he earned a master's degree in Finance at Syracuse University, in Syracuse, New York (1986-87). He was formerly a deputy manager of Credito Italiano (now UniCredit), where he worked in the research department. Subsequently, from 1995 to 2006, he worked for Bank of America, first in Milan and from 1998 in London, where he held the position of managing director, senior economist and the co-head of economic analysis in Europe. In 2006 he joined the Ministry for the Economy and Finance, where he is currently Director General in the Treasury Department and head of the Economic and Financial Analysis and Planning Directorate. This Directorate is in charge of macroeconomic forecasting, cyclical and structural analysis of the Italian and international economy, and analysis of monetary and financial issues. He is also chairman of the European Union's Economic Policy Committee (a body of which he was deputy chairman from January 2008 to December 2009 and head of the Italian delegation from May 2006 to December 2009), as well as head of the Italian delegation to the OECD's Economic Policy Committee and Working Party 1 (of which he has been deputy chairman since October 2007). Within the European Union's Economic

Policy Committee, he was also chairman (from November 2006 to January 2010) of the Lisbon Methodology Working Group, whose purpose is to develop methodological approaches to track, analyse and model structural reforms. In addition, he is the author of numerous scientific publications and of articles in the specialised press. Before joining the Ministry, he was economic commentator on the main international economic and financial networks. He was a director of MTS (a company that manages markets for bond trading, now part of the London Stock Exchange group) from 1999 to 2003 and is currently a member of the administrative committee of the ISAE (an economic research institute), as well as of the scientific committee of the "Fondazione Masi" and a member of the board of directors of the "Fondazione universitaria economia Tor Vergata CEIS". He has been a Director of Enel since June 2008.

> **Renzo Costi**, 73, Director (designated on the slate presented by institutional investors).

In the judiciary from 1964 to 1968, since 1972 he has been a university professor and the owner of a law firm with office in Bologna. Specifically, from 1972 to 1974 he held the chair of commercial law at the University of Modena's School of Economics and Business, of which he was also the dean in the same period. Since 1974 he has been a professor of commercial law at the University of Bologna Law School, where he has also taught banking law since 1981 and, more recently, financial-market law. As a member of the respective government committees, he was one of the architects of the reform of Italian banking law in 1993 and the reform of Italian financial-market law in 1998. A founder of important journals in the fields of commercial and banking law, he is also the author of numerous works on legal subjects. As a lawyer, in the last 20 years he has assisted leading companies (including listed ones) and financial institutions in significant transactions on the Italian market. From 1996 to 2008 he was on the board of directors of ENI and is currently a director of the "Il Mulino" publishing house. He has been a Director of Enel since June 2008.

> **Augusto Fantozzi**, 69, Director (designated on the slate presented by institutional investors).

A graduate (1963) in law from the University of Rome "La Sapienza", he is a lawyer and the owner of a law firm with offices in Rome, Milan, Bologna, and Lugano, as well as a professor of tax law at "La Sapienza" and the LUISS "Guido Carli". The Minister of Finance from January 1995 to May 1996 in Prime Minister Lamberto Dini's Cabinet – where for several months he also held the offices of Minister of the Budget and Economic Planning and Minister for the Coordination of EU Policies – he was subsequently the Minister of Foreign Trade in Prime Minister Romano Prodi's Cabinet (from May 1996 to October 1998). A member of the Chamber of Deputies in the thirteenth legislature (from May 1996 to May 2001), he was chairman of the Budget, Treasury, and Economic Planning Committee (from September 1999). He has been vice-president of the Finance Council, president of the Ascotributi, and a member of the Consulta of Vatican City. A former chairman of the technical committee of the International Fiscal Association, he is the author of numerous publications and has been a member of the editorial board of Italian and international law reviews. He has also been on the board of directors of numerous companies, including the Benetton group, Lloyd Adriatico, Citinvest, and Banca Antonveneta, and currently holds the offices of receiver of Alitalia, director of Ferretti, and Chairman of the Board of Statutory Auditors of Hewlett Packard Italia. He has been a Director of Enel since May 2005.

> **Alessandro Luciano**, 58, Director (designated on the slate presented by the Ministry for the Economy and Finance).

After graduating from law school, he earned a master's degree in economics and finance in London. A lawyer, he began his career in 1974, consulting in currency law for leading Italian and foreign banks and pleading before the Currency Commission of the Treasury Ministry. At the same time, he was also concerned with the incorporation of companies and with loans from abroad, contributing to the conclusion of several transactions in favor of industries, insurance groups, and state-owned companies. Starting in 1984 he began extending his sphere of activity to the telecommunications industry, where he has been involved with entrepreneurial as well as financial and technical aspects. Formerly a consultant of STET, Techint, Snam Progetti, Aquater, Comerint, and the American company DSC Communications (on behalf of which he participated in trial studies in Italy for the ISDN, MDS, Airspan, and Video-on-demand systems), he has also been vice-president of two committees of the Italian Soccer Federation. From October 1998 to March 2005, he was a commissioner of the Italian Communications Authority, where he was a member of the Board and of the Infrastructure and Networks Committee. At the Authority he was concerned with, among other things, the development, competition, and interconnection of communication networks, resolving disputes between telecommunications companies and their users. In June 2005, he became the chairman of the board of directors of Centostazioni (Italian National Railways group). In November 2007, he was appointed a member of the Federal Court of Justice at the Italian Football Federation and since October 2009 has been a director of Livingston. He has been a Director of Enel since May 2005.

> **Fernando Napolitano**, 45, Director (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in economics and commerce (1987) of the University of Naples, he completed his studies in the United States, earning at first a master's degree in management at Brooklyn Polytechnic University and later attending the advanced management program at Harvard Business School. He began his career by working in the marketing division of Laben (Finmeccanica group) and then that of Procter & Gamble Italia; in 1990 he joined the Italian office of Booz Allen Hamilton (now named Booz & Company Italia), a management and technology consulting firm, where he was appointed partner and vice-president in 1998. Within this office he was in charge of developing activities in the fields of telecommunications, media, and aerospace, while also gaining experience in Europe, the United States, Asia and the Middle East. He is currently chief executive officer of Booz & Company Italia and also carries out assignments with an international scope. From November 2001 to April 2006 he served on the committee for surface digital television instituted by the Communications Ministry and from July 2002 to September 2006 he was director of the Italian Centre for Aerospace Research. He has been a Director of Enel since May 2002 and held the same office at Data Service (currently B.E.E. Team) from May 2007 to October 2008.

> **Gianfranco Tosi**, 62, Director (designated on the slate presented by the Ministry for the Economy and Finance).

A graduate in mechanical engineering (1971) of the Polytechnic Institute of Milan, since 1972 he has held a number of positions at the same institute, becoming professor of iron metallurgy in 1982 and from 1992 also giving the course on the technology of metal materials (together with the same position at the University of Lecco). The author of more than 60 publications, he has been extensively involved in scientific activities. A member of the board of directors of several companies and consortia, he has also held positions in associations, including the vice-presidency of the Gruppo Giovani Federlombarda (with duties as regional delegate on the Comitato Centrale Giovani Imprenditori instituted within the Confindustria) and the office of member of the executive committee of the Unione Imprenditori of the Province of Varese. From December 1993 to May 2002 he was mayor of the city of Busto Arsizio. The President of the Center for Lombard Culture, established by the Lombardy Region to defend and develop the local culture, he is also a member of the association of journalists. He has been a Director of Enel since May 2002.

The Directors are aware of the duties and responsibilities connected with the office they hold and are constantly informed by the relevant corporate departments of the most important legislative and regulatory changes concerning the Company and the performance of their duties. In order to be able to perform their role even more effectively, they also participate in initiatives aimed at increasing their knowledge of the world and dynamics of the Company.
The Directors perform their duties with full knowledge of the facts and in complete autonomy, pursuing the primary objective of creating value for the shareholders within a medium/long-time frame.

Pay

Shareholders’ Meetings determine the fees of the members of the Board of Directors. After the Board of Statutory Auditors has expressed its opinion, the Board of Directors itself sets the additional fees for the members of the Committees with advisory and proactive duties instituted within the Board of Directors. The total pay to which the Chairman and the Chief Executive Officer are entitled is also established by the Board of Directors, following a proposal by the Compensation Committee and after the Board of Statutory Auditors has expressed its opinion.
Specifically, as regards the Board of Directors currently in office, in June 2008 an Ordinary Shareholders’ Meeting confirmed €85,000 gross a year as the fee to which each Director is entitled, in addition to the reimbursement of the expenses necessary to perform his duties.
In June 2008, after receiving the opinion of the Board of Statutory Auditors, the Board of Directors confirmed the additional fees to be paid to the non-executive Directors for their participation on the Compensation Committee and the Internal Control Committee. For the coordinators of such Committees, the fee is €35,000 gross a year, while for the other members the fee is €30,000 gross a year. An attendance fee of €250 gross a session is also provided for all members of the board.
In October 2008, upon proposal by the Compensation Committee and after receiving the opinion of the Board of Statutory Auditors, the Board of Directors determined the total pay of the Chairman and the Chief Executive Officer/General Manager. This pay, whose features are described below, was established after a careful analysis carried out with the assistance of a qualified external consultant, in which the remuneration of persons in positions similar to those of the persons concerned (including international comparisons) was taken into account.
Specifically, the Chairman is entitled to fixed pay of €700,000 gross a year and variable pay of up to a maximum of €560,000 gross a year. The variable pay – whose purpose is to enhance the synergetic cooperation between the Chairman and the Chief Executive Officer/General Manager, while respecting the autonomy and safeguarding the powers of the latter – is tied to the achievement of specific

and objective annual goals connected with the business plan and established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the base fee of €85,000 gross a year set by the Shareholders' Meeting for each Director, as well as the fee to which the Chairman is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the person concerned must waive or transfer to Enel.
Enel has taken out several insurance policies in favor of the Chairman connected with the carrying out of his assignment (in case of death, permanent invalidity, injury, and work-related illness) and the termination of the assignment itself (in order to ensure his severance pay).
Finally, the Chairman is entitled to compensation in case of his justified resignation or his removal without a just cause, the features of which are described in the first section of this report (under "Ownership structure" - "Compensation of Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid").
With regard to his capacity as Chief Executive Officer, the Chief Executive Officer/General Manager is entitled to fixed pay of €600,000 gross a year and variable pay of up to a maximum of €900,000 gross a year. The amount of his variable pay depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the base fee of €85,000 gross a year set by the Shareholders' Meeting for each Director.
With regard to his capacity of General Manager, the Chief Executive Officer/General Manager is also entitled to fixed pay of €700,000 gross a year and variable pay of up to a maximum of €1,050,000 gross a year. In this case, too, the amount of the variable pay depends on the achievement of objective and specific annual goals connected with the business plan, which are established by the Board of Directors upon proposal by the Compensation Committee. The total pay thus determined includes the fee to which he is entitled if he sits on the boards of directors of Enel subsidiaries or affiliates, which therefore the person concerned must waive or transfer to Enel. The General Manager's relationship as an executive exists for the entire duration of his relationship as a Director and expires at the same time as the latter.
As far as the variable component of the compensation of the Company's top management (specifically, the positions of Chairman and Chief Executive Officer/General Manager, who are assigned the same objectives) is concerned, the Group objectives established for 2009, to each of which is connected a specific weight, regard the achievement of the consolidated EBITDA set by the budget, reduction of the consolidated financial debt, the level of satisfaction of the customers who accepted the offers of the subsidiary Enel Energia SpA, the margin of the generation area, workplace safety, and the process of the internationalization of the Group, with particular regard to the integration of the management processes of Enel and Endesa.
In his capacity as General Manager, the Chief Executive Officer/General Manager is one of the beneficiaries of the long-term incentive plans (based on stock options and, more recently, restricted share units) addressed to the executives of the Company and the Group.
Enel ensures the Chief Executive Officer/General Manager compensation in case of death or permanent invalidity during the carrying out of his assignment and has taken out insurance policies to ensure his severance pay.
In exchange for the payment of a consideration, the Chief Executive Officer/General

Manager has undertaken to not engage – for one year as from the termination of his relationship as a Director – personally and directly, in any business activities anywhere in the European Union that could be in competition with those carried on by Enel.

Finally, it should be pointed out that the person concerned is entitled to (i) in his capacity as Chief Executive Officer, compensation in case of his justified resignation or his removal without a just cause and (ii) in his capacity as General Manager, compensation at the termination of his relationship as an executive (in consequence of the expiry of his relationship as a Director). The features of such compensation are described in the first section of this report (under "Ownership structure" - "Compensation of Directors in case of resignation, dismissal, or termination of the relationship following a takeover bid").

Limit to the number of offices held by Directors

The Directors accept their office and maintain it in the belief that they can dedicate the necessary time to the diligent performance of their duties, taking into account both the number and the nature of the offices they hold on the boards of directors and the boards of statutory auditors of other companies of significant size and the commitment required by the other professional activities they carry on and the offices they hold in associations.

In this regard, it should be noted that in December 2006 the Board of Directors approved (and formalized in a specially provided document) a policy regarding the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the persons concerned have sufficient time available to effectively perform the role they have on the Board of Directors of Enel.

In accordance with the recommendations of the Self-regulation Code, the aforesaid policy considers significant to this end only the offices held on the boards of directors and the boards of statutory auditors of the following kinds of companies:

a) companies with shares listed on regulated markets, including foreign ones;
b) Italian and foreign companies with shares not listed on regulated markets and doing business in the fields of insurance, banking, securities intermediation, mutual funds, or finance (as far as the last field is concerned, only with regard to finance companies subject to the prudential supervision of the Bank of Italy and included on the special list referred to in article 107 of the Unified Banking Act);
c) other Italian and foreign companies with shares not listed on regulated markets that, even though they do business in fields other than those specified under letter b) above, have assets exceeding €1 billion or revenues exceeding €1.7 billion according to their latest approved financial statements.

In accordance with the recommendations of the Self-regulation Code, the policy formulated by the Board of Directors thus establishes differentiated limits to the number of offices (made measurable by a system of specific "weights" for each kind of office), depending on (i) the commitment connected with the role performed by each Director, both on the Board of Directors of Enel and on the boards of directors and the boards of statutory auditors of other companies of significant size, as well as (ii) the nature of the companies where the other roles are performed, excluding from the related calculation those performed in Enel's subsidiaries and affiliates.

On the basis of the information provided by the Directors of the Company to implement the aforesaid policy, as well as the inquiry carried out by the Board of Directors most recently in February 2010, it has been ascertained that each Enel

Director currently holds a number of offices on the boards of directors or boards of statutory auditors of other companies of significant size that is compatible with the limit established by the aforesaid policy.

Board meetings and the role of the Chairman

In 2009, the Board of Directors held 20 meetings, which lasted an average of about 2 hours and 45 minutes. Director participation was regular and the meetings were also attended by the Board of Statutory Auditors and by a magistrate representing the Court of Accounts. As far as 2010 is concerned, 15 Board meetings have been scheduled, of which 4 have already been held.

The activities of the Board of Directors are coordinated by the Chairman, who calls its meetings, establishes their agenda, and presides over them, ensuring that – except in cases of urgency and necessity – the necessary documents and information are provided to the Board members in time for the Board to express its informed opinion on the matters under examination. He also ascertains whether the Boards resolutions are implemented, chairs Shareholders' Meetings, and – like the Chief Executive Officer – is empowered to represent the Company legally.

In short, the Chairman's role is to stimulate and supervise the functioning of the Board of Directors as part of the fiduciary powers that make him the overseer for all shareholders of the legality and transparency of the Company's activities.

In addition to the powers set forth in the law and bylaws regarding the functioning of the corporate bodies (Shareholders' Meeting and Board of Directors) as well as the legal authority to represent the Company, the Chairman is also entrusted – according to a Board resolution adopted in June 2008 – with the duties of (i) participating in the formulation of corporate strategies in agreement with the Chief Executive Officer, the powers granted the latter by the Board of Directors being understood, as well as (ii) overseeing internal auditing in agreement with the Chief Executive Officer, with the related corporate department remaining under the latter. In this regard, however, it is provided that decisions concerning the appointment and removal of the head and top executives of the aforesaid department are to be made jointly by the Chairman and the Chief Executive Officer.

Finally, in agreement and coordination with the Chief Executive Officer, the Chairman maintains relations with institutional bodies and authorities.

Evaluation of the functioning of the Board of Directors and its Committees

During the last quarter of 2009, the Board of Directors, with the assistance of a specialized company, began (and completed in February 2010) an evaluation of the size, composition, and functioning of the Board itself and its Committees (so-called board review), in accordance with the most advanced practices of corporate governance found abroad that have been adopted by the Self-regulation Code. This board review follows similar initiatives undertaken by the Board of Directors during 2004, 2006, 2007, and 2008.

Conducted by means of a questionnaire filled out by each Director during individual interviews carried out by the consultancy firm, the analysis once again focused on the most significant issues regarding the Board of Directors, such as: (i) the structure, composition, role, and responsibilities of such body; (ii) the conduct of Board meetings, the related flows of information and the decision-making processes adopted; (iii) the composition and functioning of the Committees instituted within the Board; (iv) the strategies pursued and the performance objectives set; (v) the relations between the Board, the shareholders, and the stakeholders; and (vi) the evaluation of the appropriateness of the corporate organizational structure.

Among the strengths that emerged from the 2009 board review (whose results can be considered an improvement on the already very positive assessment of the previous board reviews), was, first of all, the atmosphere of great cohesiveness and balance existing within the Board of Directors, which fosters open and constructive discussion among the members of the Board and facilitates the adoption of decisions characterized by broad agreement. The review also showed that the flows of information on which the Board's decision-making process is based are considered by the Directors as effective and, in general, timely. Specifically valued were the ways of preparing the discussion before several important resolutions – regarding the assumption of full control of the Spanish company Endesa, the disposal of non-strategic assets, the share capital increase, and the issue of bonds – adopted by the Board of Directors in the period under consideration. The minutes of the meeting containing the resolutions adopted are deemed to be accurately and promptly drafted. The size of the Board of Directors and the expertise of its members are considered appropriate as well as the number and duration of the Board's meetings. The activities carried out by the Chief Executive Officer, as well as the way he performs his role, continue to be evaluated very positively by the other Directors, as does the consolidated cooperative relationship between the Chairman and the Chief Executive Officer. As far as the Committees instituted within the Board are concerned, it was confirmed the broad consensus on the appropriateness of their composition, their role, and the effectiveness of the activity carried out, with a special note of appreciation for the work done by the Internal Control Committee. The Company's top management is considered competent and cohesive, with Board members noticing the increasing opportunities being given to young resources with high potential within the Company, to whom key positions are entrusted. The foregoing considerations indicate, as pointed out by the specialized consulting company, that the Board of Directors operates in an effective and transparent manner, making a broad use of the best practices regarding corporate governance.
Among the areas needing improvement noted by some Directors, we have, first of all, confirmation of the wish to have one or more non-executive members with training and experience on the international scene, among other things to strengthen the Group's multinational profile. Then there was the suggestion to dedicate more time during Board meetings to understanding the business and the areas at risk connected with internationalization of the Group. Even though some progress has been noted, there was confirmation of the need to improve the knowledge and perception that Italy has of Enel as a multinational operating in a competitive international situation. Finally, specifying the duties to assign to the meetings reserved to the independent Directors gave rise to conflicting opinions.
Continuing an initiative introduced after the first board review (conducted in 2004), the annual meeting of the strategic committee was again organized in 2009, in October, and was dedicated to the analysis and in-depth study by the members of the Board of Directors of the long-term strategies in the different business sectors of the Group. During the board review, the Board's members highlighted the increasing usefulness of such meeting as part of their training.

Non-executive Directors

The Board of Directors consists of executive and non-executive Directors.
In accordance with the recommendations of the Self-regulation Code, the following are considered executive Directors:

> the Chief Executive Officer of the Company (or of strategically significant Group companies), as well as the related Chairman who has been granted individual

powers of management or who has a specific role in the formulation of the Company's strategies;
> Directors who hold executive positions in the Company (or in strategically significant Group companies) or in the controlling entity, if the position also regards the Company.

Directors who do not correspond to any of the aforesaid categories qualify as non-executive.
According to the analysis carried out by the Board of Directors in June 2008, with the exception of the Chairman and the Chief Executive Officer, the other 7 members of the Board of Directors currently in office (Giulio Ballio, Lorenzo Codogno, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, Fernando Napolitano and Gianfranco Tosi) qualify as non-executive Directors.
As far as the Chairman is concerned, it should be noted that the characterization of the latter as an executive Director derives from the specific role that the current division of powers assigns him with regard to the formulation of the Company's strategies, while the person concerned does not have any individual powers of management.
The number, expertise, authoritativeness, and availability of time of the non-executive Directors are therefore sufficient to ensure that their judgment can have a significant influence on the decisions made by the Board.
The non-executive Directors bring their specific expertise to the Board's discussions, so as to facilitate an examination of the questions under discussion from different perspectives and consequently the adoption of well-considered and well-informed decisions that correspond to the corporate interest.

Independent Directors

Basing itself on the information provided by the individual persons concerned or, in any case, at the Company's disposal, immediately after the appointment (June 2008), subsequently in February 2009, and most recently in February 2010, the Board of Directors attested that Directors Giulio Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano, and Gianfranco Tosi qualify as independent pursuant to the Self-regulation Code.
Specifically, Directors were considered independent if they neither have nor have recently had relations, not even indirectly, with the Company or with parties connected with the Company that could currently condition the autonomy of their judgment.
The procedure followed in this regard by the Board of Directors began with an examination of a document with information showing the offices held and the relations maintained by the non-executive Directors that could be significant for the purpose of assessing their respective independence. This phase was followed by the self-assessment carried out by each of the non-executive Directors regarding his personal position, after which came the final assessment made collectively by the Board of Directors, with the abstention, in turn, of the individual members whose position was under examination.
In evaluating the independence of the non-executive Directors, the Board of Directors took into account the cases in which, according to the Self-regulation Code, the requisites of independence should be considered lacking and, in this regard, applied the principle of the prevalence of substance over form recommended by the aforesaid Code. Furthermore, when the evaluation was performed in February 2010, the Board of Directors established specific quantitative parameters applicable to the commercial, financial, or professional relations that may take place, directly or indirectly, between Directors and the Company. Unless there are

specific circumstances, to be evaluated concretely, exceeding such parameters (specified in the attached Table 1, together with the cases in which, according to the Self-regulation Code, the requisites of independence must be considered lacking) should, in principle, preclude the possession by the non-executive director in question of the requisites of independence provided for by the aforesaid Code.
When it carried out its reviews in June 2008, February 2009, and, most recently, February 2010, the Board of Directors ascertained that the foregoing five non-executive Directors – i.e. Giulio Ballio, Renzo Costi, Augusto Fantozzi, Alessandro Luciano and Gianfranco Tosi – also possessed the requisite of independence provided by law (namely by the Unified Financial Act) for the statutory auditors of listed companies (such requisites are also clearly specified in the attached Table 1).
During February 2009 and, most recently, February 2010, the Board of Statutory Auditors established that, in carrying out the aforesaid evaluations of the independence of its non-executive members, the Board of Directors correctly applied the criteria recommended by the Self-regulation Code, following to that end a transparent assessment procedure that enabled the Board to learn about relations that were potentially significant for the purpose of the evaluation of independence.
The independent Directors have met, without the presence of the other Directors, in December 2009. On that occasion, they emphasized that their meetings must not affect the unity of the proceedings of the Board of Directors, while at the same noting the usefulness of a prior circulation among themselves of any thoughts they may have about the management of the Company.
In December 2006, the Board of Directors also ascertained the absence of the conditions that, according to the Self-regulation Code, require the institution of a lead independent director, in consideration of the fact that at Enel the Chairman of the Board of Directors is not the Chief Executive Officer, nor owns a controlling interest in the Company.
Although independence of judgment characterizes the activity of all the Directors, whether executive or not, an adequate presence (in terms of both number and expertise) of Directors who qualify as independent, according to the aforesaid definition, and have significant roles on both the Board of Directors and its Committees is considered a suitable means of ensuring that the interests of all the shareholders are appropriately balanced.

Committees

In order to ensure that it performs its duties effectively, as early as January 2000 the Board of Directors set up as part of itself a Compensation Committee and an Internal Control Committee, assigning them both advisory and proactive duties and entrusting them with issues that are sensitive and sources of possible conflicts of interest.
Each Committee consists of at least 3 non-executive Directors, the majority of whom are independent, and are appointed by the Board of Directors, which names one of them as coordinator and also establishes the duties of the Committee by a special resolution.
In December 2006, the Board of Directors approved special organizational regulations that govern the composition, tasks, and working procedures of each Committee.
In carrying out their duties, the Committees in question are empowered to access the information and corporate departments necessary to perform their respective tasks and may avail themselves of outside consultants at the Company's expense within the limits of the budget approved by the Board of Directors.

Each Committee appoints a secretary, who need not be one of its members, to whom the task of drawing up the minutes of the meetings is entrusted.
The meetings of each Committee may be attended by the members of the other Committee, as well as by other members of the Board of Directors or other persons whose presence may help the Committee to perform its duties better and who have been expressly invited by the related coordinator.
The meetings of the Internal Control Committee are also attended by the Chairman of the Board of Statutory Auditors or another regular Statutory Auditor designated by him (in consideration of the specific duties regarding the supervision of the internal control system with which the aforesaid Board is entrusted by the laws in force concerning listed companies) and, as from December 2006, the Chairman of the Board of Directors (in his capacity as an executive Director entrusted with supervising the functioning of the internal control system). The head of internal control may also attend the aforesaid meetings.

Compensation Committee

The compensation of the Directors is established in an amount that is sufficient to attract, retain, and motivate Directors endowed with the professional qualities required for successfully managing the Company.
In this regard, the Compensation Committee must ensure that a significant portion of the compensation of the executive Directors and executives with strategic responsibilities is tied to the economic results achieved by the Company and the Group, as well as the attainment of specific objectives established beforehand by the Board of Directors, or – with regard to the aforesaid executives – by the Chief Executive Officer, in order to align the interests of the persons concerned with the pursuit of the primary objective of creating value for the shareholders in a medium-to-long time frame.
The compensation of non-executive Directors is commensurate with the commitment required of each of them, taking into account their participation on the Committees. It should be noted in this regard that, in line with the recommendations of the Self-regulation Code, this compensation is in no way tied to the economic results achieved by the Company and the Group and that the non-executive Directors are not beneficiaries of stock-based incentive plans.
Specifically, then, the Compensation Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors in June 2008 to implement the recommendations of the Self-regulation Code):

- to present proposals to the Board of Directors for the compensation of the Chief Executive Officer and the other Directors who hold particular offices, monitoring the implementation of the resolutions adopted by the Board. It should be noted in this regard that the Directors in question are not allowed to attend the meetings of the Committee during which the latter formulates the proposals regarding the related compensation to present to the Board of Directors;
- to periodically review the criteria adopted for the compensation of executives with strategic responsibilities, monitor their application on the basis of the information provided by the Chief Executive Officer, and formulate general recommendations for the Board of Directors in this regard.

As part of its duties, the Compensation Committee also plays a central role in elaborating and monitoring the performance of the incentive systems, including the stock-based plans, addressed to executives and conceived as instruments aimed at attracting and motivating resources with appropriate ability and experience and developing their sense of belonging and ensuring their constant, enduring

effort to create value. The 2009 long-term incentive plan devised by the Compensation Committee and approved by the Board of Directors also included among its beneficiaries the Company's Chief Executive Officer in his capacity as General Manager.
In addition to those recommended by the Self-regulation Code, the Compensation Committee also performs the task of assisting the Chief Executive Officer and the relevant corporate departments in developing the potential of the Company's managerial resources, recruiting talented people, and promoting related initiatives with universities.
During 2009, the Compensation Committee consisted of Directors Augusto Fantozzi (acting as coordinator), Giulio Ballio, and Fernando Napolitano.
Also during 2009, the Committee held 9 meetings, which its members attended regularly and which lasted an average of 1 hour and 45 minutes, and called on external consultants at the Company's expense.
During 2009, the Compensation Committee – in addition to elaborating the long-term incentive plan for that year and carrying out a review of the performance of the existing stock-based plans – worked on defining the applicative aspects of the variable component of the compensation of the Chairman and the Chief Executive Officer, in particular setting the annual economic and managerial objectives to assign them, as well as verifying the attainment of the objectives of the previous year. The Committee also reviewed the compensation policies and the management methods of executives in place in the Company and the Group, carrying out in this regard the annual benchmark comparison with the compensation paid by companies comparable to Enel. Finally, the Committee examined the content of the EU's recommendations of 2004 and 2009 with regard to the compensation of the directors and the top management of listed companies, as well as the related possible procedures for their implementation in Italy.

Internal Control Committee

The Internal Control Committee has the task of assisting the Board of Directors in the latter's evaluations and decisions regarding the internal control system, the approval of the financial statements and the half-year report, and the relations between the Company and the external auditor by preliminarily gathering the relevant facts.
Specifically, the Internal Control Committee is entrusted with the following tasks, which are both advisory and proactive (as last confirmed by the Board of Directors, in June 2008, to implement the recommendations of the Self-regulation Code, and further implemented in February 2010):

> to assist the Board of Directors in performing the tasks regarding internal control entrusted to the latter by the Self-regulation Code;
> to evaluate, together with the executive in charge of preparing the corporate accounting documents and the external auditors, the proper use of accounting principles and their uniformity for the purpose of drawing up the consolidated financial statements;
> to express opinions, at the request of the executive Director who is assigned the task, on specific aspects regarding the identification of the Company's and the Group's main risks, as well as the planning, implementation, and management of the internal control system;
> to examine the work plan prepared by the head of internal auditing, as well as the latter's periodical reports;
> to assess – for the parts of its pertinence – the proposals made by auditing firms to obtain the related assignment, as well as the work plan prepared for the

external audit and the results expounded in the report and, if there is one, the letter of suggestions;

> to oversee the effectiveness of the external audit process;
> to perform the additional tasks assigned it by the Board of Directors, with particular regard to the evaluation:
  – of the checks aimed at ensuring the transparency and fairness of transactions with related parties;
  – of the appropriateness of the diligence dedicated to the issues of corporate socialresponsibility, as of the completeness and transparency of the information provided in this regard through the Sustainability Report, the latter task having been assigned to the Committee in February 2010;
> to report to the Board of Directors at least once every six months – when the financial statements and the half-year report are approved – on the work performed and the adequacy of the internal control system.

During 2009, the Internal Control Committee consisted of Directors Gianfranco Tosi (acting as coordinator), Lorenzo Codogno (to whom the Board of Directors acknowledged the requisite of appropriate experience in accounting and finance), Renzo Costi, and Alessandro Luciano.

Also during 2009, the Internal Control Committee held 13 meetings, which were characterized by the regular attendance of its members (as well as of the Chairman of the Board of Statutory Auditors), the frequent presence of the Chairman of the Board of Directors (in his capacity as the executive Director entrusted with overseeing the functioning of the internal control system), and an average duration of 1 hour and 30 minutes.

During 2009, the activity of the Internal Control Committee focused first of all, as usual, on the evaluation of (i) the work plan prepared by the head of internal auditing as well as (ii) the results of the audits performed during the preceding year and (iii) the content of the letter of suggestions prepared by the external auditor regarding the accounting period in question. During the period concerned, the Committee also approved the content of a special procedure intended to regulate the appointments of the auditing firms that do business with the Group – expressing in this regard a favorable opinion, within the limits of its authority, of the assigning of several specific additional tasks to the Group's main external auditor) and examined the effects of new legislative developments and the new international accounting standards on the Enel Group's consolidated financial statements. In 2009, the Committee also supervised the preparation of the sustainability report and of the revised version of the Code of Ethics, monitored the observance of the compliance program adopted pursuant to Legislative Decree 231 of June 8, 2001 (also seeing to the updating of the aforesaid program), examined several transactions with related parties (after receiving extensive information about the content of the second consultation document on this subject published by the CONSOB, and approving the observations formulated and formalized by the corporate offices concerned), and – within the limits of its authority – made a positive assessment of the appropriateness, effectiveness, and actual functioning of the internal control system during the preceding accounting period.

Finally, the Committee monitored the permanent compliance within the Group with the laws and regulations on accounting transparency, the appropriateness of the organizational structure and of the internal control systems of the subsidiaries set up under and governed by the laws of non-EU countries.

Board of Statutory Auditors

According to the provisions of the law and the Company's bylaws, the Board of Statutory Auditors consists of three regular Auditors and two alternates, who are appointed by an Ordinary Shareholders' Meeting for a period of three accounting periods and may be re-appointed when their term expires.
In order to ensure that the Board of Statutory Auditors can effectively perform its duties and in accordance with the recommendations of the Self-regulation Code, in December 2006, the Board of Directors, within the limits of its authority, expressly granted the Board of Statutory Auditors:

> the power to oversee the independence of the external auditor, monitoring both compliance with the relevant regulatory provisions and the nature and extent of the services other than auditing that the external auditor and the firms belonging to the latter's network performed for the Company and the Group;
> the power – which may also be exercised individually by the Statutory Auditors – to request the Company's Internal Auditing Department to perform checks on specific corporate operating areas or transactions;
> the power to promptly exchange information relevant for performing their respective duties with the Internal Control Committee.

According to the legislation in force, the members of the Board of Statutory Auditors must possess the requisites of honorableness provided for the company representatives of financial intermediaries, in addition to those established for the statutory auditors of listed companies. They must also possess the requisites of professional competence required by the law of statutory auditors of listed companies, as supplemented by special provisions of the bylaws. Finally, they must possess the requisites of independence specified by the law for statutory auditors of listed companies.
In accordance with the provisions of the Unified Financial Act, the limit to the number of offices on the boards of directors and the boards of statutory auditors that the members of Enel's Board of Statutory Auditors may hold in Italian corporations were established by the CONSOB.
As in its provisions for the Board of Directors – and in compliance with the regulations regarding privatizations and with the Unified Financial Act – the bylaws provide that the appointment of the entire Board of Statutory Auditors take place according to the "slate vote" mechanism, which aims to ensure the presence on the Board of a regular Auditor (who is entitled to the office of Chairman) and an alternate Auditor (who will take over the office of Chairman if the incumbent leaves it before the end of his term) designated by minority shareholders.
This electoral system provides that shareholders who, alone or together with other shareholders, represent at least 1% of the share capital may present slates, on which candidates must be listed in numerical order. The slates must be filed at the Company's registered office and published in daily newspapers with a nationwide circulation at least 10 days before the date of the Shareholders' Meeting. It should be noted in this regard that, for the last election of the Board of Statutory Auditors, which took place in May 2007, shareholders were requested to file their slates at least 15 days before the date of the Shareholders' Meeting, in compliance with the recommendations of the Self-regulation Code and according to a specific note contained in the notice of the Meeting.
It should be noted that the deadlines and the quorum required for presenting, as well as the procedures for filing and publishing, slates for the election of the Board of Statutory Auditors will undergo significant changes following Italy's recent implementation of Directive 2007/36/EC – regarding the exercise of several rights of shareholders of listed companies – through Legislative Decree 27 of January 27,

2010, whose important changes in this regard will apply to shareholders' meetings of which the notice is published after October 31, 2010.
In order to ensure a transparent procedure for the appointment of the Board of Statutory Auditors, exhaustive information about the personal and professional characteristics of the candidates must be filed at the Company's registered office together with the slates, as well as promptly published on the Company's and Borsa Italiana's websites.
For the appointment of Statutory Auditors who, for whatever reason are not elected according to the "slate-vote" system, a Shareholders' Meeting resolves in accordance with the majorities required by the law and without following the aforesaid procedure, but in any case in such a way as to ensure observance of the principle regarding the representation of the minority shareholders on the Board of Statutory Auditors.
In any case, the Statutory Auditors act autonomously and independently, including with regard to the shareholders who elected them.
Having been elected by the ordinary Shareholders' Meeting of May 25, 2007, the incumbent Board of Statutory Auditors has a term that will expire when the 2009 financial statements are approved. As a result of the appointments made at the aforesaid Shareholders' Meeting, the Board of Statutory Auditors thus currently consists of the following regular members, for whom brief professional profiles are provided below, together with the specification of the slates on which they were nominated. The latter were presented by the Ministry for the Economy and Finance (which at the time owned 21.12% of the Company's share capital) and by a group of 15 institutional investors (which at the time owned a total of 1.02% of the Company's share capital).

> **Franco Fontana**, 66, Chairman (designated on the slate presented by institutional investors).

A certified public accountant and a professor of economics and business management, since 1973 he has taught at a number of Italian universities and since 1995 has served as the Dean of the School of Economics at the Guido Carli LUISS University. Since 2004 he has been Director of the Business School of the aforesaid University. He has also served as a member of several technical committees for the reorganization of the Civil Service (Ministry of the Postal Service and Telecommunications, Ministry of Finance, Ministry of Industry, and Ministry of Health). From 1994 to 1997 he was chairman of the Cassa di Risparmio of the Province of L'Aquila, from 2002 to 2006 chairman of Crea Impresa (BNL group), from 2001 to 2004 chairman of the board of statutory auditors of COFIRI, and from 2002 to 2005 chairman of the board of statutory auditors of Gallo&C. (Meliorbanca). He is currently chairman of the board of statutory auditors of Thales Alenia Space Italia, Agip Rete, Polimery Europa, Eni Servizi, and Messina Fuels and a member of the board of statutory auditors of Exxon Mobil Mediterranea, Essocard, STMicroelectronics Srl, and Sofid, as well as chairman of the board of directors of ISVIM. A statutory auditor of Enel since 2001, he has been Chairman of the Company's Board of Statutory Auditors since 2007. He is also the author of numerous publications regarding business management and organization.

> **Carlo Conte**, 62, regular Auditor (designated on the slate presented by the Ministry for the Economy and Finance).

After graduating with a degree in Economics and Commerce from "La Sapienza" University in Rome, he remained active in the academic world, teaching at the University of Chieti (1988-1989) and the Guido Carli LUISS in Rome (1989-1995).

He currently teaches public accounting at the latter's School of Management, the Civil Service School, and the Economy and Finance School, as well as administration and governmental accounting at Bocconi University in Milan. A certified public accountant, he is also the author of a number of publications. In 1967 he started his career in the Civil Service at the Government Accounting Office, becoming a General Manager in 2002. He currently represents the Office on a number of commissions and committees and in various research and work groups, as well as representing Italy on several committees of the OECD. A Statutory Auditor of Enel since 2004, he has also performed and still performs the same duties in a number of other bodies, institutions, and companies.

> **Gennaro Mariconda**, 67, regular Auditor (designated on the slate presented by the Ministry for the Economy and Finance).

He has been a notary public since 1970 and a notary public in Rome since 1977. From 1995 to 2001 he was a member of the National Council of Notaries, of which he was President from 1998 to 2001. As part of his activity as a notary, he has taken part in the most important reorganizations, transformations, and mergers of banks and other Italian companies, such as Banca di Roma, Medio Credito Centrale, Capitalia, IMI-Sanpaolo, Beni Stabili, and Autostrade. Since 1966 he has taught at a number of Italian universities and is currently a professor of private law at the University of Cassino's School of Economics and Commerce. He has served as a director of RCS Editori and Beni Stabili, as well as a trustee of the Istituto Regionale di Studi Giuridici Arturo Carlo Jemolo. He is currently a member of the editorial board of the journals "Notariato" and "Rivista dell'esecuzione forzata". A Statutory Auditor of Enel since 2007, he is the author of numerous technical legal studies – mainly on civil and commercial law – and he has also published articles, interviews, and essays in the most important Italian newspapers and magazines.

Shareholders' Meetings determine the fee of the regular members of the Board of Statutory Auditors. Specifically, in May 2007 an Ordinary Shareholders' Meeting set the fee to which the Chairman of the Board of Statutory Auditors is entitled at €75,000 gross a year and the fee to which each of the other regular Statutory Auditors is entitled at €65,000 gross a year, in addition to the reimbursement of the expenses necessary for them to perform their duties.
During 2009, the Board of Statutory Auditors held 17 meetings, lasting an average of about 1 hour and 30 minutes, which were regularly attended by the regular Auditors and the magistrate representing the Court of Accounts.
During February 2010, the Board of Statutory Auditors established that the Chairman, Franco Fontana, and the regular Auditor Gennaro Mariconda possess the requisites of independence provided for by the Self-regulation Code with regard to directors. As far as the regular Auditor Carlo Conte is concerned, the Board of Statutory Auditors established that, even though he does not possess the aforesaid requisites of independence (because he is a General Manager at the Ministry for the Economy and Finance, the reference shareholder of the Company), he does possess the characteristics of independence provided for by the Unified Financial Act (and the related implementation regulations) with regard to statutory auditors of listed companies. At the end of June 2009, pursuant to the above-mentioned CONSOB's rules on the limits to the number of offices on the boards of directors and the boards of statutory auditors that the members of Board of Statutory Auditors may hold in Italian corporations (which set a maximum limit of six points to the offices that may be hold by a Statutory Auditor), the regular

Statutory Auditors have communicated to the Authority the following number of offices held as well as the points thereof:

> Franco Fontana: 13 offices amounting to 4.5 points;
> Carlo Conte: 11 offices amounting to 2.15 points;
> Gennaro Mariconda: 1 office amounting to 1.0 point.

Auditing firm

The external audit of Enel's financial statements and the Group's consolidated financial statements is entrusted to KPMG SpA.
The assignment was awarded to this firm first for the three-year period 2002-2004 (by the Shareholders' Meeting on May 24, 2002), then for the three-year period 2005-2007 (by the Shareholders' Meeting on May 26, 2005), and, finally, was extended for the three-year period 2008-2010 (by the Shareholders' Meeting on May 25, 2007). The extension was granted to make the total duration of the external audit assignment awarded to KPMG SpA correspond to the new nine-year limit set by the Unified Financial Act (according to the amendments introduced at the end of 2006).
During 2009, a special procedure was formalized for regulating the appointments of auditing firms that do business with the Group. According to this procedure, the Internal Control Committee and the Board of Statutory Auditors are to express a binding opinion on the assignment of each additional task – thus ones other than the main task of auditing and for which no incompatibility is provided for by the law – to the Group's main external auditor or to parties belonging to its related network. The assignment of such additional tasks is allowed only in determined circumstances of demonstrated necessity, from the legal or economic point of view or in terms of service quality.

Oversight of the Court of Accounts

The Court of Accounts oversees the financial management of Enel, availing itself for this purpose of an appointed magistrate. This role was performed for all of 2009 by Michael Sciascia (who was appointed in accordance with a resolution of the Presidential Council of the Court of Accounts at its meeting on December 19-20, 2007).
In January 2009, the Board of Directors resolved to pay the magistrate appointed by the Court of Accounts an attendance allowance of €1,000 for each Board meeting attended.
The magistrate appointed by the Court of Accounts attends the meetings of the Board of Directors and the Board of Statutory Auditors. The Court of Accounts presents an annual report on the results of the oversight performed to the office of the President of the Senate and the office of the President of the House of Deputies.

Executive in charge of preparing the corporate accounting documents

In compliance with the provisions of the Unified Financial Act and of the Company's bylaws, in June 2006 the Board of Directors, after receiving the opinion of the Board of Statutory Auditors, appointed the head of the Company's Accounting, Planning, and Control Department (renamed "Accounting, Finance, and Control" in June 2009), in the person of Luigi Ferraris, to the position of executive in charge of preparing the corporate accounting documents. As ascertained by the Board of Directors in June 2007, such executive possesses the professional qualifications introduced in the Company's bylaws on May 2007 in compliance with the Unified Financial Act.

The duty of this executive is to establish appropriate administrative and accounting procedures for the preparation of the financial statements of the Parent Company and the consolidated financial statements, as well as all other financial documents. The Board of Directors ensures that this executive has adequate powers and means, as well as seeing that the administrative and accounting procedures that he establishes are actually observed.

The executive in question issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that such information corresponds to what is recorded in the Company's documents, account books, and book entries.

Together with the Chief Executive Officer, the aforesaid executive also certifies in a specially provided report regarding the financial statements of the Parent Company, the consolidated financial statements, and the half-year financial report: (i) the adequacy and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer; (ii) the conformance of the content of these documents to the international accounting standards applicable within the European Union; (iii) the correspondence of the aforesaid documents to the accounting records and their suitability for providing a true and fair view of the Company's and the Group's balance sheet, income statements, and cash flows; (iv) that the report on operations accompanying the financial statements of the Parent Company and the consolidated financial statements contains a reliable analysis of the performance and results of the year, as well as of the situation of the Company and the Group and the main risks and uncertainties to which they are exposed; (v) that the report on operations included in the half-year financial report contains a reliable analysis of the most important events that occurred during the first six months of the period, together with a description of the main risks and uncertainties in the remaining six months of the period and information on the significant transactions with related parties.

The content of the certification that the executive in question and the Chief Executive Officer must issue in accordance with the foregoing is regulated by the CONSOB with a specially provided set of rules.

Internal control system

With regard to internal control, several years ago the Group adopted a special system aimed at (i) checking the appropriateness of Group procedures in terms of effectiveness, efficiency, and costs, (ii) ensuring the reliability and correctness of accounting records, as well as the safeguard of Company and Group assets, and (iii) ensuring that operations comply with internal and external regulations, as well as with the corporate directives and guidelines for sound and efficient management.

The Group's internal control system is divided into two distinct areas of activity:

> line auditing, which consists of all the auditing activities that the individual operating units or Group companies carry out on their own processes. Such auditing activities are primarily the responsibility of operating executives and are considered an integral part of every corporate process;

> internal auditing, which is entrusted to the Company's Audit Department and is aimed essentially at the identification and containment of corporate risk of any kind. This objective is pursued through the monitoring of line auditing, in terms of both the appropriateness of the audits themselves and the results actually achieved by their application. This activity under consideration is therefore applied to all the corporate processes of the Company and of the Group

companies. The personnel in charge of said activity is responsible for indicating both the corrective actions deemed necessary and for carrying out follow-up actions aimed at checking the results of the measures suggested.

The responsibility for adopting an adequate internal control system consistent with the reference models and existing national and international best practice is entrusted to the Board of Directors, which to this end and availing itself of the Internal Control Committee:

> establishes the guidelines of such system, so that the main risks regarding the Company and its subsidiaries are correctly identified, as well as properly measured, managed, and monitored, and then ensures the compatibility of such risks with sound and correct corporate management. It should be observed in this regard that in December 2006, the Board of Directors took note of the identification of the main risks regarding the Group and the establishment of specially provided criteria for measuring, managing, and monitoring the aforesaid risks – in accordance with the content of a special document drawn up by the Company's Audit Department – and agreed on the compatibility of the aforesaid risks with sound and correct corporate management. In February 2008, the Board of Directors examined an updated Group risk assessment prepared by the Company's Audit Department;
> appoints one or more executive Directors to supervise the functioning of the internal control system. In this regard, it should be noted that in December 2006 the Board of Directors entrusted this role to both the Chief Executive Officer and the Chairman, assigning the latter the task of regularly participating in the meetings of the Internal Control Committee;
> evaluates the appropriateness, efficiency, and actual functioning of the internal control system at least once a year. It should be noted that in March 2009 and, most recently, February 2010, the Board of Directors expressed a positive evaluation in this respect;
> appoints, and removes, one or more persons to be in charge of the internal control system, establishing the related compensation in line with the relevant corporate policies. In this regard, in January 2008, the Board of Directors, having taken note that there was a new head of the Company's Audit Department (in the person of Francesca Di Carlo), confirmed the latter as the person in charge of the internal control system and confirmed her compensation as the same as she was already receiving.

The executive Directors assigned to supervise the functioning of the internal control system in turn:

> oversee the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and then submit them periodically to the Board of Directors for examination;
> carry out the guidelines established by the Board of Directors, seeing to the planning, implementation, and management of the internal control system and constantly monitoring its overall adequacy, effectiveness, and efficiency. They also supervise the adaptation of this system to the dynamics of operating conditions and the legislative and regulatory framework;
> make proposals to the Board of Directors regarding the appointment, removal, and compensation of one or more persons to be in charge of the internal control system.

The person in charge of the internal control system:

> is entrusted with ensuring that the internal control system is always adequate, fully operative and functioning;
> is not the head of any operating area and is not hierarchically dependent on any head of an operating area;

> has direct access to all the information that is useful for the performance of his or her duties;
> has adequate means at his or her disposal for performing the assigned tasks;
> reports on his or her activities to the executive Directors assigned to supervise the functioning of the internal control system, the Internal Control Committee, and the Board of Statutory Auditors. Specifically, he or she reports on the procedures through which risk management is conducted, as well as on the observance of the plans devised to limit them, and expresses his or her evaluation of the suitability of the internal control system for achieving an acceptable level of overall risk.

In line with the most advanced corporate governance practices, in June 2009 the Company created a specific "Group Risk Management" Department, whose mission is to ensure the effective implementation at the Group level of the process of managing all financial, operating, strategic, and business risks with a significant impact, as well as the main risks that, for whatever reason, can affect the Company's and the Group's balance sheet, income statement, and cash-flow statement. Among the most important tasks entrusted to this new corporate department are the following: (i) to define and oversee the guidelines, procedures, instruments, and methods for assessing the aforesaid risks with a significant impact; (ii) to manage, with regard to the aforesaid risks with a significant impact, the process of mapping Group risks and analyzing and assessing their effects, cooperating with the Audit Department for the purpose of sharing the results of their respective risk assessment activities; (iii) to consolidate risks at the Group level and develop intra-Group netting and hedging actions; (iv) define the guidelines for risk management and submit them to the Chief Executive Officer, identifying the related mitigation actions and ensuring that the latter are properly implemented; (v) to transfer to the risk owners the management models, the instruments that can be used for hedging, and the optimal levels of exposure, monitoring their observance with regard to short-, medium-, and long-term plan objectives; (vi) to define and propose to the Chief Executive Officer the optimal architecture of the controls dedicated to risk management; (vii) to prepare appropriate integrated and detailed reports on the Company's significant risks, the control processes implemented, and the hedging actions carried out; (viii) to ensure insurance coverage for the entire Group; and (ix) to implement and manage the Group enterprise risk management model.

The system of risk management and internal control of financial information

As part of the internal control system, the Group has had for several years a special system of risk management and internal control regarding the process of financial information (in the present section, for the sake of brevity, referred to as the "System").

Overall, this System is defined as the set of activities intended to identify and asses the actions or events whose materialization or absence could compromise, partially or entirely, the achievement of the objectives of the control system ("Risk Management System"), supplemented by the subsequent activities of identifying the controls and defining the procedures that ensure the achievement of the objectives of the credibility, accuracy, reliability, and timeliness of financial information ("Internal Control System").

The executive in charge of preparing the corporate accounting documents supervised the development and implementation of a specific model for assessing the System and adopted a special procedural body – of which all the personnel concerned has been informed – which records the methods adopted and the responsibilities of the aforesaid personnel as part of the activities of defining, maintaining, and monitoring the System in question. Specifically, the executive in charge issued a procedure that regulates the reference model of the control system and a procedure describing the process of assessing the internal system for controlling financial information, which defines roles and responsibilities within the Company's organization, providing for a specific flow of internal certifications.

The controls instituted have been monitored to check both their "design" (that is, if it is operative, that the control is structured to mitigate the identified risk in an acceptable way) and their actual "effectiveness".

The management responsible for the activities/controls and the Company's Audit Department are entrusted with responsibilities regarding the periodic testing of the System.

In line with Section 404 of the Sarbanes-Oxley Act (which was fully applicable to the Company and the Group until the completion of the procedure of deregistration in March 2008, as explained in detail in the first section of the document under "Structure of the share capital"), the assessment of the controls on financial information was based on the criteria established in the model "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "COSO Report"), supplemented with regard to the IT aspects by the model "Control Objectives for Information and related Technology" (the so-called "COBIT").

The process of assessment of the System, defined in Enel as Management Assessment Process (and in the rest of the present section referred to, for the sake of brevity, as "MAP"), is progressively divided into the following macro-phases:

> definition of the perimeter and identification of the risks;
> assessment of the design and effectiveness of the controls (the so-called "line" monitoring) ;
> "independent" monitoring, entrusted to the Company's internal Audit function;
> reporting, internal certifications, consolidation, and summary of the assessments;
> certification of the Chief Executive Officer and of the executive in charge of preparing the corporate accounting documents regarding the financial statements of Enel SpA, the consolidated financial statements, and the half-year financial report.

The perimeter of the Group companies to include in the assessment was determined with regard to the specific level of risk, in both quantitative terms (for the level of materiality of the potential impact on the consolidated financial statements) and qualitative terms (taking into account the specific risks connected with the business or the process).

For the definition of the System, first of all a Group-level risk assessment was carried out in order to identify and evaluate the actions or events whose materialization or absence could compromise the achievement of the control objectives (for example, claims in the financial statements and other control objectives connected with financial information). The risk assessment was also conducted with regard to the risks of fraud.

Risks are identified at both the entity level and the process level. In the former, the risks identified are considered in any case to have a significant impact on financial information, regardless of the probability that it will occur. Process-level risks, on the other hand, are assessed in terms of potential impact and the probability of occurrence, on the basis of both qualitative and quantitative elements.

Following the identification and assessment of the risks, specific controls were established that are aimed at reducing to an acceptable level the risk connected

with the failure to achieve the objectives of the System, at both the entity and the process level.
Within the scope of the companies identified as significant, the processes at greatest risk were then defined and assessed and, within such processes, the aforesaid activities/phases were carried out. The Company then identified and assessed the risks with the greatest impact and the related controls, both general and specific, aimed at reducing the possibility of the aforesaid risks occurring to an acceptable level.
In order to assess the appropriateness of the System, provision has been made for, every six months, a specific phase of the MAP, which consists in the monitoring by the process managers (that is, the individuals in charge of the activities/control) aimed at testing the design and effectiveness of each of the controls identified.
For each corporate process assessed, an appropriate documentation is kept for the purpose of describing roles and responsibilities and the flow of data and information, as well as the key points of control (administrative and accounting procedures).
The Company's Audit Department is entrusted with the task of performing an "independent" assessment of the effectiveness of the MAP.
The results of the assessments performed by both the line management and the Audit Department of the Company are communicated to the executive in charge of preparing the corporate accounting documents through specific periodic flows of summarized information, which classify any deficiencies in the effectiveness and/or design of the controls – for the purposes of their potential impact on financial information – into simple deficiencies, significant weaknesses, or material deficiencies.
In the event the assessments carried out reveal deficiencies, the aforesaid information flows also report the corrective actions that have been or will be undertaken to allow the objectives of the credibility, accuracy, reliability, and timeliness of financial information to be achieved.
These flows are also used for the periodic information about the adequacy of the System, provided by the executive in charge with regard to the Board of Statutory Auditors, the Internal Control Committee, and the external auditor.
On the basis of the aforesaid reports, and taking into account the certification issued by the heads of each corporate unit concerned by the MAP, the executive in charge, together with the Chief Executive Officer, in turn issues special certification regarding the adequacy and actual application of the administrative and accounting procedures established for the preparation of the financial statements of Enel SpA, the consolidated financial statements, or the half-year report, according to the document concerned each time.

Non-EU foreign subsidiaries

During 2009, the Internal Control Committee checked that the Group was consistently complying with the regulations, established by CONSOB as part of its Market Rules, regarding accounting transparency, as well as the adequacy of the organizational structure, and the internal control systems of subsidiaries set up and regulated under the law of non-EU countries (hereinafter, for the sake of brevity, referred to as "non-EU foreign subsidiaries").
In particular, the following should be noted in this regard:
> according to the data contained in the financial statements as of December 31,2008 and in application of the parameter concerning material significance for consolidation purposes introduced in the Market Rules with effect from July 1, 2008, eleven non-EU foreign subsidiaries were identified within the Enel Group to which the regulations apply for 2009. Specifically, these are: 1) Ampla

Energia e Servicos SA (a Brazilian company); 2) Chilectra SA (a Chilean company); 3) Compania Distribuidora y Comercializadora de Energia SA (a Colombian company); 4) Companhia Energetica do Cearà SA (a Brazilian company); 5) Edegel SA (a Peruvian company); 6) Emgesa SA ESP (a Colombian company); 7) Empresa Nacional de Electricidad – Endesa Chile SA (a Chilean company); 8) Endesa Brasil SA (a Brazilian company); 9) Endesa Capital Finance LLC (a US company); 10) Enersis SA (a Chilean company); and 11) Enel OGK-5 OJSC (a Russian company);

> the balance sheet and income statement for 2009 of all the above companies, as included in the reporting package used for the preparation of the Enel Group's consolidated financial statements for 2009, will be made available to the public by Enel by the day after the Annual General Meeting approves the 2009 financial statements of Enel SpA (according to the procedures described in CONSOB's Issuer Regulations);

> the bylaws and the composition and powers of the corporate bodies of the above companies were obtained by Enel and are available to the CONSOB, in updated form, where the latter should so request for supervisory purposes;

> Enel has ensured that all the above companies: (i) provide the external auditor of the Parent Company with the information necessary to perform the annual and interim audits of Enel; (ii) use an administrative and accounting system appropriate for regular reporting to the management and the external auditor of the Parent Company of the income statement, balance sheet and financial data necessary for the preparation of the Group's consolidated financial statements.

Transactions with related parties

In December 2006, the Board of Directors – implementing the provisions of the Italian Civil Code (which, until then, the CONSOB had not specifically adopted), as well as the recommendations of the Self-regulation Code – adopted regulations that establish the procedures for approving and carrying out transactions undertaken by the Company or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions. Implementing the provisions of the Civil Code, in March 2010 the CONSOB established general principles regarding transactions with related parties, according to which the Board of Directors plans to adapt the aforesaid regulations during 2010.

According to these regulations, the Internal Control Committee is entrusted with the prior examination of the various kinds of transactions with related parties, with the exception of those that present a low level of risk for the Company and the Group (the latter including the transactions carried out between companies entirely owned by Enel, as well as those that are typical or usual, those that are regulated according to standard conditions, and those whose consideration is established on the basis of official market prices or rates established by public authorities).

After the Internal Control Committee has completed its examination, the Board of Directors gives its prior approval (if the transactions regard the Company) or prior evaluation (if the transactions regard Group companies) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding €25 million (with the exception of the previously mentioned ones that present a low level of risk for the Company and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

Transactions whose value amounts to or is less than €25 million and in which the relationship exists with a Director, a regular Statutory Auditor of Enel, or an executive of the Company or the Group with strategic responsibilities (or with a related party through such persons) are always submitted to the Internal Control Committee for its prior examination.

For each of the transactions with related parties submitted for its prior approval or evaluation, the Board of Directors receives adequate information on all the significant aspects and the related resolutions adequately explain the reasons for and the advantageousness for the Company and the Group of the aforesaid transactions. Furthermore, it is provided for the Board of Directors to receive detailed information on the actual carrying out of the transactions that it has approved or evaluated.

In order to prevent a transaction with related parties from being entered into on conditions that are different from those that would probably have been negotiated between unrelated parties, both the Internal Control Committee and the Board of Directors have the authority to avail themselves – depending on the nature, value, or other characteristics of the transaction – of one or more independent experts of recognized professional competence.

If the relationship exists with a Director of the Company or with a related party through the latter, the Director concerned must promptly inform the Board of Directors of the nature, terms, origin, and extent of his interest and leave the Board meeting when the resolution is adopted, unless that prejudices the quorum or the Board of Directors decides otherwise.

If the relationship exists with the Chief Executive Officer of the Company or with a related party through the latter, in addition to the foregoing he abstains from carrying out the transaction and leaves the decision to the Board of Directors.

If the relationship exists with one of the regular Statutory Auditors of the Company or with a related party through the latter, the Auditor concerned promptly informs the other regular Auditors and the Chairman of the Board of Directors of the nature, terms, origin, and extent of his interest.

Finally, a system of communications and certifications is provided for the purpose of promptly identifying, as early as the negotiation phase, transactions with related parties that involve Directors and regular Statutory Auditors of Enel, as well as Company and Group executives with strategic responsibilities (or parties related through such persons).

Processing of corporate information

As early as February 2000, the Board of Directors approved special rules (to which additions were made in March 2006) for the management and processing of confidential information, which also contain the procedures for the external circulation of documents and information concerning the Company and the Group, with particular reference to privileged information. The Directors and Statutory Auditors of the Company are obliged to comply with the provisions contained in such rules and, in any case, to maintain the confidentiality of the documents and information acquired in carrying out their duties.

The rules are aimed at keeping confidential information secret, while at the same time ensuring that the information regarding the Company and the Group made available to the market is correct, complete, adequate, timely, and non-selective.

The rules entrust Enel's Chief Executive Officer and the chief executive officers of the Group companies with the general responsibility of managing the confidential information concerning their respective spheres of authority, establishing that the divulgation of information regarding individual subsidiaries must in any case be agreed upon with the Parent Company's Chief Executive Officer.

The rules also establish specific procedures to be followed in circulating information regarding the Company and the Group outside the Group – with particular emphasis on privileged information – and carefully regulate the ways in which Company and Group representatives enter into contact with the press and other mass media (or financial analysts and institutional investors).
Following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, in April 2006 the Company instituted (and began to regularly update) a Group register recording the persons, both legal and natural, who have access to privileged information because of the professional or other work they do or because of the tasks they perform on behalf of the Company or Group companies. The purpose of this register is to make the persons recorded therein aware of the value of the privileged information at their disposal, while at the same time facilitating the CONSOB's supervision of compliance with the regulations provided to safeguard market integrity.
Also following the adoption by Italian law of the EU regulations regarding market abuse and the coming into force of the secondary regulations issued by the CONSOB, as from April 2006 radical changes were introduced regarding internal dealing, that is, the transparency of transactions involving the Company's shares and financial instruments connected with them carried out by the largest shareholders, Company representatives, and persons closely connected with them. The EU regulations replaced those previously adopted by Borsa Italiana, which had regulated the matter since January 2003. Therefore, as from April 2006, the Group's Dealing Code – which the Board of Directors had adopted in December 2002 in compliance with the regulations issued by Borsa Italiana – also became inapplicable. The current regulations regarding internal dealing apply to the purchase, sale, subscription, and exchange of Enel shares and of financial instruments connected with them by "important persons". This category includes shareholders who own at least 10% of the Company's share capital and the Directors and regular Statutory Auditors of Enel, as well as 17 other managerial positions currently identified within the Company in accordance with the relevant regulations, because they have regular access to privileged information and are authorized to make managerial decisions that could influence Enel's evolution and prospects.
The obligations of transparency apply to all the aforesaid transactions whose total value is at least €5,000 in a given year, even if carried out by persons closely connected with the "important persons".
In enacting measures to implement the aforesaid regulations, the Board of Directors considered it advisable to provide that "important persons" (other than the shareholders who possess an interest amounting to or exceeding 10% of the Company's share capital) are obliged to abstain from carrying out transactions subject to the regulations regarding internal dealing during two blocking periods, lasting approximately one month each, around the time the Board of Directors approves the Company's proposed financial statements and the half-year report. This initiative of the Board of Directors was prompted by the will to improve the Company's governance standards with respect to the relevant regulations, maintaining in force a provision formerly contained in the Group's Dealing Code and aimed at preventing the carrying out of transactions by "important persons" that the market could perceive as suspect, because they are carried out during periods of the year that are especially sensitive to corporate information.

Relations with institutional investors and shareholders in general

Ever since the listing of its shares on the stock market, the Company has deemed it appropriate for its own specific interest – as well as its duty with respect to the market – to establish on ongoing dialogue based on mutual understanding of their respective roles, with its shareholders in general, as well as with institutional investors. Such dialogue, in any case, was to take place in accordance with the rules and procedures that regulate the divulgation of privileged information.
In this regard, in consideration of the size of the Group, it was deemed that such dialogue could be facilitated by the creation of dedicated corporate units.
The Company therefore created (i) an investor relations unit, which is currently part of its Accounting, Finance, and Control Department, and (ii) a unit within its Department of Corporate Affairs in charge of communicating with shareholders in general.
It was also decided to further facilitate communication with investors through the creation of a special section of the Company's website (www.enel.com, investor section), providing both financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts' estimates, and information on trading of the securities issued by the Company) and up-to-date data and documents of interest to shareholders in general (press releases, the members of Enel's Boards, the Company's bylaws and Shareholders' Meeting regulations, information and documents regarding Shareholders' Meetings, documents regarding corporate governance, the Code of Ethics, and the compliance program pursuant to Legislative Decree 231/2001, as well as a general chart of the organization of the Group).

Shareholders' Meetings

The suggestion contained in the Self-regulation Code to consider shareholders' meetings important occasions for discussion between a company's shareholders and its board of directors (even with the availability of a number of different communication channels between listed companies and shareholders, institutional investors, and the market) was carefully evaluated and fully accepted by the Company, which – in addition to ensuring the regular attendance of its Directors at Shareholders' Meetings – deemed it advisable to adopt specific measures to adequately enhance the latter.
Pursuant to applicable laws and regulations, the Shareholders' Meeting is competent to resolve, in both ordinary and extraordinary session, upon, among other things (i) the appointment and revocation of the members of the Board of Directors and of the Board of Statutory Auditors determining their compensation and liability, (ii) the approval of the financial statements and the distribution of the net income, (iii) the buyback and sale of own shares, (iv) the compensation plans based on shares; (v) the amendments to the bylaws, (vi) the issue of convertible bonds. The resolutions are adopted with the quorum set forth by law for each case.
Ordinary and Extraordinary Shareholders' Meetings are normally held in the municipality where the Company's registered office is located. The Board of Directors may determine otherwise, provided the venue is in Italy.
The bylaws, as amended in February 2009 by the Board of Directors in accordance with the provisions of the Unified Financial Act, provide that an ordinary Shareholders' Meeting must be called at least once a year, to approve the financial statements, within one hundred and twenty days after the end of the accounting period.

The bylaws also provide that the participation in Shareholders' Meetings is restricted to those who deposit their shares at least two days prior to the date set for a given meeting and do not withdraw them before the meeting has taken place. This rule was intended to satisfy the Company's interest in knowing in advance the identity and number of the shareholders entitled to attend the Shareholders' Meeting – *inter alia*, for the purpose of seeing in a timely manner if the quorum can be reached – without at the same time prejudicing the possibility for the latter to sell the shares already deposited, if they so wish (in this case, however, losing the right to attend the Shareholders' Meeting, in accordance with the relevant regulations in force).

In line with the recommendations of the special legislation regarding listed companies, a specific provision was inserted in Enel's bylaws aimed at facilitating the collection of vote proxies from shareholders who are Group employees, thus favoring their involvement in the decision-making processes at Shareholders' Meetings.

The conduct of Shareholders' Meetings is governed, in addition to the law and bylaws, by a specific regulation approved at the Ordinary Shareholders' Meeting of 25 May 2001. The contents of such regulation are in line with the most advanced models for listed companies expressly drawn up by several professional associations (Assonime and ABI).

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, if it happens that he or she is not available, by the Deputy Chairman if one has been appointed, or if both are absent, the meeting shall be chaired by a person designated by the Board, failing which the meeting shall elect its Chairman. The Chairman of a Shareholders' Meeting shall be assisted by a Secretary, except if the drafting of the minutes is entrusted to a notary public.

The Chairman of a Shareholders' Meeting, among other things, verifies the regular constitution of the meeting, assesses the identity and legitimacy of those attending, regulates the conduct of the meeting and assesses the results of the vote.

The resolutions of the meeting shall be recorded in minutes signed by the Chairman and the Secretary or public notary. The minutes of extraordinary Shareholders' Meetings shall be drafted by a public notary.

As regards the right of each shareholder to request the floor to speak on the matters in the agenda, the Shareholders' Meetings regulation provides that the Chairman, taking into account the nature and the importance of the specific matters under discussion, as well as the number of those requesting the floor, shall predetermine the time limits for speaking from the floor and for rejoinders – normally no more than ten minutes for the former and five minutes for the latter – in order to ensure that the Meeting is able to conclude its business at one sitting. All those entitled to vote may request the floor to speak on the matters under discussion only once, making observations, requesting information and making proposals. Requests for the floor may be presented from the time the quorum is determined and – unless the Chairman sets a different deadline – until the Chairman closes the discussion of the matter concerned. The Chairman and, at his or her request, those who assist him or her, shall reply to participants who speak on matters being discussed after all of them have spoken or after each one has spoken. Those who have requested the floor shall be entitled to a brief rejoinder.

It should be noted that the regulations governing the most important mechanisms of shareholders' meetings of listed companies – with regard to, among other things, the deadlines for calling the meetings, the number of calls, the quorums, the exercise of minority shareholders' rights of convocation and supplementation of the agenda, attendance and voting at the meeting, information before the meeting, voting proxies, the identification of shareholders, the introduction of the so-called record date for the purpose of recognizing entitlement to attend and vote at the meeting – will undergo significant changes following Italy's recent implementation of Directive 2007/36/EC (regarding the exercise of several rights of shareholders of listed companies) through Legislative Decree 27 of January 27, 2010, whose important innovations on this matter will apply to shareholders' meetings of which the notice is published after October 31, 2010.

Code of Ethics

Awareness of the social and environmental effects that accompany the activities carried out by the Group, as well as consideration of the importance of both a cooperative approach with stakeholders and the good reputation of the Group (in both internal and external relations) inspired the drawing up of the Group's Code of Ethics, which was approved by the Company's Board of Directors in March 2002 and updated in March 2004 and, most recently, in September 2009.
The Code expresses the commitments and ethical responsibilities involved in the conduct of business, regulating and harmonizing corporate behavior in accordance with standards requiring maximum transparency and fairness with respect to all stakeholders. Specifically, the Code of Ethics consists of:

> general principles regarding relations with stakeholders, which define the reference values guiding the Group in the carrying out of its activities. Among the aforesaid principles, specific mention should be made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality, and the protection of the environment;
> criteria of behavior towards each class of stakeholders, which specify the guidelines and rules that Enel's officers and employees must follow in order to ensure observance of the general principles and prevent the risk of unethical actions;
> implementation mechanisms, which describe the control system devised to ensure observance of the Code of Ethics and its continual improvement.

The revision of the Code of Ethics carried out in September 2009 was prompted by the necessity of updating this document in the light of the legal and organizational changes that had taken place since its previous version was published, as well as the intention to further align its content with international best practice. Among the most significant amendments made at that time were (i) the updating of the corporate mission, (ii) adoption of the prohibition of intimidation, mobbing, and stalking in the workplace, and (iii) an express provision of the obligation for suppliers to comply with regulations regarding health and safety in the workplace, as well as (iv) the exclusion in principle of the possibility for Group companies to grant requests for contributions for the same kind of activities in which Enel Cuore Onlus is engaged.

Compliance program pursuant to Legislative Decree 231 of June 8, 2001

In July 2002, the Company's Board of Directors approved a compliance program in accordance with the requirements of Legislative Decree 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact criminal) liability with respect to companies for several kinds of crimes committed by their directors, executives, or employees in the interest of or to the benefit of the companies themselves.
The content of the aforesaid program is consistent with the guidelines on the

subject established by industry associations and with the best practice of the United States and represents another step towards strictness, transparency, and a sense of responsibility in both internal relations and those with the external world. At the same time, it offers shareholders adequate assurance of efficient and fair management.
The program in question – conceived as an instrument to be adopted by all the Italian companies of the Group – consists of a "general part" (in which are described, among other things, the content of Legislative Decree 231/2001, the objectives of the program and how it works, the duties of the control body responsible for supervising the functioning of and compliance with the program and seeing to its updating, and the penalty regime) and separate "special parts" concerning the different kinds of crimes provided for by Legislative Decree 231/2001, which the aforesaid program aims to prevent.
During 2006, the compliance program was completely revised. As proposed by the Internal Control Committee, the Board of Directors (i) updated both the "general part" and the "special parts" regarding corporate crimes and crimes against the civil service, in order to take into account court rulings and the applicative experience acquired during the first years of implementation of the program, and (ii) approved new "special parts" concerning crimes of terrorism and subversion of the democratic order, crimes against the person, and crimes and administrative wrongdoing involving market abuse.
In February 2008, the Board of Directors approved an additional "special part" of the program in question concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of industrial accidents and the protection of workplace hygiene and on-the-job health. At the same time, the Board of Directors also updated the composition of the body entrusted with the supervision of the functioning and observance of the program and with seeing to its updating, which was transformed from a one-member body into a collective one in order to bring its characteristics into line with the prevalent practice of the most important listed companies and the trends of court decisions.
In accordance with the regulation of the supervisory body approved by the Board of Directors in May 2008, such body may consist of three to five members appointed by the Board. Such members may be either from within or outside the Company or the Group, with specific expertise and professional experience (in any case it is requested the presence of the responsible for the internal Audit function). The Board of Directors, upon proposal of the Internal Control Committee, has appointed as members of the control body – in addition to the head of the Internal Audit Department – the heads of the Company's Department of Corporate Affairs and Legal Department, since they have specific professional expertise regarding the application of the compliance program and are not directly involved in operating activities.
In June 2009, the Board of Directors also resolved, upon proposal by the Internal Control Committee (i) to update both the "general part" and the "special part" concerning the crimes of negligent manslaughter and personal injury committed in violation of the regulations for the prevention of accidents and on the promotion of hygiene and workplace health and safety in order to take into account the applicative experience acquired, the trend of court decisions, and regulatory innovations, as well as (ii) to approve a new "special part" concerning the crimes of handling stolen goods, recycling and using illegally acquired money, property, and benefits, which recent legislation included among the crimes that are the "condition" of the liabilities regulated by Legislative Decree 231/2001.

During 2009, the supervisory body oversaw the functioning and the observance of the compliance program and promoted – as part of the usual training initiatives necessary to keep employees constantly up to date on the content of the aforesaid program – a special training event dedicated to the prevention of on-the-job accidents.

“Zero tolerance of corruption” plan

In June 2006, the Board of Directors approved the adoption of the “zero tolerance of corruption - ZTC” plan in order to give substance to Enel’s adherence to the Global Compact (an action program sponsored by the UN in 2000) and the PACI - Partnership Against Corruption Initiative (sponsored by the Davos World Economic Forum in 2005).
The ZTC plan neither replaces nor overlaps with the Code of Ethics and the compliance program adopted pursuant to Legislative Decree 231/2001, but represents a more radical step regarding the subject of corruption and adopts a series of recommendations for implementing the principles formulated on the subject by Transparency International.

*****

Attached below are three tables that summarize some of the information contained in the second section of the report.

TABLE 1: STRUCTURE OF ENEL'S BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

				Independent				Internal Control Committee		Compensation Committee		Nomination Committee (*if any*)		Executive Committee (*if any*)	
Office	Members	Executive	Non-executive	UFA *****	SC ******	****	Other offices **	***	****	***	****	***	****	***	****
Chairman	Gnudi Piero	X				100%	1								
CEO/General Manager	Conti Fulvio	X				100%	2								
Director	Ballio Giulio (*)		X	X	X	85%	1			X	89%				
Director	Codogno Lorenzo		X			95%	-	X	77%			Non-existent		Non-existent	
Director	Costi Renzo (*)		X	X	X	100%	1	X	100%						
Director	Fantozzi Augusto (*)		X	X	X	95%	3			X	100%				
Director	Luciano Alessandro		X	X	X	100%	1	X	100%						
Director	Napolitano Fernando		X			85%	1			X	100%				
Director	Tosi Gianfranco		X	X	X	90%	-	X	100%						

Quorum for the presentation of slates for the appointment of the Board of Directors: **1%** of the share capital
Number of meetings held in 2009 - Board of DIrectors: **20**; Internal Control Committee: **13**; Compensation Committee: **9**; Nomination Committee: **N.A.**; Executive Committee: **N.A.**

NOTE

* The presence of an asterisk indicates that the Director was designated on a slate presented by minority shareholders.

** This column shows the number of offices held by the person concerned on the boards of directors or the boards of statutory auditors of other companies of significant size, as defined by the related policy established by the Board of Directors. In this regard, during 2009 Enel's Directors held the following offices considered significant for this purpose:
1) Piero Gnudi: director of UniCredit SpA
2) Fulvio Conti: director of Barclays Plc and AON Corporation
3) Giulio Ballio: director of RCS Quotidiani SpA
4) Renzo Costi: director of the publishing house "Il Mulino" SpA
5) Augusto Fantozzi: receiver of Alitalia SpA, director of Ferretti SpA, and chairman of the board of statutory auditors of Hewlett Packard Italia Srl
6) Alessandro Luciano: director of Livingston SpA
7) Fernando Napolitano: chief executive officer of Booz & Company Italia Srl.

*** In these columns, an "X" indicates the Committee(s) of which each Director is a member.

**** These columns show the percentage of the meetings of, respectively, the Board of Directors and the Committee(s) attended by each Director. All absences were appropriately explained.

***** In this column, an "X" indicates the possess of the requisite of independence provided for the statutory auditors of listed companies by Article 148, paragraph 3, of the Unified Financial Act, applicable to the Directors pursuant to Article 147-ter, paragraph 4, of the Unified Financial Act. Pursuant to the provisions of Article 148, paragraph 3, of the Unified Financial Act, the following do not qualify as independent:
a) persons who are in the situation s provided for by Article 2382 of the Civil Code (that is, in the state of incapacitation, disqualification, or bankruptcy or who have been sentenced to a punishment that entails debarment, even temporary, from public offices or incapacitation from performing executive functions);
b) the spouse, relatives, and in-laws within the fourth degree of the directors of the company, as well as the directors, spouse, relatives, and in-laws of its subsidiaries, the companies of which it is a subsidiary, and those under common control;
c) persons who are connected with the company, its subsidiaries, the companies of which it is a subsidiary, or those under common control, or with the directors of the company or the parties referred to under the preceding letter b) by relations as an employee or a self-employed person or other economic or professional relations that could compromise their independence.

****** In this column, an "X" indicates the possess of the requisite of independence provided by Article 3 of the Self-regulation Code. Specifically, according to applicative criterion 3.C.1 of the Self-regulation Code, a director should normally be considered lacking the requisites of independence in the following cases:
a) if, directly or indirectly – including through subsidiaries, fiduciaries, or third parties – he or she controls the issuer or is able to exercise considerable influence on it or has entered into a shareholders' agreement through which one or more persons can exercise control or considerable influence on the issuer;
b) if he or she is, or during the three preceding accounting periods has been, an important representative (1) of the issuer, a strategically important subsidiary, or a company under common control along with the issuer or of a company or an organization that, even together with others through a shareholders' agreement, controls the issuer or is able to exercise considerable influence on it;
c) if, directly or indirectly (for example, through subsidiaries or companies of which he or she is an important representative or as a partner in a professional firm or consultancy) he or she has, or had in the preceding accounting period, a significant commercial, financial, or professional relationship:
> with the issuer, a subsidiary of it, or any of the related important representatives;
> with a party who, even together with others through a shareholders' agreement, controls the issuer or – if it is a company or an organization – with the related important representatives;
or is, or during the three preceding accounting periods was, an employee of one of the aforesaid entities.
In this regard, in February 2010 the Company's Board of Directors established the following quantitative criteria applicable to the aforesaid commercial, financial, or professional relations:
> commercial or financial relations: (i) 5% of the annual turnover of the company or organization of which the Director has control or is an important representative, or of the professional or consulting firm of which he is a partner, and/or (ii) 5% of the annual costs incurred by the Enel Group through the same kind of contractual relations;
> professional services: (i) 5% of the annual turnover of the company or organization of which the Director has the control or is an important representative or of the professional or consulting firm of which he is a partner, and/or (ii) 2.5% of the annual costs incurred by the Enel Group through similar assignments.
In principle, unless there are specific circumstances that should be concretely examined, exceeding these limits should mean that the non-executive director to whom they apply does not possess the requisites of independence provided for by the Self-regulation Code.
d) if he or she receives, or has received in the three preceding accounting periods, from the issuer or from a subsidiary or controlling company significant additional compensation with respect to his or her "fixed" pay as a non-executive director of the issuer, including participation in incentive plans connected with the company's performance, including those involving stock based plans;
e) if he or she has been a director of the issuer for more than nine years in the last twelve years;
f) if he holds the office of chief executive officer in another company in which an executive director of the issuer holds a directorship;
g) if he or she is a shareholder or a director of a company or an organization belonging to the network of the firm entrusted with the external audit of the issuer;
h) if he or she is a close family member (2) of a person who is in one of the conditions referred to in the preceding items.

(1) It should be noted that, according to applicative criterion 3.C.2 of the Self-regulation Code, the following are to be considered "important representatives" of a company or an organization (including for the purposes of the provisions of the other letters of applicative criterion 3.C.1): the legal representative, the president of the organization, the chairman of the board of directors, the executive directors, and the executives with strategic responsibilities of the company or organization under consideration.
(2) The comment on article 3 of the Self-regulation Code states in this regard that "in principle, the following should be considered not independent: the parents, the spouse (unless legally separated), life partner more uxorio , and co-habitant family members of a person who could not be considered an independent director".

TABLE 2: ENEL'S BOARD OF STATUTORY AUDITORS

Office	Members	Percentage of Board meetings attended	Number of offices**
Chairman	Fontana Franco (*)	100%	13
Regular Auditor	Conte Carlo	94%	11
Regular Auditor	Mariconda Gennaro	76%	1
Alternate Auditor	Giordano Giancarlo	N.A.	-
Alternate Auditor	Sbordoni Paolo (*)	N.A.	-

Number of meetings held in 2009: **17**.
Quorum required for the presentation of slates for the appointment of the Board of Statutory Auditors: **1%** of the share capital.

NOTES

* The presence of an asterisk indicates that the Statutory Auditor was designated on a slate presented by minority shareholders.
** This column shows the number of offices that the person concerned has declared to hold on the boards of directors or the boards of statutory auditors of Italian corporations.

TABLE 3: OTHER PROVISIONS OF THE SELF-REGULATION CODE

	YES	NO	Summary of the reasons for any deviation from the recommendations of the Code
Delegation system and transactions with related parties			
Has the Board of Directors delegated powers and established:	X		
a) their limits	X		
b) how they are to be exercised	X		
c) and how often it is to be informed?	X		
Has the Board of Directors reserved the power to examine and approve beforehand transactions having a significant impact on the Company's strategy, balance sheet, income statement, or cash flow (including transactions with related parties)?	X		
Has the Board of Directors established guidelines and criteria for identifying "significant" transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the Board of Directors established special procedures for the examination and approval of transactions with related parties?	X		
Are the procedures for approving transactions with related parties described in the report?	X		
Procedures of the most recent election of the Board of Directors and the Board of Statutory Auditors			
Were the candidacies for the office of Director filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Director accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Were the candidacies for the office of Director accompanied by a statement that the candidates qualify as independent?	X		
Were the candidacies for the office of Statutory Auditor filed at least 10 days (*) beforehand?	X		
Were the candidacies for the office of Statutory Auditor accompanied by exhaustive information on the personal and professional characteristics of the candidates?	X		
Shareholders' Meetings			
Has the Company approved regulations for Shareholders' Meetings?	X		
Are the regulations attached to the report (or is it stated where they can be obtained/downloaded)?	X		
Internal control			
Has the Company appointed the person in charge of internal control?	X		
Is the person in charge hierarchically independent of the heads of operating areas?	X		
Organizational position of the person in charge of internal control	Head of the Company's Internal Audit Department		
Investor relations			
Has the Company appointed a head of investor relations?	X		
Organizational unit of the head of investor relations and related contact information	Relations with institutional investors: Investor Relations – Viale Regina Margherita, 137 – 00198 Rome, Italy tel. ++39 06/83057975 fax ++39 06/83053771 e-mail: investor.relations@enel.com Relations with retail shareholders: Department of Corporate Affairs – Viale Regina Margherita, 137 – 00198 Rome, Italy – tel. ++39 06/83054000 fax ++39 06/83052129 e-mail: azionisti.retail@enel.com		

(*) It should be noted that in the 2006 edition of the Self-regulation Code the recommended deadline for filing slates of candidates for the offices of director and statutory auditor was increased from 10 to 15 days. The deadline of 10 days applies to the Company under the provisions of the regulations regarding privatizations (Article 4, Law 474 of July 30, 1994). These special regulations will cease to have effect beginning with the Shareholders' Meetings of which the notice is published after October 31, 2010, in accordance with the provisions of Article 6 of Legislative Decree 27 of January 27, 2010.

Declaration of the Chief Executive officer and the manager responsible for the preparation of corporate financial reports

Declaration of the Chief Executive Officer and the manager responsible for the preparation of the financial reports of Enel SpA at December 31, 2009, pursuant to the provisions of Article 154-*bis*, paragraph 5, of Legislative Decree 58 of February 24, 1998 and Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 1999

1. The undersigned Fulvio Conti and Luigi Ferraris, in their respective capacities as Chief Executive Officer and manager responsible for the preparation of the financial reports of Enel SpA, hereby certify, taking account of the provisions of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree 58 of February 24, 1998:
   a. the appropriateness with respect to the characteristics of the Enel Group and
   b. the effective adoption of

   the administrative and accounting procedures for the preparation of the consolidated financial statements of the Enel Group in the period between January 1, 2009 and December 31, 2009.

2. In this regard, we report that:
   a. the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements of the Enel Group has been verified in an assessment of the internal control system. The assessment was carried out on the basis of the guidelines set out in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   b. the assessment of the internal control system did not identify any material issues.

3. In addition, we certify that consolidated financial statements of the Enel Group at December 31, 2009:
   a. have been prepared in compliance with the international accounting standards recognized in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   b. correspond to the information in the books and other accounting records;
   c. provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

4. Finally, we certify that the report on operations accompanying the financial statements of the Enel Group at December 31, 2009 contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, March 17, 2010

Fulvio Conti
Chief Executive Officer of Enel SpA

Luigi Ferraris
Manager responsible for the preparation
of the financial reports of Enel SpA

Attachments

Subsidiaries, associates and other significant equity investments of the Enel Group at December 31, 2009

In compliance with CONSOB Notice no. DEM/6064293 of July 28, 2006 and Article 126 of CONSOB Resolution no. 11971 of May 14, 1999, a list of subsidiaries and associates of Enel SpA at December 31, 2009, pursuant to Article 2359 of the Italian Civil Code, and of other significant equity investments is provided below. Enel has full title to all investments.
The following information is included for each company: name, registered office, activity, share capital, currency of account, Group companies that have a stake in the company and their respective ownership share, and the Group's ownership share.

Subsidiaries consolidated on a line-by-line basis at 31 December, 2009 (1)

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Enel SpA	**Rome**	**Italy**	**Holding company**	**9,403,357,795**	**EUR**	-	-	-
Subsidiaries:								
Aioliko Voskero SA	Heraklion, Crete	Greece	Constructionand operation of generation plants powered by renewable resources	955,600	EUR	Enel Green Power International BV	100.00%	100.00%
Blue Energy Srl	Tulcea	Romania	Electricity generation from renewable resources	1,000	RON	Enel Green Power International BV Enel Green Power Romania Srl	1.00% 99.00%	100.00%
Concert Srl	Rome	Italy	Product, plant and equipment certification	10,000	EUR	Enel Produzione SpA	51.00%	51.00%
Consorzio Sviluppo Solare	Rome	Italy	-	100,000	EUR	Enel Produzione SpA Enel.si - Servizi integrati Srl	30.00% 70.00%	100.00%
Deval SpA	Aosta	Italy	Electricity distribution and sales in Valle d'Aosta	37,500,000	EUR	Enel SpA	51.00%	51.00%
Electrogroup Srl	Baia Mare	Romania	Electricity generation from renewable resources	200	RON	Enel Green Power Romania Srl	100.00%	100.00%
Endesa SA	Madrid	Spain	Holding company	1,270,502,540	EUR	Enel Energy Europe SL	92.06%	92.06%
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	73,230,000	ALL	Enel Investment Holding BV	100.00%	100.00%
Enel Capital Srl	Rome	Italy	Holding company	8,500,000	EUR	Enel SpA	100.00%	100.00%
Enel Distributie Banat SA	Timisoara	Romania	Electricity distribution	382,158,580	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Dobrogea SA	Costanza	Romania	Electricity distribution	280,285,560	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Distributie Muntenia SA (formerly Electrica Muntenia Sud SA)	Bucharest	Romania	Electricity distribution	271,635,250	RON	Enel Investment Holding BV	64.43%	64.43%
Enel Distribuzione SpA	Rome	Italy	Electricity distribution	2,600,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Energia SpA	Rome	Italy	Electricity and gas sales	302,039	EUR	Enel SpA	100.00%	100.00%
Enel Energie Muntenia SA (formerly Electrica Furnizare Sud SA)	Bucharest	Romania	Electricity sales	37,004,350	RON	Enel Investment Holding BV	64.43%	64.43%
Enel Energie SA	Bucharest	Romania	Electricity sales	140,000,000	RON	Enel Investment Holding BV	51.00%	51.00%
Enel Energy Europe SL	Madrid	Italy	Holding company	500,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Erelis Sas	Lyon	France	Electricity generation from renewable resources	60,200,000	EUR	Enel Green Power International BV	100.00%	100.00%
Enel ESN Energo LLC	St. Petersburg	Russian Federation	Operation and maintenance of generation plants	2,700,000	RUB	Enel ESN Management BV	100.00%	75.00%
Enel ESN Management BV	Amsterdam	Netherlands	Holding company	18,000	EUR	Enel Produzione SpA	75.00%	75.00%
Enel Finance International SA	Luxembourg	Luxembourg	Finance	1,391,900,230	EUR	Enel SpA	100.00%	100.00%
Enel France Sas	Paris	France	Holding company	34,937,000	EUR	Enel Investment Holding BV	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Enel Green Power Bulgaria EAD (formerly Enel Maritza East 4 Bulgaria EAD)	Sofia	Bulgaria	Construction, operation and maintenance of plants	35,231,000	BGN	Enel Green Power International BV	100.00%	100.00%
Enel Green Power Hellas SA	Maroussi	Greece	Holding company, Energy services	1,060,000	EUR	Enel Green Power International BV	100.00%	100.00%
Enel Green Power Holding SA (formerly Enel Green Power International SA)	Luxembourg	Luxembourg	Holding company in the renewables generation sector	211,650,000	EUR	Enel Produzione SpA Enel Investment Holding BV	67.11% 32.89%	100.00%
Enel Green Power International BV	Amsterdam	Netherlands	Holding company	244,532,298	EUR	Enel Green Power SpA	100.00%	100.00%
Enel Green Power Romania Srl (formerly Blu Line Impex Srl)	Sat Rusu de Sus Nuseni	Romania	Electricity generation from renewable resources	128,000,000	RON	Enel Green Power International BV	100.00%	100.00%
Enel Green Power SpA	Rome	Italy	Electricity generation from renewable resources	600,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Ingegneria e Innovazione SpA	Rome	Italy	Analysis, design, construction and maintenance of engineering works	30,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1,593,050,000	EUR	Enel SpA	100.00%	100.00%
Enel Latin America BV	Amsterdam	Netherlands	Electricity generation from renewable resources	244,450,298	EUR	Enel Green Power International BV	100.00%	100.00%
Enel M@p Srl	Rome	Italy	Metering, remote control and connectivity services via power line communication	100,000	EUR	Enel Distribuzione SpA	100.00%	100.00%
Enel Maritza East 3 AD	Sofia	Bulgaria	Electricity generation	265,943,600	BGN	Maritza East III Power Holding BV	73.00%	73.00%
Enel North America Inc. (1)	Wilmington (Delaware)	USA	Electricity generation from renewable resources	50	USD	Enel Green Power International BV	100.00%	100.00%
Enel OGK-5 OJSC (formerly OGK-5 OJSC)	Ekaterinburg	Russian Federation	Electricity generation	35,371,898,370	RUB	Enel Investment Holding BV	55.98%	55.98%
Enel Operations Belgium SA	Marchienne au Pont	Belgium	Management and maintenance of power plants	200,000	EUR	Enel Investment Holding BV	100.00%	100.00%
Enel Operations Bulgaria AD	Galabovo	Bulgaria	Management and maintenance of power plants	50,000	BGN	Maritza O&M Holding Netherlands BV	73.00%	73.00%
Enel Productie Srl (formerly Global Power Investment Srl)	Bucharest	Romania	Electricity generation	910,200	RON	Enel Investment Holding BV	100.00%	100.00%
Enel Produzione SpA	Rome	Italy	Electricity generation	1,800,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Romania Srl (formerly Enel Servicii Srl)	Judetul Ilfov	Romania	Business services	200.000	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Rus LLC	Moscow	Russian Federation	Electricity services	350,000	RUB	Enel Investment Holding BV	100.00%	100.00%
Enel Service UK Ltd	London	United Kingdom	Energy services	100	GBP	Enel Trade SpA	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Enel Servicii Comune SA	Bucharest	Romania	Energy services	33,000,000	RON	Enel Distributie Banat SA Enel Distributie Dobrogea SA	50.00% 50.00%	51.00%
Enel Servizi Srl	Rome	Italy	Personnel administration activities, information technology and business services	50,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Servizio Elettrico SpA	Rome	Italy	Electricity sales	10,000,000	EUR	Enel SpA	100.00%	100.00%
Enel Sole Srl	Rome	Italy	Public lighting systems	4,600,000	EUR	Enel SpA	100.00%	100.00%
Enel Trade Hungary Kft	Budapest	Hungary	Electricity sourcing and trading	50,000,000	HUF	Enel Trade SpA	100.00%	100.00%
Enel Trade Romania Srl	Bucharest	Romania	Electricity sourcing and trading	2,000,200	RON	Enel Trade SpA	100.00%	100.00%
Enel Trade SpA	Rome	Italy	Fuel trading and logistics - Electricity sales	90,885,000	EUR	Enel SpA	100.00%	100.00%
Enel Trading Rus BV	Amsterdam	Netherlands	Holding company	18,000	EUR	Enel SpA	100.00%	100.00%
Enel.Factor SpA	Rome	Italy	Factoring	12,500,000	EUR	Enel SpA	100.00%	100.00%
Enel.NewHydro Srl	Rome	Italy	Engineering and water systems	1,000,000	EUR	Enel SpA	100.00%	100.00%
Enel.Re Ltd	Dublin	Ireland	Reinsurance	3,000,000	EUR	Enel Investment Holding BV	100.00%	100.00%
Enel.si - Servizi integrati Srl	Rome	Italy	Plant engineering and energy services	5,000,000	EUR	Enel Green Power SpA	100.00%	100.00%
Enelco SA	Athens	Greece	Plant construction, operation and maintenance	36,961,629	EUR	Enel Investment Holding BV	75.00%	75.00%
Enelpower SpA	Milan	Italy	Engineering and construction	2,000,000	EUR	Enel SpA	100.00%	100.00%
Enelpower Contractor and Development Saudi Arabia Ltd	Riyadh	Saudi Arabia	Construction, operation and maintenance of plants	5,000,000	SAR	Enelpower SpA	51.00%	51.00%
Enelpower UK Ltd	London	United Kingdom	Electrical engineering	1,000	GBP	Enelpower SpA	100.00%	100.00%
Energoslužby AS	Trnava	Slovakia	Business services	33,194	EUR	Slovenské elektrárne AS	100.00%	66.00%
Geotermica Nicaraguense SA	Managua	Nicaragua	Electricity generation from renewable resources	50.000	NIO	Enel Green Power SpA	60.00%	60.00%
Glafkos Hydroelectric Station SA	Maroussi	Greece	Construction, operation and maintenance of plants, electricity trading and services	4,690,000	EUR	Enel Green Power International BV	100.00%	100.00%
Hydro Constructional SA	Maroussi	Greece	Electrical engineering, energy trading and energy services	4,230,000	EUR	Enel Green Power International BV	100.00%	100.00%
Hydro Dolomiti Enel Srl	Trento	Italy	Electricity generation, purchases and sales	3,000,000	EUR	Enel Produzione SpA	49.00%	49.00%
Hydrogen Park -Marghera per l'idrogeno Scrl	Venice	Italy	Development of studies and projects for the use of hydrogen	245,000	EUR	Enel Produzione SpA	55.10%	55.10%
International Wind Parks of Achaia SA	Maroussi	Greece	Electricity generation from renewable resources	7,121,000	EUR	Enel Green Power International BV	100.00%	100.00%
International Wind Parks of Crete SA	Maroussi	Greece	Construction, operation and maintenance of plants, electricity trading and services	3,093,000	EUR	Enel Green Power International BV	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
International Wind Parks of Rhodes SA	Maroussi	Greece	Construction, operation and maintenance of plants, electricity trading and services	5,070,000	EUR	Enel Green Power International BV	100.00%	100.00%
International Wind Parks of Thrace SA	Maroussi	Greece	Construction, operation and maintenance of plants, electricity trading and services	13,957,500	EUR	Enel Green Power Hellas SA	100.00%	100.00%
International Wind Power SA	Maroussi	Greece	Construction, operation and maintenance of plants, electricity trading and services	6,615,300	EUR	Enel Green Power Hellas SA	100.00%	100.00%
Latin America Energy Holding BV	Amsterdam	Netherlands	Holding company	18,000	EUR	Enel Investment Holding BV	100.00%	100.00%
Linea Albania-Italia Shpk	Tirana	Albania	Construction, maintenance and operation of merchant lines	27,460,000	ALL	Enel Investment Holding BV	100.00%	100.00%
Marcinelle Energie SA	Charleroi	Belgium	Electricity generation, transport SAle and trading	3,061,500	EUR	Enel Investment Holding BV	80.00%	80.00%
Maritza East III Power Holding BV	Amsterdam	Netherlands	Holding company	100,000,000	EUR	Enel Investment Holding BV	100.00%	100.00%
Maritza O&M Holding Netherlands BV	Amsterdam	Netherlands	Holding company	40,000	EUR	Enel Investment Holding BV	100.00%	100.00%
Nuove Energie Srl	Porto Empedocle	Italy	Construction and management of LNG regasification infrastructure	4,100,000	EUR	Enel Trade SpA	90.00%	90.00%
Ochrana a bezpečnosť SE AS	Mochovce	Slovakia	Security services	33,193,92	EUR	Slovenské elektrárne AS	100.00%	66.00%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10,000,000	RUB	Enel OGK-5 OJSC	100.00%	55.98%
Parc Eolien de Beauséjour Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de Bouville Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de Coulonges-Thouarsais Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Chapelle Gaudin Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Grande Epine Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Parigodière Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Terre aux Saints Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Vallière Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de la Vigne de Foix Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de Noirterre Sasu	Lyon	France	Construction, operation and maintenance of plants	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien de Pouille L'Hermenault Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien des Ramiers Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parc Eolien de Thire Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Parc Eolien du Mesnil Sasu	Lyon	France	Electricity generation from renewable resources	37,000	EUR	Enel Erelis Sas	100.00%	100.00%
Portoscuso Energia Srl	Rome	Italy	Electricity generation from renewable resources	10,000	Eur	Enel Green Power SpA	100.00%	100.00%
Pragma Energy SA	Lugano	Switzerland	Coal trading	4,000,000	CHF	Enel Investment Holding BV	100.00%	100.00%
Prof-Energo LLC	Sredneuralsk	Russian Federation	Energy services	10,000	RUB	Sanatorium-Preventorium Energetik OJSC	100.00%	55.98%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	Energy services	10,571,300	RUB	Enel OGK-5 OJSC OGK-5 Finance LLC	99.99% 0.01%	55.86%
SE Predaj sro	Bratislava	Slovakia	Electricity supply	5,000	EUR	Slovenské elektrárne AS	100.00%	66.00%
Sfera - Società per la formazione e le risorse aziendali Srl	Rome	Italy	Human resources and training	2,000,000	EUR	Enel Servizi Srl	100.00%	100.00%
Slovenské elektrárne AS	Bratislava	Slovakia	Electricity generation	1,269,295,725	EUR	Enel Produzione SpA	66.00%	66.00%
Slovenské elektrárne Finance BV	Rotterdam	Netherlands	Finance	18,200	EUR	Slovenské elektrárne AS	100.00%	66.00%
Smart P@per SpA	Potenza	Italy	Services	2,184,000	EUR	Enel Servizio Elettrico SpA	10.00%	10.00%
Société Armoricaine d'Energie Eolienne Sarl	Lyon	France	Electricity generation from renewable resources	1,000	EUR	Enel Erelis Sas	100.00%	100.00%
Société du Parc Eolien de Family Sarl	Lyon	France	Electricity generation from renewable resources	10,000	EUR	Enel Erelis Sas	100.00%	100.00%
Société du Parc Eolien des Champs D'Eole Sarl	Lyon	France	Electricity generation from renewable resources	1,000	EUR	Enel Erelis Sas	100.00%	100.00%
Société du Parc Eolien du Chemin de la Ligue Snc	Meyzieu	France	Electricity generation from renewable resources	1,000	EUR	Enel Erelis Sas	100.00%	100.00%
Société du Parc Eolien du Mazet Saint Voy Sarl	Mese	France	Electricity generation from renewable resources	4,000	EUR	Enel Erelis Sas	100.00%	100.00%
Société du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	Electricity generation from renewable resources	1,000	EUR	Enel Erelis Sas	100.00%	100.00%
Teploprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128,000,000	RUB	OGK-5 Finance LLC	60.00%	33.59%
Vallenergie SpA	Aosta	Italy	Electricity sales	1,700,000	Eur	Enel SpA	51.00%	51.00%
Vyzkont sro	Trnava	Slovakia	Radioactive waste storage	6,638,78	SKK	Slovenské elektrárne AS	51.00%	33.66%
Water & Industrial Services Company SpA	Monza	Italy	Sewage treatment	15,615,000	EUR	Enel.NewHydro Srl	51.00%	51.00%
Wind Parks of Thrace SA	Maroussi	Greece	Construction, operation and maintenance of plants and energy trading in the electricity sector	13,537,200	EUR	Enel Green Power Hellas SA	100.00%	100.00%
WP Bulgaria 1 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 3 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 6 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 8 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
WP Bulgaria 19 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 21 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%
WP Bulgaria 26 EOOD	Sofia	Bulgaria	Construction, operation and maintenance of plants	5,000	BGN	Enel Green Power Bulgaria EAD	100.00%	100.00%

(1) The companies held by Enel North America Inc. and Enel Latin America LLC consolidated on a line-by-line basis are listed separately.

Endesa companies consolidated on a full, line-by-line basis at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Endesa SA	**Madrid**	**Spain**	**Holding company**	**1,270,502,540,4**	**EUR**	**Enel Energy Europe SL**	**92.06%**	**92.06%**
Subsidiaries:								
Aguas Santiago Poniente SA	Santiago	Chile	Services	5,586,660,769	CLP	Inmobiliaria Manso de Velasco Ltda Sociedad Agrícola Pastos Verdes Ltda	25.82% 53.06%	44.02%
Aguilon 20 SA	Zaragoza	Spain	Electricity generation from renewable resources	1,693,060	EUR	Endesa Cogeneración Y Renovables SA	51.00%	46.95%
Aiolikh Sidrokastroy SA	Athens	Greece	Electricity generation from renewable resources	3,360,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Androu Tsirovlidi SA	Athens	Greece	Electricity generation from renewable resources	220,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Androu Xirokampi SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Evias Chelona SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Evias Diakoftis SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Evias Pounta SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Evias Pyrgos SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Aioliki Martinou SA	Athens	Greece	Electricity generation from renewable resources	3,800,000	EUR	Delta Energiaki SA	100.00%	41.44%
Aioliki Samothrakis SA	Athens	Greece	Electricity generation from renewable resources	160,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Almussafes Servicios Energéticos SL	Barcelona	Spain	Management and maintenance of power plants	3,010	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Ampla Energía e Serviços SA	Río de Janeiro	Brazil	Management and maintenance of power plants	998,230,000	BRL	Enersis SA Chilectra SA Chilectra Inversud SA Endesa Brasil SA	13.68% 10.34% 21.02% 46.89%	51.30%
Ampla Investimentos e Serviços SA	Río de Janeiro	Brazil	Management and maintenance of power plants	120,000,000	BRL	Enersis SA Chilectra SA Chilectra Inversud SA Endesa Brasil SA	13.68% 10.34% 21.02% 46.89%	51.30%
Ananeosimes Pigesboriou Aigaiou SA	Athens	Greece	Electricity generation from renewable resources	1,000,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA	100.00%	36.83%
Andorra Desarrollo SA	Teruel	Spain	Regional development	901,520	EUR	Endesa Generación SA	100.00%	92.06%
Apamea 2000 SL	Madrid	Spain	Services	3,000	EUR	Endesa SA	100.00%	92.06%
Aragonesa de Actividades Energéticas SA	Teruel	Spain	Electricity generation	60,100	EUR	Endesa Generación SA	100.00%	92.06%
Argyri Energiaki SA	Athens	Greece	Electricity generation from renewable resources	3,050,000	EUR	Delta Energiaki SA	100.00%	41.44%
Asin Carbono USA INC	Wilmington (Delaware)	USA	Electricity generation from renewable resources	-	-	Endesa Carbono USA SL	100.00%	75.95%
Asoleo SL	Madrid	Spain	Wind plants	800,000	EUR	Endesa Cogeneración Y Renovables SA	50.01%	46.04%
Bioaise SA	Bogotá D.C.	Colombia	Electricity generation and sale	1,955,000,000	COP	Endesa Cogeneración Y Renovables SA	95.00%	87.46%
Biowatt - Recursos Energéticos Lda.	Porto	Portugal	Marketing of projects for electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	46.95%
Bolonia Real Estate SL	Madrid	Spain	Real estate	3,008	EUR	Endesa SA	100.00%	92.06%
Cam Brasil Multiservicios Ltda	Río de Janeiro	Brazil	Marketing of projects for electricity generation from renewable resources	14,327,826	BRL	Compañía Americana de Multiservicios de Chile Ltda	100.00%	55.81%
Carboex SA	Madrid	Spain	Fuel supply	24,040,480	EUR	Endesa Generación SA	100.00%	92.06%
Carbones de Berga SA	Barcelona	Spain	Mining	649,080	EUR	Minas Y Ferrocarril de Utrillas SA	100.00%	92.06%
Carvemagere - Manutençao e Energias Renováveis Lda	Barcelos	Portugal	Cogeneration of electricity and heat	84,700	EUR	Finerge-Gestao de Projectos Energéticos SA	65.00%	59.84%
Centrais Elétricas Cachoeira Dourada SA	Goiania	Brazil	Electricity generation and sales	289,060,000	BRL	Endesa Brasil SA	99.61%	54.08%
Central Dock Sud SA	Buenos Aires	Argentina	Electricity generation, transmission and distribution	355,950,000	ARS	Sociedad Inversora Dock Sud SA	69.99%	36.82%
Central Eólica Canela SA	Santiago	Chile	Electricity generation, transmission and distribution	11,280,760,000	CLP	Endesa Eco SA	75.00%	25.10%
Central Geradora Termelétrica Fortaleza SA	Caucaia	Brazil	Thermal generation plants	151,940,000	BRL	Endesa Brasil SA	100.00%	54.29%
Chilectra Inversud SA	Santiago	Chile	Holding company	569,020,000	USD	Chilectra SA	100.00%	55.30%
Chilectra SA	Santiago	Chile	*Holding company*	367,928,682,000	CLP	Inmobiliaria Manso de Velasco Ltda Enersis SA	0.01% 99.08%	55.30%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Chinango SAC	Lima	Chile	Electricity generation SAle and transmission	294,249,298	PEN	Edegel SA	80.00%	22.39%
Comercializadora Eléctrica de Cádiz SA	Cádiz	Spain	Electricity generation and sales	600,000	EUR	Suministradora Eléctrica de Cádiz SA	100.00%	30.84%
Companhia Energética do Ceará SA	Fortaleza	Brazil	Electricity generation, transmission and distribution	442,950,000	BRL	Endesa Brasil SA Investluz SA	2.27% 56.59%	31.96%
Compañía Americana de Multiservicios de Argentina Ltda	Capital Federal	Argentina	Services	1,000,000	ARS	Compañía Americana de Multiservicios de Chile Ltda Inmobiliaria Manso de Velasco Ltda	95.00% 5.00%	55.81%
Compañía Americana de Multiservicios de Chile Ltda	Santiago	Chile	Services	2,572,038,000	CLP	Enersis SA Synapsis Soluciones Y Servicios It Ltda	99.99% 0.01%	55.81%
Compañía Americana de Multiservicios de Colombia Ltda	Bogotá D.C.	Colombia	Services	1,615,500,000	COP	Compañía Americana de Multiservicios de Chile Ltda	100.00%	55.81%
Compañía Americana de Multiservicios del Perú Ltda	Lima	Peru	Services	5,220,000	PEN	Compañía Americana de Multiservicios de Chile Ltda	100.00%	55.81%
Compañía de Interconexión Energética SA	Río de Janeiro	Brazil	Electricity generation, transmission and distribution	285,050,000	BRL	Endesa Brasil SA	100.00%	54.29%
Compañía de Transmisión Del Mercosur SA	Capital Federal	Argentina	Electricity generation, transmission and distribution	14,175,999	ARS	Compañía de Interconexión Energética SA	100.00%	54.29%
Compañía Distribuidora Y Comercializadora de Energía SA	Bogotá D.C.	Colombia	Electricity distribution and sales	13,209,330,000	COP	Enersis SA Chilectra SA Endesa Latinoamerica SA	12.47% 9.35% 26.66%	27.06%
Compañía Eléctrica San Isidro SA	Santiago	Chile	Electricity generation, transmission and distribution	39,005,900,000	CLP	Empresa Nacional de Electricidad SA	100.00%	33.47%
Compañía Eléctrica Tarapacá SA	Santiago	Chile	Electricity generation, transmission and distribution	103,099,640,000	CLP	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA	99.94% 0.06%	33.47%
Compañía Peruana de Electricidad SA	Lima	Peru	Holding company	98,538,403	PEN	Enersis SA Chilectra SA Endesa Latinoamerica SA	0.10% 50.90% 49.00%	55.81%
Compostilla Re. SA	Luxembourg	Luxembourg	Reinsurance	12,000,000	EUR	Endesa SA	100.00%	92.06%
Constructora Y Proyectos Los Maitenes SA	Santiago	Chile	Engineering and construction	3,110,050,000	CLP	Inmobiliaria Manso de Velasco Ltda	55.00%	30.69%
Cte - Central Termica do Estuário Lda.	Porto	Portugal	Cogeneration of electricity and heat	563,910	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Delta Energiaki SA	Athens	Greece	Electricity generation from renewable resources	15,050,000	EUR	Endesa Hellas Power Generation and Supplies SA	90.00%	41.44%
Desaladora de Carboneras U.T.E.	Carboneras (Almeria)	Spain	Construction and management of a desalinization plant	6,010	EUR	Endesa Generacion SA	75.00%	69.05%
Distribuidora de Energía Eléctrica Del Bages SA	Barcelona	Spain	Electricity distribution and sales	108,240	EUR	Hidroeléctrica de Catalunya SL Endesa Red SA	45.00% 55.00%	92.06%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Distribuidora Eléctrica del Puerto de La Cruz SA	Tenerife	Spain	Electricity purchasing, transmission and distribution	12,621,210	EUR	Endesa Red SA	100.00%	92.06%
Distrilec Inversora SA	Capital Federal	Argentina	Holding company	497,610,000	ARS	Enersis SA Chilectra SA Empresa Nacional de Electricidad SA	27.19% 23.42% 0.89%	28.74%
Edegel SA	Lima	Peru	Electricity generation, distribution and sales	2,064,301,735	PEN	Generandes Perú SA Empresa Nacional de Electricidad SA	54.20% 29.40%	27.98%
Eed - Empreendimentos Eólicos do Douro SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	Finerge-Gestao de Projectos Energéticos SA	85.00%	78.25%
Eléctrica de La Franja SL	Barcelona	Spain	Electricity generation	3,010	EUR	Endesa Distribución Eléctrica SL	100.00%	92.06%
Ellinki Fotovoltaiki SA	Athens	Greece	Electricity generation from renewable resources	1,260,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA	100.00%	36.83%
Emgesa SA E.S.P.	Bogotá D.C.	Colombia	Electricity generation and sales	1,100,000,000,000	COP	Empresa Nacional de Electricidad SA Endesa Latinoamerica SA	26.88% 21.61%	16.23%
Empreendimento Eólico de Rego Lda.	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	46.95%
Empreendimentos Eólicos de Viade Lda.	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	80.00%	73.65%
Empresa Carbonífera del Sur SA	Madrid	Spain	Mining	18,030,000	EUR	Endesa Generación SA	100.00%	92.06%
Empresa de Distribución Eléctrica de Lima Norte SA	Lima	Peru	Electricity distribution and sales	738,563,900	PEN	Enersis SA Inversiones Distrilima SA	24.00% 51.68%	42.23%
Empresa de Energía Cundinamarca SA ESP	Bogotá D.C.	Colombia	Electricity distribution and sales	39,700,000,000	COP	Distribuidora Eléctrica de Cundinamarca SA ESP	82.34%	10.92%
Empresa de Ingeniería Ingendesa SA	Santiago	Chile	Engineering services	2,037,887,609	CLP	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA	98.75% 1.25%	33.47%
Empresa Distribuidora Sur SA	Capital Federal	Argentina	Electricity distribution and sales	898,858,000	ARS	Enersis SA Chilectra SA Endesa Latinoamerica SA Distrilec Inversora SA	16.02% 20.85% 6.22% 56.36%	55.50%
Empresa Eléctrica Cabo Blanco SA	Lima	Peru	Holding company	46,508,170	PEN	Endesa Latinoamerica SA	80.00%	73.65%
Empresa Eléctrica de Colina Ltda	Santiago	Chile	Electricity generation, transmission and distribution	85,000,000	CLP	Chilectra SA	100.00%	55.30%
Empresa Eléctrica de Piura SA	Lima	Peru	Electricity generation	73,982,594	PEN	Empresa Eléctrica Cabo Blanco SA	60.00%	44.19%
Empresa Eléctrica Pangue SA	Santiago	Chile	Electricity generation, transmission and distribution	69,014	CLP	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA Endesa Latinoamerica SA	94.98% 0.01% 5.01%	33.47%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Empresa Eléctrica Pehuenche SA	Santiago	Chile	Electricity generation, transmission and distribution	157,972,199,000	CLP	Empresa Nacional de Electricidad SA	92.65%	31.01%
Empresa Nacional de Electricidad SA	Santiago	Chile	Electricity generation, transmission and distribution	1,331,714,090,000	CLP	Enersis SA	59.98%	33.47%
En.Dy Energiaki SA	Athens	Greece	Electricity generation from renewable resources	2,450,000	EUR	Delta Energiaki SA	100.00%	41.44%
En-Brasil Comercio e Serviços SA	Rio de Janeiro	Brazil	Electrical activities	10,000	BRL	Endesa Brasil SA	99.99%	54.29%
Endesa Argentina SA	Capital Federal	Argentina	Holding company	514,260,000	ARS	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA	99.66% 0.34%	33.47%
Endesa Brasil SA	Río de Janeiro	Brazil	Holding company	916,880,000	BRL	Enersis SA Chilectra SA Chilectra Inversud SA Endesa Latinoamerica SA Empresa Nacional de Electricidad SA Edegel SA	21.46% 4.53% 4.23% 27.71% 35.29% 4.07%	54.29%
Endesa Capital Finance L.L.C.	Delaware	USA	Finance	100	USD	International Endesa BV	100.00%	92.06%
Endesa Capital SA	Madrid	Spain	Finance	60,200	EUR	Endesa SA	100.00%	92.06%
Endesa Carbono SL	Madrid	Spain	Sales of emission rights	17,200	EUR	Endesa SA	82.50%	75.95%
Endesa Carbono USA LLC	Virginia	USA	-	20,000	USD	Endesa Carbono SL	100.00%	75.95%
Endesa Cemsa SA	Capital Federal	Argentina	Electricity sales	14,010,014	ARS	Endesa Latinoamerica SA Endesa Argentina SA	55.00% 45.00%	33.47%
Endesa Cogeneración Y Renovables SA	Seville	Spain	Cogeneration of electricity and heat and generation from renewable resources	127,674,800	EUR	Endesa Generación SA	100.00%	92.06%
Endesa Costanera SA	Capital Federal	Argentina	Electricity generation and sales	146,990,000	ARS	Empresa Nacional de Electricidad SA Endesa Argentina SA Southern Cone Power Argentina SA	12.33% 51.93% 5.50%	23.35%
Endesa Desarrollo SL	Madrid	Spain	Holding company	3,000	EUR	Endesa SA	100.00%	92.06%
Endesa Distribución Eléctrica SL	Barcelona	Spain	Electricity distribution	1,204,540,060	EUR	Endesa Red SA	100.00%	92.06%
Endesa Eco SA	Santiago	Chile	Studies and projects in the renewable resources field	580,000,000	CLP	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA	99.99% 0.01%	33.47%
Endesa Energía XXI SL	Madrid	Spain	Marketing and electricity services	2,000,000	EUR	Endesa Energía SA	100.00%	92.06%
Endesa Energía SA	Madrid	Spain	Energy product marketing	12,981,860	EUR	Endesa SA	100.00%	92.06%
Endesa Financiación Filiales SA	Madrid	Spain	Finance	4,621,003,000	EUR	Endesa SA	100.00%	92.06%
Endesa Gas Distribución SAU	Madrid	Spain	Gas distribution	14,610,970	EUR	Endesa Gas SAU	100.00%	92.06%
Endesa Gas Transportista SLU	Zaragoza	Spain	Regasification and gas storage	5,445,000	EUR	Endesa Gas SAU	100.00%	92.06%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Endesa Gas SAU	Zaragoza	Spain	Gas production, transmission and distribution	45,261,350	EUR	Endesa Red SA	100.00%	92.06%
Endesa Generación II SA	Seville	Spain	Electricity generation	63,107	EUR	Endesa SA	100.00%	92.06%
Endesa Generación Portugal SA	Paço D'arcos-Oieiras	Portugal	Electricity generation	50,000	EUR	Endesa Cogeneración Y Renovables SA Endesa Generación SA Finerge-Gestao de Projectos Energéticos SA Endesa Energía SA Energías de Aragón II SL	0.20% 99.20% 0.20% 0.20% 0.20%	92.06%
Endesa Generación SA	Seville	Spain	Electricity generation and sales	1,945,329,830	EUR	Endesa SA	100.00%	92.06%
Endesa Hellas Power Generation and Supplies Societe Anonyme	Moschato (Attica)	Greece	Electricity generation	5,486,920	EUR	Endesa Desarrollo SL	50.01%	46.04%
Endesa Ingeniería SLU	Seville	Spain	Engineering and consulting services	1,000,000	EUR	Endesa Red SA	100.00%	92.06%
Endesa Inversiones Generales SA	Santiago	Chile	Holding company	952,05	CLP	Empresa Nacional de Electricidad SA Empresa Eléctrica Pehuenche SA	99.51% 0.49%	33.47%
Endesa Ireland Limited	Dublin	Ireland	Electricity generation, transmission and distribution	999,990	EUR	Endesa SA	100.00%	92.06%
Endesa Latinoamerica SA	Madrid	Spain	Holding company	1,500,000,000	EUR	Endesa SA	100.00%	92.06%
Endesa Network Factory SL	Madrid	Spain	New technologies	23,149,170	EUR	Endesa Servicios SL	100.00%	92.06%
Endesa North América Inc.	New York (New York)	USA	Representative office	1	USD	Endesa Desarrollo SL	100.00%	92.06%
Endesa Operaciones Y Servicios Comerciales SL	Barcelona	Spain	Services	10,138,580	EUR	Endesa Red SA	100.00%	92.06%
Endesa Power Trading Ltd	London	United Kingdom	Trading	1,000	GBP	Endesa SA	100.00%	92.06%
Endesa Red SA	Barcelona	Spain	Electricity distribution	729,555,911,85	EUR	Endesa SA	100.00%	92.06%
Endesa Servicios SL	Madrid	Spain	Services	89,999,790	EUR	Endesa SA	100.00%	92.06%
Endesa Trading SA	Madrid	Spain	Trading	800,000	EUR	Endesa Desarrollo SL	100.00%	92.06%
Endesa XXI Comercializaçao de Energia SA	Oporto	Portugal	Electricity generation and sales	250,000	EUR	Endesa Energía SA	100.00%	92.06%
Enercampo - Produçao de Energia Lda	Porto	Portugal	Electricity generation and sales	249,000	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Energética Mataró SA	Barcelona	Spain	Construction and management of a plant for the disposal of industrial waste	484,500	EUR	Endesa Cogeneración Y Renovables SA	85.00%	78.25%
Energías de Aragón I SL	Zaragoza	Spain	Electricity transmission, distribution and sales	3,200,000	EUR	Endesa Generación SA	100.00%	92.06%
Energías de Aragón II SL	Zaragoza	Spain	Electricity generation	18,500,000	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Energías de Graus SL	Barcelona	Spain	Hydroelectric plants	1,298,160	EUR	Endesa Cogeneración Y Renovables SA	66.67%	61.38%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Energías de La Mancha SA	Villarta de San Juan (Ciudad Real)	Spain	Biomass	279,500	EUR	Endesa Cogeneración Y Renovables SA	68.42%	62.99%
Enerlousado Lda	Porto	Portugal	Combined-cycle generation plant	5,000	EUR	TP - Sociedade Térmica Portuguesa SA Finerge-Gestao de Projectos Energéticos SA	50.00% 50.00%	46.03%
Enernisa - Produçao de Energia Lda	Porto	Portugal	Cogeneration of electricity and heat	249,400	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Enersis SA	Santiago	Chile	Electricity generation and distribution	2,824,882,830,000	CLP	Endesa Latinoamerica SA	60.62%	55.81%
Enerviz - Produçao de Energia de Vizela Lda	Porto	Portugal	Cogeneration of electricity and heat	673,380	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Eol Verde Energia Eólica SA	Porto	Portugal	Cogeneration of electricity and heat	50,000	EUR	Finerge-Gestao de Projectos Energéticos SA	75.00%	69.05%
Eolcinf - Produçao de Energia Eólica Lda	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	46.95%
Eolflor - Produçao de Energia Eólica Lda	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	46.95%
Eólica de la Cuenca Central Asturiana SL	Asturias	Spain	Wind plant development	30,000	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Eólica Del Noroeste SL	La Coruña	Spain	Wind plant development	36,100	EUR	Endesa Cogeneración Y Renovables SA	51.00%	46.95%
Eólica Fazenda Nova – Generaçao e Comercializaçao de Energia SA	Rio Grande do Norte	Brazil	Wind plants	1,839,000	BRL	Endesa Brasil SA	99.95%	54.27%
Eólica Valle Del Ebro SA	Zaragoza	Spain	Electricity generation from renewable resources	5,559,340	EUR	Endesa Cogeneración Y Renovables SA	50.50%	46.49%
Eólicas de Agaete SL	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	240,400	EUR	Endesa Cogeneración Y Renovables SA	80.00%	73.65%
Eólicas de Fuencaliente SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	216,360	EUR	Endesa Cogeneración Y Renovables SA	55.00%	50.63%
Eólicas de Tirajana AIE	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	-	-	Endesa Cogeneración Y Renovables SA	60.00%	55.24%
Eólicos Touriñán SA	La Coruña	Spain	Electricity generation from renewable resources	601,010	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Epresa Energía SA	Cadiz	Spain	Electricity generation and distribution	300,506	EUR	Electricidad de Puerto Real SA	100.00%	46.03%
Explotaciones Eólicas de Escucha SA	Zaragoza	Spain	Electricity generation from renewable resources	3,305,000	EUR	Endesa Cogeneración Y Renovables SA	70.00%	64.44%
Explotaciones Eólicas El Puerto SA	Teruel	Spain	Electricity generation from renewable resources	3,230,000	EUR	Endesa Cogeneración Y Renovables SA	73.60%	67.76%
Explotaciones Eólicas Saso Plano SA	Zaragoza	Spain	Electricity generation from renewable resources	5,488,500	EUR	Endesa Cogeneración Y Renovables SA	70.00%	64.44%
Explotaciones Eólicas Sierra Costera SA	Zaragoza	Spain	Electricity generation from renewable resources	8,046,800	EUR	Endesa Cogeneración Y Renovables SA	90.00%	82.85%
Explotaciones Eólicas Sierra La Virgen SA	Zaragoza	Spain	Electricity generation from renewable resources	4,200,000	EUR	Endesa Cogeneración Y Renovables SA	90.00%	82.85%
Fermicaise SA de cv	Distrito Federal	Mexico	Cogeneration of electricity and heat	7,667,000	MXN	Endesa Cogeneración Y Renovables SA	99.99%	92.05%
Finerge-Gestao de Projectos Energéticos SA	Porto	Portugal	Cogeneration of electricity and heat and generation from renewable resources	750,000	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Fisterra Eólica SL	La Coruña	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Foivos Energiaki SA	Athens	Greece	Electricity generation from renewable resourcesi	2,129	EUR	Delta Energiaki SA	100.00%	41.44%
Gas Aragón SA	Zaragoza	Spain	Gas distribution	5,889,920	EUR	Endesa Gas SAU	60.67%	55.85%
Gas Y Electricidad Generación SAU	Palma de Mallorca	Spain	Electricity generation	213,775,700	EUR	Endesa Generación SA	100.00%	92.06%
Gasificadora Regional Canaria SA	Las Palmas de Gran Canaria	Spain	Gas distribution	121,200	EUR	Endesa Gas SAU	65.00%	59.84%
Generalima SA	Lima	Peru	Holding company	1,402,940,000	PEN	Endesa Latinoamerica SA	100.00%	92.06%
Generandes Perú SA	Lima	Peru	Holding company	873,000,000	PEN	Empresa Nacional de Electricidad SA	61.00%	20.42%
Gesa Gas SAU	Palma de Mallorca	Spain	Gas distribution	17,128,500	EUR	Endesa Gas SAU	100.00%	92.06%
Green Energy	N.A. N.A.	Bulgaria	Electricity generation from renewable resources	5,000	BGN	Endesa Hellas Power Generation and Supplies Societe Anonyme SA	80.00%	36.83%
Gresaise SA de C.V.	Distrito Federal	Mexico	Cogneration of electricity and heat	7,647,000	MXN	Endesa Cogeneración Y Renovables SA	99.99%	92.05%
Guadarranque Solar 1 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 2 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 3 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 4 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Generación II SA	100.00%	92.06%
Guadarranque Solar 6 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 7 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 8 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 9 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 10 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 11 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 12 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 13 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 14 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 15 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 16 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 17 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Guadarranque Solar 18 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Guadarranque Solar 19 SL Unipersonal	Seville	Spain	Electricity generation from renewable resources	3,006	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Hidroeléctrica de Catalunya SL	Barcelona	Spain	Electricity transmission and distribution	126,210	EUR	Endesa Red SA	100.00%	92.06%
Hidroeléctrica El Chocón SA	Capital Federal	Argentina	Electricity distribution and sales	298,584,050	ARS	Empresa Nacional de Electricidad SA Endesa Argentina SA Hidroinvest SA	2.48% 6.19% 59.00%	22.65%
Hidroflamicell SL	Barcelona	Spain	Electricity distribution and sales	78,120	EUR	Hidroeléctrica de Catalunya SL	75.00%	69.05%
Hidroinvest SA	Capital Federal	Argentina	Holding company	55,312,093	ARS	Empresa Nacional de Electricidad SA Endesa Argentina SA	41.94% 54.16%	32.17%
Hispano Generación de Energía Solar SL	Jerez de Los Caballeros (Badajoz)	Spain	Photovoltaic plants	600,000	EUR	Endesa Cogeneración Y Renovables SA	51.00%	46.95%
Hydria Energiaki SA	Athens	Greece	Electricity generation from renewable resources	300,000	EUR	Delta Energiaki SA Hydrohoos Energiaki SA	99.00% 1.00%	41.44%
Hydrohoos Energiaki	Athens	Greece	Electricity generation from renewable resources	1,500,000	EUR	Delta Energiaki SA	100.00%	41.44%
Ingendesa do Brasil Ltda	Río de Janeiro	Brazil	Design, engineering and consulting	500,000	BRL	Empresa Nacional de Electricidad SA Empresa de Ingeniería Ingendesa SA	1.00% 99.00%	33.47%
Inmobiliaria Manso de Velasco Ltda	Santiago	Chile	Engineering and construction	19,790	CLP	Enersis SA	100.00%	55.81%
International Endesa BV	N.A.	Netherlands	Holding company	15,882,308	EUR	Endesa SA	100.00%	92.06%
Inversiones Codensa SA	Bogotá D.C.	Colombia	Engineering and construction	10,000,000	COP	Compañía Distribuidora Y Comercializadora de Energía SA Inversora Codensa Ltda U	94.50% 5.20%	26.97%
Inversiones Distrilima SA	Lima	Peru	Holding company	287,837,245	PEN	Enersis SA Chilectra SA Endesa Latinoamerica SA Compañía Peruana de Electricidad SA	34.99% 15.38% 20.61% 29.02%	55.81%
Inversiones Endesa Norte SA	Santiago	Chile	Investments in energy projects	68,064,27	CLP	Empresa Nacional de Electricidad SA	100.00%	33.47%
Inversora Codensa Ltda U	Bogotá D.C.	Colombia	Electricity transmission and distribution	5,000,000	COP	Compañía Distribuidora Y Comercializadora de Energía SA	100.00%	27.06%
Investluz SA	Fortaleza	Brazil	Holding company	954,620,000	BRL	Endesa Brasil SA Ampla Investimentos e Serviços SA	63.57% 36.43%	54.29%
Italaise SA de C.V.	Distrito Federal	Mexico	Electricity transmission and distribution	7,481,000	MXN	Endesa Cogeneración Y Renovables SA	99.99%	92.05%
Joint Venture Solar-Voulgarakis	Athens	Greece	Electricity generation from renewable resources	30,000	EUR	Ellinki Fotovoltaiki SA	70.00%	25.78%
Luz Andes Ltda	Santiago	Chile	Electricity and fuel transmission, distribution and sales.	1	CLP	Chilectra SA Synapsis Soluciones Y Servicios It Ltda	99.90% 0.10%	55.30%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Mataró Tractament Térmic Eficient SA	Barcelona	Spain	Environmental studies	1,878,000	EUR	Energética Mataró SA	80.00%	62.60%
Metka Aiolika Platanoy SA	Athens	Greece	Electricity generation from renewable resources	310,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Micase SA de C.V.	Distrito Federal	Mexico	Cogeneration of electricity and heat	47,132,000	MXN	Endesa Cogeneración Y Renovables SA	51.00%	46.95%
Minas de Estercuel SA	Madrid	Spain	Mineral deposits	93,160	EUR	Minas Gargallo SL	99.65%	91.66%
Minas Gargallo SL	Madrid	Spain	Mineral deposits	150,000	EUR	Endesa Generación SA	99.91%	91.98%
Minas Y Ferrocarril de Utrillas SA	Barcelona	Spain	Mineral deposits	3,850,320	EUR	Endesa Generación SA	100.00%	92.06%
Myhs Kastaniotiko SA	Athens	Greece	Electricity generation from renewable resources	2,560,000	EUR	Endesa Hellas Power Generation and Supplies Societe Anonyme Delta Energiaki SA	45.90% 54.10%	46.04%
Myhs Peloponnisou SA	Athens	Greece	Electricity generation from renewable resources	2,100,000	EUR	Delta Energiaki SA	100.00%	41.44%
Myhs Pougakia SA	Athens	Greece	Electricity generation from renewable resources	1,200,000	EUR	Endesa Hellas Power Generation and Supplies Societe Anonyme Delta Energiaki SA	51.00% 49.00%	46.04%
Mytilhnaios Aiolikh Energeiakh Ellados SA	Athens	Greece	Electricity generation from renewable resources	4,167,000	EUR	Endesa Hellas Power Generation and Supplies Societe Anonyme	80.00%	36.83%
Mytilhnaios Aioliki Neapoleos SA	Athens	Greece	Electricity generation from renewable resources	170,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA Endesa Hellas Power Generation and Supplies Societe Anonyme	99.00% 1.00%	36.83%
Nubia 2000 SL	Madrid	Spain	Electricity generation	3,000	EUR	Endesa SA	100.00%	92.06%
Nueva Compañía de Distribución Eléctrica 4 SL	Madrid	Spin	Electricity generation	3,000	EUR	Endesa SA	100.00%	92.06%
Nueva Marina Real Estate SL	Madrid	Spain	Real estate	3,200	EUR	Endesa SA	60.00%	55.24%
Paravento SL	Lugo	Spain	Electricity generation from renewable resources	3,010	EUR	Endesa Cogeneración Y Renovables SA	90.00%	82.85%
Parque Eólico Carretera de Arinaga SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	1,007,000	EUR	Endesa Cogeneración Y Renovables SA	80.00%	73.65%
Parque Eólico de Aragón AIE	Zaragoza	Spain	Electricity generation from renewable resources	601,000	EUR	Endesa Cogeneración Y Renovables SA	80.00%	73.65%
Parque Eólico de Barbanza SA	La Coruña	Spain	Electricity generation from renewable resources	3,606,000	EUR	Endesa Cogeneración Y Renovables SA	63.43%	58.39%
Parque Eólico de Enix SA	Seville	Spain	Electricity generation from renewable resources	3,005,100	EUR	Endesa Cogeneración Y Renovables SA	95.00%	87.46%
Parque Eólico de Gevancas SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Parque Eólico de Santa Lucía SA	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	901,500	EUR	Endesa Cogeneración Y Renovables SA	65.67%	60.46%
Parque Eólico do Alto da Vaca Lda.	Porto	Portugal	Electricity generation from renewable resources	125,000	EUR	Finerge-Gestao de Projectos Energéticos SA	65.00%	59.84%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parque Eólico do Vale do Abade Lda.	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	51.00%	46.95%
Parque Eólico Finca de Mogán SA	Las Palmas de Gran Canaria	Spain	Construction and management of wind plants	3,810,340	EUR	Endesa Cogeneración Y Renovables SA	90.00%	82.85%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	Construction and management of wind plants	6,540,000	EUR	Endesa Cogeneración Y Renovables SA	55.50%	51.09%
Parque Eólico Punta de Teno SA	Tenerife	Spain	Electricity generation from renewable resources	528,880	EUR	Endesa Cogeneración Y Renovables SA	52.00%	47.87%
Parque Eólico Serra da Capucha SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	TP - Sociedade Térmica Portuguesa SA Finerge-Gestao de Projectos Energéticos SA	50.00% 50.00%	46.03%
Pereda Power SL	La Pereda	Spain	Development of generation activities	5,000	EUR	Endesa Generación II SA	70.00%	64.44%
Planta Eólica Europea SA	Seville	Spain	Electricity generation from renewable resources	1,198,530	EUR	Endesa Cogeneración Y Renovables SA	56.12%	51.66%
Productor Regional de Energia Renovable SA	Valladolid	Spain	Development and construction of wind plants	260,500	EUR	Endesa Cogeneración Y Renovables SA	85.00%	78.25%
Productor Regional de Energia Renovable I SA	Valladolid	Spain	Development and construction of wind plants	60,500	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Productor Regional de Energía Renovable II SA	Valladolid	Spain	Development and construction of wind plants	60,500	EUR	Endesa Cogeneración Y Renovables SA	75.00%	69.05%
Productor Regional de Energía Renovable III SA	Valladolid	Spain	Development and construction of wind plants	60,500	EUR	Endesa Cogeneración Y Renovables SA	75.00%	69.05%
Propaise	Bogotá D.C.	Colombia	Electricity purchasing, generation and sales	1,875,000,000	COP	Endesa Cogeneración Y Renovables SA	94.99%	87.45%
Proyectos Eólicos Valencianos SA	Valencia	Spain	Electricity generation	2,550,000	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Sealve - Sociedade Eléctrica de Alvaiázere SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	Finerge-Gestao de Projectos Energéticos SA	100.00%	92.06%
Sisconer - Exploraçao de Sistemas de Conversao de Energia Lda.	Porto	Portugal	Electricity generation from renewable resources	5,000	EUR	Finerge-Gestao de Projectos Energéticos SA	55.00%	50.63%
Sociedad Agrícola de Cameros Ltda	Santiago	Chile	Financial investment	5,738,046,495	CLP	Inmobiliaria Manso de Velasco Ltda	57.50%	32.09%
Sociedad Agrícola Pastos Verdes Ltda	Santiago	Chile	Financial investment	37,029,389,730	CLP	Inmobiliaria Manso de Velasco Ltda	55.00%	30.69%
Sociedad Concesionaria Túnel El Melón SA	Santiago	Chile	Engineering	7,804	CLP	Empresa Nacional e Electricidad SA Endesa Inversiones Generales SA	99.99% 0.01%	33.47%
Sociedad Inversora Dock Sud SA	Capital Federal	Argentina	Holding company	241,490,000	ARS	Endesa Latinoamerica SA	57.14%	52.60%
Southern Cone Power Argentina SA	Capital Federal	Argentina	Holding company	19,870,000	ARS	Empresa Nacional de Electricidad SA Endesa Inversiones Generales SA	98.03% 1.97%	33.47%
Spider Energeiakh SA	Athens	Greece	Electricity generation from renewable resources	1,150,000	EUR	Mytilhnaios Aiolikh Energeiakh Ellados SA	100.00%	36.83%
Suministro de Luz Y Fuerza SL	Torroella de Montgri (Girona)	Spain	Electricity distribution	2,800,000	EUR	Hidroeléctrica de Catalunya SL	60.00%	55.24%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Synapsis Argentina Ltda	Buenos Aires	Argentina	IT services	466,129	ARS	Enersis SA Synapsis Soluciones Y Servicios It Ltda	5.00% 95.00%	55.81%
Synapsis Brasil Ltda	Río de Janeiro	Brazil	IT services	4,241,890	BRL	Synapsis Argentina Ltda Synapsis Soluciones Y Servicios It Ltda	99.95% 0.05%	55.81%
Synapsis Colombia Ltda	Bogotá D.C.	Colombia	IT services	238,450,000	COP	Enersis SA Synapsis Brasil Ltda Synapsis Argentina Ltda Synapsis Soluciones Y Servicios It Ltda	0.20% 2.40% 2.50% 94.90%	55.81%
Synapsis Perú Ltda	Lima	Per	IT and telecommunications services and projects	609,200	PEN	Compañía Americana de Multiservicios de Chile Ltda Synapsis Soluciones Y Servicios It Ltda	0.20% 99.80%	55.81%
Synapsis Soluciones Y Servicios It Ltda	Santiago	Chile	IT services	3,943,579,923	CLP	Enersis SA Chilectra SA	99.99% 0.01%	55.81%
Thessaliki Energiaki SA	Athens	Greece	Electricity generation from renewable resources	1,150,000	EUR	Delta Energiaki SA	100.00%	41.44%
Transportadora de Energía SA	Capital Federal	Argentina	Electricity generation, transmission and distribution	55,512,000	ARS	Compañía de Interconexión Energética SA	100.00%	54.29%
Transportes Y Distribuciones Eléctricas SA	Olot (Girona)	Spain	Electricity transmission	72,120	EUR	Endesa Distribución Eléctrica SL	73.33%	67.51%
Triema SA	Capital Federal	Argentina	Marketing of commercial management systems	-	-	Endesa Servicios SL	55.00%	50.63%
Unelco Cogeneraciones Sanitarias del Archipiélago SA	Las Palmas de Gran Canaria	Spain	Cogeneration of electricity and heat	1,202,020	EUR	Endesa Cogeneración Y Renovables SA	100.00%	92.06%
Unión Eléctrica de Canarias Generación SAU	Las Palmas de Gran Canaria	Spain	Electricity generation	190,171,520	EUR	Endesa Generación SA	100.00%	92.06%
YHS PEPONIA S SA	Athens	Greece	Electricity generation from renewable resources	400,000	EUR	Delta Energiaki SA	62.50%	25.90%

Subsidiaries held by Enel North America Inc. consolidated on a line-by-line basis at December 31, 2009 (1)

Company name	Registered office	Country	Share capital (2)	Currency	Held by (3)	% Holding	Group % holding
			at Dec. 31, 2009				
Parent company:							
Enel North America Inc.	**Wilmington (Delaware)**	**USA**	**50**	**USD**	**Enel Green Power International BV**	**100.00%**	**100.00%**
Subsidiaries:							
Agassiz Beach LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Aquenergy Systems Inc.	Greenville (South Carolina)	USA	10,500	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%
Asotin Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Autumn Hills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Aziscohos Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Barnet Hydro Company	Burlington (Vermont)	USA	-		Sweetwater Hydroelectric Inc.	100.00%	100.00%
Beaver Falls Water Power Company	Philadelphia (Pennsylvania)	USA	-		Beaver Valley Holdings Ltd,	67.50%	67.50%
Beaver Valley Holdings Ltd,	Philadelphia (Pennsylvania)	USA	2	USD	Hydro Development Group Inc.	100.00%	100.00%
Beaver Valley Power Company	Philadelphia (Pennsylvania)	USA	30	USD	Hydro Development Group Inc.	100.00%	100.00%
Black River Hydro Assoc,	New York (New York)	USA	-		(Cataldo) Hydro Power Associates	75.00%	75.00%
Boott Field LLC	Wilmington (Delaware)	USA	-		Boott Hydropower Inc.	100.00%	100.00%
Boott Hydropower Inc.	Boston (Massachusetts)	USA	-		Boott Sheldon Holdings LLC	100.00%	100.00%
Boott Sheldon Holdings LLC	Wilmington (Delaware)	USA	-		Hydro Finance Holding Company Inc.	100.00%	100.00%
BP Hydro Associates	Boise (Idaho)	USA	-		Chi Idaho Inc. Chi Magic Valley Inc.	68.00% 32.00%	100.00%
BP Hydro Finance Partnership	Salt Lake City (Utah)	USA	-		BP Hydro Associates Fulcrum Inc.	75.92% 24.08%	100.00%
Bypass Limited	Boise (Idaho)	USA	-		El Dorado Hydro	100.00%	100.00%
Bypass Power Company	Los Angeles (California)	USA	-		Chi West Inc.	100.00%	100.00%
Canastota Wind Power LLC	Wilmington (Delaware)	USA	-		Essex Company	100.00%	100.00%
Castle Rock Ridge Limited Partnership	Wilmington (Delaware)	USA	100	USD	Enel Alberta Wind Inc.	100.00%	100.00%
(Cataldo) Hydro Power Associates	New York (New York)	USA	-		Hydro Development Group Inc. Chi Black River Inc.	50.00% 50.00%	100.00%
Chi Acquisitions Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Chi Acquisitions II Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Chi Black River Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Chi Canada Inc.	Montreal (Quebec)	Canada	1,757,364	CAD	Chi Finance LLC	100.00%	100.00%
Chi Dexter Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Chi Finance LLC	Wilmington (Delaware)	USA	-		Enel North America Inc.	100.00%	100.00%
Chi Highfalls Inc.	Wilmington (Delaware)	USA	-		Chi Finance LLC	100.00%	100.00%
Chi Hydroelectric Company Inc.	St. John (Newfoundland)	Canada	6,834,448	CAD	Chi Canada Inc.	100.00%	100.00%
Chi Idaho Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Chi Magic Valley Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Chi Minnesota Wind LLC	Wilmington (Delaware)	USA	-		Chi Finance LLC	100.00%	100.00%
Chi Mountain States Operations Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Chi Operations Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Chi Power Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Chi Power Marketing Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%

Company name	Registered office	Country	Share capital (2)	Currency	Held by (3)	% Holding	Group % holding
			at Dec. 31, 2009				
Chi S. F. LP	Montreal (Quebec)	Canada	-		Chi Hydroelectric Company Inc.	100.00%	100.00%
Chi Universal Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Chi West Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Chi Western Operations Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Coneross Power Corporation Inc.	Greenville (South Carolina)	USA	110,000	USD	Aquenergy Systems Inc.	100.00%	100.00%
Consolidated Hydro Mountain States Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Consolidated Hydro New Hampshire Inc.	Wilmington (Delaware)	USA	130	USD	Chi Universal Inc.	100.00%	100.00%
Consolidated Hydro New York Inc.	Wilmington (Delaware)	USA	200	USD	Enel North America Inc.	100.00%	100.00%
Consolidated Hydro Southeast Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions II Inc. Gauley River Power Partners LP	95.00% 5.00%	100.00%
Consolidated Pumped Storage Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	80.00%	80.00%
Copenhagen Associates	New York (New York)	USA	-		Hydro Development Group Inc. Chi Dexter Inc.	50.00% 49.00%	99.00%
Crosby Drive Investments Inc.	Boston (Massachusetts)	USA	-		Asotin Hydro Company Inc.	100.00%	100.00%
EGP Geronimo Holding Company Inc.	Wilmington (Delaware)	USA	1,000	USD	Enel North America Inc.	100.00%	100.00%
EGP Padoma Holding Company Inc.	Wilmington (Delaware)	USA	1,000	USD	Enel North America Inc.	100.00%	100.00%
EGP Solar 1 LLC	Wilmington (Delaware)	USA			Enel North America Inc.	100.00%	100.00%
El Dorado Hydro	Los Angeles (California)	USA	-		Olympe Inc. Motherlode Hydro Inc.	82.50% 17.50%	100.00%
Enel Alberta Wind Inc.	Calgary	Canada	16,251,021	CAD	Chi Canada Inc.	100.00%	100.00%
Enel Cove Fort LLC	Wilmington (Delaware)	USA	-		Enel Geothermal LLC	100.00%	100.00%
Enel Cove Fort II LLC	Wilmington (Delaware)	USA	-		Enel Geothermal LLC	100.00%	100.00%
Enel Geothermal LLC	Wilmington (Delaware)	USA	-		Essex Company	100.00%	100.00%
Enel Kansas LLC	Wilmington (Delaware)	USA	-		Enel North America Inc.	100.00%	100.00%
Enel Nevkan Inc.	Wilmington (Delaware)	USA	-		Enel North America Inc.	100.00%	100.00%
Enel Salt Wells LLC	Wilmington (Delaware)	USA	-		Enel Geothermal LLC	100.00%	100.00%
Enel Stillwater LLC	Wilmington (Delaware)	USA	-		Enel Geothermal LLC	100.00%	100.00%
Enel Surprise Valley LLC	Wilmington (Delaware)	USA	-		Enel Geothermal LLC	100.00%	100.00%
Enel Texkan Inc.	Wilmington (Delaware)	USA	-		Chi Power Inc.	100.00%	100.00%
Enel Washington DC LLC	Wilmington (Delaware)	USA	-		Chi Acquisitions Inc.	100.00%	100.00%
Essex Company	Boston (Massachusetts)	USA	-		Enel North America Inc.	100.00%	100.00%
Florence Hills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Fulcrum Inc.	Boise (Idaho)	USA	1,002.50	USD	Consolidated Hydro Mountain States Inc.	100.00%	100.00%
Gauley Hydro LLC	Wilmington (Delaware)	USA	-		Essex Company	100.00%	100.00%
Gauley River Management Corporation	Willison (Vermont)	USA	-		Chi Finance LLC	100.00%	100.00%
Gauley River Power Partners LP	Willison (Vermont)	USA	-		Gauley River Management Corporation	100.00%	100.00%
Hadley Ridge LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Highfalls Hydro Company Inc.	Wilmington (Delaware)	USA	-		Chi Finance LLC	100.00%	100.00%
Hope Creek LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%

Company name	Registered office	Country	Share capital (2)	Currency	Held by (3)	% Holding	Group % holding
			at Dec. 31, 2009				
Hosiery Mills Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions Inc.	100.00%	100.00%
Hydrodev Inc.	Montreal (Quebec)	Canada	7,587,320	CAD	Chi Canada Inc.	100.00%	100.00%
Hydrodev Limited Partnership	Montreal (Quebec)	Canada	-		Hydrodev Inc.	100.00%	100.00%
Hydro Development Group Inc.	Albany (New York)	USA	12,25	USD	Chi Acquisitions II Inc.	100.00%	100.00%
Hydro Energies Corporation	Willison (Vermont)	USA	5,000	USD	Chi Finance LLC	100.00%	100.00%
Hydro Finance Holding Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Jack River LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Jessica Mills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Julia Hills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Kings River Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Kinneytown Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
LaChute Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Lawrence Hydroelectric Associates LP	Boston (Massachusetts)	USA	-		Essex Company Crosby Drive Investments Inc.	92.50% 7.50%	100.00%
Littleville Power Company Inc.	Boston (Massachusetts)	USA	-		Hydro Development Group Inc.	100.00%	100.00%
Lower Saranac Corporation	New York (New York)	USA	2	USD	Twin Saranac Holdings LLC	100.00%	100.00%
Lower Saranac Hydro Partners	Wilmington (Delaware)	USA	-		Lower Saranac Corporation	100.00%	100.00%
Mascoma Hydro Corporation	Concord (New Hampshire)	USA	-		Chi Acquisitions II Inc.	100.00%	100.00%
Metro Wind LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Mill Shoals Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Minnewawa Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Enel North America Inc.	100.00%	100.00%
Missisquoi Associates	Los Angeles (California)	USA	-		Sheldon Vermont Hydro Company Inc. Sheldon Springs Hydro Associates LP	1.00% 99.00%	100.00%
Motherlode Hydro Inc.	Los Angeles (California)	USA	-		Chi West Inc.	100.00%	100.00%
Nevkan Renewables LLC	Wilmington (Delaware)	USA	-		Enel Nevkan Inc.	100.00%	100.00%
Newbury Hydro Company	Burlington (Vermont)	USA	-		Sweetwater Hydroelectric Inc.	100.00%	100.00%
NeWind Group Inc.	St. John (Newfoundland)	Canada	578,192	CAD	Chi Canada Inc.	100.00%	100.00%
Northwest Hydro Inc.	Wilmington (Delaware)	USA	100	USD	Chi West Inc.	100.00%	100.00%
Notch Butte Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
O&M Cogeneration Inc.	Montreal (Quebec)	Canada	15	CAD	Hydrodev Inc.	66.66%	66.66%
Olympe Inc.	Los Angeles (California)	USA	-		Chi West Inc.	100.00%	100.00%
Ottauquechee Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Finance LLC	100.00%	100.00%
Pelzer Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Consolidated Hydro Southeast Inc.	100.00%	100.00%
Pyrites Associates	New York (New York)	USA	-		Hydro Development Group Inc. Chi Dexter Inc.	50.00% 50.00%	100.00%
Rock Creek Limited Partnership	Los Angeles (California)	USA	-		El Dorado Hydro	100.00%	100.00%
Ruthton Ridge LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
SE Hazelton A. LP	Los Angeles (California)	USA	-		Bypass Limited	100.00%	100.00%
Sheldon Springs Hydro Associates LP	Wilmington (Delaware)	USA	-		Sheldon Vermont Hydro Company Inc.	100.00%	100.00%
Sheldon Vermont Hydro Company Inc.	Wilmington (Delaware)	USA	-		Boott Sheldon Holdings LLC	100.00%	100.00%
Slate Creek Hydro Associates LP	Los Angeles (California)	USA	-		Slate Creek Hydro Company Inc.	100.00%	100.00%

Company name	Registered office	Country	Share capital (2)	Currency	Held by (3)	% Holding	Group % holding
			at Dec. 31, 2009				
Slate Creek Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Acquisitions II Inc.	100.00%	100.00%
Smoky Hills Wind Farm LLC	Topeka (Kansas)	USA	-		Texkan Wind LLC	100.00%	100.00%
Smoky Hills Wind Project II LLC	Topeka (Kansas)	USA	-		Nevkan Renewables LLC	100.00%	100.00%
Snyder Wind Farm LLC	Dallas (Texas)	USA	-		Texkan Wind LLC	100.00%	100.00%
Soliloquoy Ridge LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Somersworth Hydro Company Inc.	Wilmington (Delaware)	USA	100	USD	Chi Universal Inc.	100.00%	100.00%
Southwest Transmission LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Spartan Hills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
St.-Felicien Cogeneration	Montreal (Quebec)	Canada	-		Chi S.F. LP	96.00%	96.00%
Summit Energy Storage Inc.	Wilmington (Delaware)	USA	8,200	USD	Enel North America Inc.	75.00%	75.00%
Sun River LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Sweetwater Hydroelectric Inc.	Concord (New Hampshire)	USA	250	USD	Chi Acquisitions II Inc.	100.00%	100.00%
Texkan Wind LLC	Wilmington (Delaware)	USA	-		Enel Texkan Inc.	100.00%	100.00%
TKO Power Inc.	Los Angeles (California)	USA	-		Chi West Inc.	100.00%	100.00%
Triton Power Company	New York (New York)	USA	-		Chi Highfalls Inc. Highfalls Hydro Company Inc.	2.00% 98.00%	100.00%
Tsar Nicholas LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Twin Falls Hydro Associates	Seattle (Washington)	USA	-		Twin Falls Hydro Company Inc.	51.00%	51.00%
Twin Falls Hydro Company Inc.	Wilmington (Delaware)	USA	10	USD	Twin Saranac Holdings LLC	100.00%	100.00%
Twin Lake Hills LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%
Twin Saranac Holdings LLC	Wilmington (Delaware)	USA	-		Enel North America Inc.	100.00%	100.00%
Western New York Wind Corporation	Albany (New York)	USA	300	USD	Enel North America Inc.	100.00%	100.00%
Willimantic Power Corporation	Hartford (Connecticut)	USA	-		Chi Acquisitions Inc.	100.00%	100.00%
Winter's Spawn LLC	Minneapolis (Minnesota)	USA	-		Chi Minnesota Wind LLC	49.00%	49.00%

(1) All the companies are engaged in electricity generation from renewable resources
(2) In many cases, the subsidiaries are formed as entities that do not require the payment of share capital.
(3) For companies in which the holding is less than 50% Enel North America Inc holds preference shares that enable it to determine the financial and operational policies of the company and therefore to exercise a dominant influence.

Subsidiaries held by Enel Latin America BV consolidated on a line-by-line basis at December 31, 2009 (1)

Company name	Registered office	Country	Share capital(2) at Dec. 31, 2009	Currency	Held by (3)	% holding	Group % holding
Parent company:							
Enel Latin America BV	**Amsterdam**	**Netherlands**	**244,450,298**	**EUR**	**Enel Green Power International BV**	**100.00%**	**100.00%**
Subsidiaries:							
Apiacàs Energia SA	Rio de Janeiro	Brazil	21,216,846,33	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Central American Power Services Inc.	Wilmington (Delaware)	USA	1	USD	Enel Latin America BV	100.00%	100.00%
Conexion Energetica Centroamericana El Salvador SA de CV	San Salvador	El Salvador	7,950,600	SVC	Grupo EGI SA de cv Enel Latin America BV	40.86% 59.14%	100.00%
Empresa Electrica Panguipulli SA	Santiago	Chile	14,053,147	CLP	Energia Alerce Ltda Enel Chile Ltda	0.01% 99.99%	100.00%
Empresa Electrica Puyehue SA	Santiago	Chile	11,169,752,000	CLP	Energia Alerce Ltda Enel Chile Ltda	0.10% 99.90%	100.00%
Empresa Nacional de Geotermia SA	Santiago	Chile	-		Enel Chile Ltda	51.00%	51.00%
Enel Brasil Participações Ltda	Rio de Janeiro	Brazil	419,400,000	BRL	Enel Green Power International BV Enel Latin America BV	0.01% 99.99%	100.00%
Enel Chile Ltda	Santiago	Chile	15,414,240,752	CLP	Hydromac Energy BV Energia Alerce Ltda	0.01% 99.99%	100.00%
Enel de Costa Rica SA	San Josè	Costa Rica	30,000,000	CRC	Enel Latin America BV	100.00%	100.00%
Enel Fortuna SA	Panama	Panama	100,000	USD	Enel Panama SA	50.06%	50.06%
Enel Guatemala SA	Guatemala	Guatemala	5,000	GTQ	Enel Green Power International BV Enel Latin America BV	2.00% 98.00%	100.00%
Enel Panama SA	Panama	Panama	3,000	USD	Enel Latin America BV	100.00%	100.00%
Enelpower do Brasil Ltda	Rio de Janeiro	Brazil	1,242,000	BRL	Enel Brasil Participações Ltda Enel Latin America BV	99.99% 0.01%	100.00%
Energia Alerce Ltda	Santiago	Chile	1,000,000	CLP	Hydromac Energy BV Enel Latin America BV	99.90% 0.01%	100.00%
Energia Global de Mexico (ENERMEX) SA de cv	Mexico City	Mexico	50,000	MXN	Enel Latin America BV	99.00%	99.00%
Energia Global Operaciones SA	San Josè	Costa Rica	10,000	CRC	Enel de Costa Rica SA	100.00%	100.00%
Energia Nueva Energia Limpia Mexico Srl de cv	Mexico City	Mexico	5,339,650	MXN	Enel Latin America BV Enel Guatemala SA	99.99% 0.01%	100.00%
Generadora de Occidente Ltda	Guatemala	Guatemala	16,261,697,33	GTQ	Enel Latin America BV Enel Guatemala SA	99.00% 1.00%	100.00%
Generadora Montecristo SA	Guatemala	Guatemala	5,000	GTQ	Enel Latin America BV Enel Guatemala SA	99.00% 1.00%	100.00%
Geotermica del Norte SA	Santiago	Chile	-		Enel Chile Ltda	51.00%	51.00%
Grupo EGI SA de cv	San Salvador	El Salvador	3,448,800	SVC	Enel Green Power International BV Enel Latin America BV	0.01% 99.99%	100.00%
Hidroelectricidad del Pacifico Srl de cv	Mexico City	Mexico	30,890,636	MXN	Impulsora Nacional de Electricidad Srl de cv	99.99%	99.99%
Hydromac Energy BV	Amsterdam	Netherlands	18,000	EUR	Enel Latina America BV	100.00%	100.00%
Impulsora Nacional de Electricidad Srl de cv	Mexico City	Mexico	308,628,665	MXN	Enel Green Power International BV Enel Latin America BV	0.01% 99.99%	100.00%
Isamu Ikeda Energia SA	Rio de Janeiro	Brazil	82,974,475,77	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Mexicana de hidroelectricidad Mexhidro Srl de cv	Mexico City	Mexico	181,727,301	MXN	Impulsora Nacional de Electricidad Srl de cv	99.99%	99.99%

Company name	Registered office	Country	Share capital(2)	Currency	Held by (3)	% holding	Group % holding
			at Dec. 31, 2009				
Molinos de Viento del Arenal SA	San José	Costa Rica	9,709,200	USD	Enel de Costa Rica SA	49.00%	49.00%
Operacion Y Mantenimiento Tierras Morenas SA	San José	Costa Rica	30,000	CRC	Enel de Costa Rica SA	85.00%	85.00%
P.H. Chucas SA	San José	Costa Rica	100,000	CRC	Enel de Costa Rica SA Inversiones Eòlicas La Esperanza SA	28.57% 71.43%	100.00%
P.H. Don Pedro SA	San José	Costa Rica	100,001	CRC	Enel de Costa Rica SA	33.44%	33.44%
P.H. Guacimo SA	San José	Costa Rica	50,000	CRC	Enel de Costa Rica SA	40.00%	40.00%
P.H. Rio Volcan SA	San José	Costa Rica	100,001	CRC	Enel de Costa Rica SA	34.32%	34.32%
Primavera Energia SA	Rio de Janeiro	Brazil	29,556,575,78	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Proveedora de Electricidad de Occidente Srl de cv	Mexico City	Mexico	89,707,135	MXN	Impulsora Nacional de Electricidad Srl de cv	99.99%	99.99%
Quatiara Energia SA	Rio de Janeiro	Brazil	12,148,511,80	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Renovables de Guatemala SA	Guatemala	Guatemala	1,065,049,000	GTQ	Enel Latin America BV Enel Green Power SpA Enel Guatemala SA	40.35% 50.86% 0.01%	91.22%
Socibe Energia SA	Rio de Janeiro	Brazil	33,969,032,25	BRL	Enel Brasil Participações Ltda	100.00%	100.00%
Tecnoguat SA	Guatemala	Guatemala	30,948,000	GTQ	Enel Latin America BV	75.00%	75.00%
Vale Energética SA	Rio de Janeiro	Brazil	18,589,343,63	BRL	Enel Brasil Participações Ltda	100.00%	100.00%

(1) All the companies are engaged in electricity generation from renewable resources.
(2) In many cases, the subsidiaries are formed as entities that do not require the payment of share capital.
(3) For companies in which the holding is less than 50% Enel Latin America LLC holds preference shares that enable it to determine the financial and operational policies of the company and therefore to exercise a dominant influence.

Enel SpA companies consolidated on a proportionate basis at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Enel SpA	**Rome**	**Italy**	**Industrial holding**	**9,403,357,795**	**EUR**	**-**	**-**	**-**
Subsidiaries:								
Adria Link Srl	Gorizia	Italy	Design, construction and operation of merchant lines	150,000	EUR	Enel Produzione	33.33%	33.33%
Artic Russia BV	Amsterdam	Netherlands	Holding company	100,000	EUR	Enel Investment Holding BV	40.00%	40.00%
Enel Stoccaggi Srl	Rome	Italy	Construction and operation of storage fields. Storage of natural gas	2,030,000	EUR	Enel Trade SpA	51.00%	51.00%
Sviluppo Nucleare Italia Srl	Rome	Italy	Development, construction and operation of EPR nuclear reactors	200,000	EUR	Enel SpA	50.00%	50.00%

Endesa companies consolidated on a proportionate basis at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Endesa SA	**Madrid**	**Spain**	**Holding company**	**1,270,502,540**	**EUR**	**Enel Energy Europe SL**	**92.06%**	**92.06%**
Subsidiaries:								
Aquilae Solar SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Asociación Nuclear Ascó-Vandellós II AIE	Tarragona	Spain	Maintenance and operation of generation plants	19,232,400	EUR	Endesa Generación SA	85.41%	78.63%
Atacama Finance Co.	N.A.	Isole Cayman	Holding company	6,300,000	USD	Inversiones Gas Atacama Holding Ltda Gas Atacama SA	99.90% 0.10%	16.74%
Atelgen - Produção de Energia Ace	Barcelos	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	51.00%	23.48%
Ayse'n Transmissio'n SA	Santiago	Chile	-	24,157,440	CLP	Empresa Nacional de Electricidad SA Centrales Hidroeléctricas de Aysén SA	0.51% 99.49%	33.31%
Campos - Recursos Energéticos Ace	Barroselas	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	95.00%	43.73%
Carbopego - Abastecimientos e Combustiveis SA	Abrantes	Portugal	Fuel supply	50,000	EUR	Endesa Generación SA Endesa Generación Portugal SA	49.99% 0.01%	46.03%
Cefeidas Desarollo Solar SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Centrales Hidroeléctricas de Aysén SA	Santiago	Chile	Design	20,000,000,000	CLP	Empresa Nacional de Electricidad SA	51.00%	17.07%
Cephei Desarollo Solar SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Cogeneració J. Vilaseca A.I.E	Barcelona	Spain	Combined-cycle generation plant	721,210	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Colina - Produção de Energia Eléctrica Lda	Lisbon	Portugal	Electricity generation	5,486,78	EUR	Parque Eolico do Moinho do Céu SA PP – Co-geração SA	90.00% 10.00%	46.03%
Companhia Térmica do Beato Ace	Lisbon	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	65.00%	29.92%
Companhia Térmica do Serrado Ace	Paços de Brandão	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	51.00%	23.48%
Companhia Térmica Hectare Ace	Alcochete	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	60.00%	27.62%
Companhia Térmica Lusol Ace	Barreiro	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	95.00%	43.73%
Companhia Térmica Oliveira Ferreira Ace	Riba de Ave	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	95.00%	43.73%
Companhia Térmica Ponte da Pedra Ace	Maia	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	95.00%	43.73%
Companhia Térmica Ribeira Velha Ace	S. Paio de Oleiros	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA PP-CO_Gereçao SA	51.00% 49.00%	46.03%
Companhia Térmica Tagol Lda	Algés	Portugal	Portugal	5,000	EUR	TP - Sociedade Térmica Portuguesa SA	95.00%	43.73%
Concentrasolar SL	Seville	Spain	Photovoltaic plants	10,000	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Confirel AIE	Girona	Spain	Cogeneration of electricity and heat	30,050	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Consorcio Ara-Ingendesa Ltda	Santiago	Chile	Design and consulting services	1,000,000	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Consorcio Eólico Marino Cabo de Trafalgar SL	Cádiz	Spain	Wind plants	200,000	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Consorcio Ingendesa-Minmetal Ltda	Santiago	Chile	Engineering services	2,000,000	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Desarollo Photosolar SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingenieria SLU	50.00%	46.03%
Distribución Y Comercialización de Gas Extremadura Dicogexsa SA	Badajoz	Spain	Gas distribution	21,632,400	EUR	Endesa Gas SAU	47.00%	43.27%
Distribuidora Eléctrica de Cundinamarca SA ESP	Bogotá D.C.	Colombia	Electricity distribution and sales	1,000,000	COP	Compañía Distribuidora Y Comercializadora de Energía SA	49.00%	13.26%
Distribuidora Regional de Gas SA	Medina del Campo (Valladolid)	Spain	Gas distribution and sales	3,606,000	EUR	Endesa Gas SAu.	50.00%	46.03%
Eevm - Empreendimentos Eólicos Vale do Minho SA	Porto	Portugal	Electricity generation from renewable resources	200,000	EUR	Eol Verde Energia Eólica SA	50.00%	34.52%
Elecgas SA	Santarem	Portugal	Electricity generation from renewable resources	50,000	EUR	Endesa Generación de Portugal	50.00%	46.03%
Eléctrica de Lijar SL	Cádiz	Spain	Electricity generation from renewable resources	1,081,820	EUR	Endesa Red SA	50.00%	46.03%
Electricidad de Puerto Real SA	Cádiz	Spain	Electricity distribution and supply	6,611,110	EUR	Endesa Distribución Eléctrica SL	50.00%	46.03%
Empreendimentos Eólicos da Serra do Sicó SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	52.38%	24.11%
Empreendimentos Eólicos de Alvadia Lda	Porto	Portugal	Electricity generation from renewable resources	1,150,000	EUR	Finerge-Gestao de Projectos Energéticos SA	48.00%	44.19%
Empreendimientos Eolicos Cerveirenses SA	Vila Nova de Cerveira	Portugal	Electricity generation from renewable resources	50,000	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	84.99%	29.34%
Empreendimientos Eólicos da Espiga	Caminha	Portugal	Electricity generation from renewable resources	50,000	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	100.00%	34.52%
Endesa Ingeniería SL - Laxtron Energías Renovables SL U.T.E.	Las Palmas de Gran Canaria	Spain	Engineering and consulting services	3,100	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Enercor - Produção de Energia Ace	Montijo	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	70.00%	32.22%
Energética de Rosselló AIE	Barcelona	Spain	Cogeneration of electricity and heat	3,606,060	EUR	Endesa Cogeneración Y Renovables SA	27.00%	24.86%
Energex Co.	N.A.	Cayman Islands	Holding company	10,000	USD	Gas Atacama Chile SA	100.00%	16.73%
Energías Alternativas del Sur SL	Las Palmas de Gran Canaria	Spain	Electricity generation from renewable resources	601,010	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Energie Electrique de Tahaddart SA	Tangeri	Morocco	Combined-cycle generation plant	750,400,000	DAM	Endesa Desarrollo SL	32.00%	29.46%
Eólicas de La Patagonia SA	Buenos Aires	Argentina	Electricity generation from renewable resources	480,930	ARS	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Eólicas de Tenerife AIE	Santa Cruz de Tenerife	Spain	Electricity generation from renewable resources	420,710	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Ercasa Cogeneración SA	Zaragoza	Spain	Cogeneration of electricity and heat	601,000	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Erfei AIE	Tarragona	Spain	Cogeneration of electricity and heat	720,000	EUR	Endesa Cogeneración Y Renovables SA	42.00%	38.67%
EURhueco Cogeneración AIE	Barcelona	Spain	Cogeneration of electricity and heat	2,606,000	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Explotaciones Eólicas de Aldehuelas SL	Soria	Spain	Electricity generation from renewable resources	480,800	EUR	Endesa Cogeneración Y Renovables SA	47.50%	43.73%
Fábrica do Arco - Recursos Energéticos SA	Santo Tirso	Portugal	Electricity generation	500,000	EUR	Finerge-Gestao de Projectos Energéticos SA	50.00%	46.03%
Fotovoltaica Insular SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Gas Atacama Chile SA	Santiago	Chile	Electricity generation	185,025,186	USD	Gas Atacama SA Inversiones Endesa Norte SA	99.90% 0.05%	16.73%
Gas Atacama SA	Santiago	Chile	Holding company	291,484,088	USD	Inversiones Gas Atacama Holding Ltda	100.00%	16.74%
Gas Extremadura Transportista SL	Badajoz	Spain	Gas transport and storage	5,000,000	EUR	Endesa Gas Transportista SLU	40.00%	36.82%
Gasoducto Atacama Argentina SA	Santiago	Chile	Natural gas transport	208,173,125	USD	Gas Atacama SA Inversione Endesa Norte Energex Co.	57.23% 0.03% 42.71%	16.73%
Gasoducto Atacama Argentina SA Sucursal Argentina	Buenos Aires	Argentina	Natural gas transport	-		Gasoducto Atacama Argentina SA	100.00%	16.73%
Gasoducto Taltal SA	Santiago	Chile	Natural gas transport	17,544,930,000	CLP	Gas Atacama Chile SA Gasoducto Atacama Argentina SA	99.88% 0.12%	16.73%
Hídricas de Viseu SA	Maia	Portugal	Hydroelectric plants	986,000	EUR	Endesa Cogeneratión Y Renovables SA TP – Sociedade Térmica Portuguesa SA	33.00% 67.00%	46.03%
Hidroribeira – Emp. Hidricos e Eólicos Lda	Paço de Arcos	Portugal	Electricity generation	7,481,96	EUR	Parco Eolico do Moinho do Ceu	100.00%	46.03%
Hispano-Helliniki Aioliki Trikorfa SA	Athens	Greece	Electricity generation and trading	60,000	EUR	Spider Energeiakh SA	50.00%	18.42%
Infraestructuras de Aldehuelas SA	Soria	Spain	Construction, operation and maintenance of electrical stations	425,000	EUR	Explotaciones Eólicas de Aldehuelas SL	60.82%	26.60%
Iniciativas de Gas SL	Madrid	Spain	Natural gas and related services	1,300,010	EUR	Endesa Generación SA	40.00%	36.82%
Inversiones Gas Atacama Holding Ltda	Santiago	Chile	Natural gas transport	335,520,000	CLP	Inversiones Endesa Norte SA	50.00%	16.74%
Makrinoros Societe Anonyme	Athens	Greece	Electricity generation and trading	60,000	EUR	Spider Energeiakh SA	50.00%	18.42%
Medidas Ambientales SL	Medina de Pomar (Burgos)	Spain	Environmental studies	60,100	EUR	Nuclenor SA	50.00%	23.02%
Nuclenor SA	Burgos	Spain	Nuclear plant	102,000,000	EUR	Endesa Generación SA	50.00%	46.03%
Parque Eólico A. Capelada AIE	La Coruña	Spain	Electricity generation from renewable resources	5,857,700	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Parque Eólico do Moinho do Céu SA	Porto	Portugal	Electricity generation from renewable resources	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	100.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parque Fotovoltaico Aricoute I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute II SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute III SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute IV SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute V SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute VI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute VIII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute IX SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute X SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Aricoute XI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio II SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio III SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio IV SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio V SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio VI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio VIII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio IX SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio X SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Bajio XI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche II SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche III SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche IV SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parque Fotovoltaico El Guanche V SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche VI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche VIII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche IX SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche X SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico El Guanche XI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado II SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado III SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado IV SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado V SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado VI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3.008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado VIII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado IX SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado X SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Llano Delgado XI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero I SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero II SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero III SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero IV SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero V SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero VI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero VII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero VIII SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parque Fotovoltaico Tablero IX SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero X SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Parque Fotovoltaico Tablero XI SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Pegop - Energía Eléctrica SA	Abrantes	Portugal	Electricity generation	50,000	EUR	Endesa Generación SA	50.00%	46.03%
Planta de Regasificación de Sagunto SA	Madrid	Spain	Sale of gas and fuel	1,500,000	EUR	Iniciativas de Gas SL	50.00%	18.41%
PP - Co-Geração SA	S. Paio de Oleiros	Portugal	Cogeneration of electricity and heat	50,000	EUR	TP - Sociedade Térmica Portuguesa SA	100.00%	46.03%
Printerel SL	Barcelona	Spain	Construction and management of a cogeneration plant	300,500	EUR	Endesa Cogeneración Y Renovables SA	39.00%	35.90%
Progas	Santiago	Chile	Gas distribution	1,436,000	CLP	Gas Atacama Chile SA Gas Atacama SA	99.90% 0.10%	16.74%
Sacme SA	Capital Federal	Argentina	Monitoring of electricity system	12,000	ARS	Empresa Distribuidora Sur SA	50.00%	27.75%
Salto de San Rafael SL	Seville	Spain	Electricity generation from renewable resources	461,410	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Sociedad Consorcio Ingendesa-Ara Limitada	Santiago	Chile	Engineering services	1,000,000	CLP	Empresa de Ingeniería Ingendesa SA	50.00%	16.74%
Sociedad Eólica El Puntal SL	Seville	Spain	Electricity generation from renewable resources	60,000	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Sociedad Eólica Los Lances SA	Seville	Spain	Electricity generation from renewable resources	2,404,040	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Sodesa - Comercializaçao de Energia Electrica SA	Porto	Portugal	Electricity distribution and services	750,000	EUR	Endesa Energía SA	50.00%	46.03%
Sol de Media Noche Fotovoltaica SL	Las Palmas de Gran Canaria	Spain	Photovoltaic plants	3,008	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Soternix - Produção de Energia Ace	Barcelos	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	51.00%	23.48%
Suministradora Eléctrica de Cádiz SA	Cádiz	Spain	Electricity distribution and supply	12,020,000	EUR	Endesa Distribución Eléctrica SL	33.50%	30.84%
Tejo Energía Produçao e Distribuçao de Energia Electrica SA	Paço D’Arcos	Portugal	Electricity generation, transmission and distribution	5,025,000	EUR	Endesa Generación SA	38.89%	35.80%
Toledo Pv A.E.I.E	Madrid	Spain	Photovoltaic plants	26,890	EUR	Endesa Cogeneración Y Renovables SA	33.33%	30.68%
TP - Sociedade Térmica Portuguesa SA	Lisbon	Portugal	Cogeneration of electricity and heat	7,500,000	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Transmisora Eléctrica de Quillota Ltda	Santiago	Chile	Electricity transmission and distribution	3,867	CLP	Compañía Eléctrica San Isidro SA	50.00%	16.74%
Transportista Regional de Gas SA	Medina Del Campo (Valladolid)	Spain	Natural gas transport	5,748,260	EUR	Endesa Gas Transportista SLU.	50.00%	46.03%
Ute Biogas Garraf	Barcelona	Spain	Electricity generation with biogas	3,010	EUR	Endesa Cogeneración Y Renovables SA	50.00%	46.03%
Ute Construcciones, Rehabilitaciones Y Acabados SA – Endesa Ingeniería SLU	Santander	Spain	Photovoltaic plants	100,000	EUR	Endesa Ingeniería SLU	50.00%	46.03%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Ute Construcciones, Rehabilitaciones Y Acabados SA – Endesa Ingeniería SLU 2	Santander	Spain	Photovoltaic plants	100,000	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Ute Endesa Ingenieria SLU – Etime Seguridad SA	Madrid	Spain	Safety systems	10,000	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Ute Endesa Ingenieria SLU – Indra Sistemas SA	Seville	Spain	IT systems	1,000	EUR	Endesa Ingeniería SLU	51.00%	46.95%
Ute Hospital Juan Ramón Jimenez	Madrid	Spain	Solar generation	6,000	EUR	Endesa Energía SA	50.00%	46.03%
Ute Instalaciones Inabensa SA – Endesa Ingeniería SLU	Seville	Spain	Electricity services	-	-	Endesa Ingeniería SLU	50.00%	46.03%
Ute La Fresnadilla	Santander	Spain	Photovoltaic plants	100,000	EUR	Endesa Ingeniería SLU	50.00%	46.03%
Ute Sat 357-05 Acevedo Reid Sociedad Agraria de Transformac - Endesa Ingeniería SLU	Santa Cruz de Tenerife	Spain	Photovoltaic plants	3.000	EUR	Endesa Ingeniería SLU	50,00%	46,03%
Ventominho Energias Renovaveis SA	Esposende	Portugal	Electricity generation from renewable resources	50.000	EUR	Eevm - Empreendimentos Eólicos Vale do Minho SA	84,99%	29,34%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Enel Unión Fenosa Renovables SA	**Madrid**	**Spain**	**Electricity generation from renewable resources**	**32,505,000**	**EUR**	**Enel Green Power International BV**	**50.00%**	**50.00%**
Subsidiaries:								
Andaluza de Energia Solar Cuarta SL	Seville	Spain		3,006	EUR	Energias Especiales de Andalucía SL	76.00%	38.00%
Andaluza de Energia Solar Primera SL	Seville	Spain		3,006	EUR	Energias Especiales de Andalucía SL	76.00%	38.00%
Andaluza de Energia Solar Quinta SL	Seville	Spain		3,006	EUR	Energias Especiales de Andalucía SL	75.00%	37.50%
Andaluza de Energia Solar Tercera SL	Seville	Spain		3,006	EUR	Energias Especiales de Andalucía SL	75.00%	37.50%
Aprovechamientos Eléctricos SA	Madrid	Spain		420,705	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Aridos Energias Especiales SL	Villalbilla	Spain	Electricity generation from renewable resources	600,000	EUR	Enel Unión Fenosa Renovables SA	41.05%	20.53%
Azucarera Energias SA	Madrid	Spain	Electricity generation from renewable resources	570,600	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Barbao SA	Madrid	Spain	Electricity generation from renewable resources	284,878,74	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Boiro Energia SA	Boiro	Spain	Electricity generation from renewable resources	601,010	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Cogeneración del Noroeste SL	Santiago de Compostela	Spain	Electricity generation from renewable resources	3,606,000	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Depuracion Destilacion Reciclaje SL	Boiro	Spain	Electricity generation from renewable resources	600,000	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Energia Termosolar de los Monegros SL	Zaragoza	Spain	Electricity generation from renewable resources	400,000	EUR	Enel Unión Fenosa Renovables SA	80.00%	40.00%
Energias Ambientales de Somozas SA	La Coruna	Spain	Electricity generation from renewable resources	1,250,000	EUR	Enel Unión Fenosa Renovables SA Energias Ambientales Easa SA	19.40% 77.60%	48.50%
Energias Ambientales Easa SA	La Coruna	Spain	Electricity generation from renewable resources	15,491,460	EUR	Enel Unión Fenosa Renovables SA	33.34%	16.67%
Energias Ambientales Novo SA	Madrid	Spain	Electricity generation from renewable resources	1,480,000	EUR	Energias Ambientales Easa SA	33.30%	5.55%
Energias Ambientales Vimianzo SA	Madrid	Spain	Electricity generation from renewable resources	106,864	EUR	Energias Ambientales Easa SA	33.30%	5.55%
Energias Especiales Alcoholeras SA	Madrid	Spain	Electricity generation from renewable resources	232,002	EUR	Enel Unión Fenosa Renovables SA	82.33%	41.17%
Energias Especiales De Andalucía SL	Seville	Spain	Electricity generation from renewable resources	20,000	EUR	Eufer Renovables Ibéricas 2004 SA	100.00%	50.00%
Energias Especiales de Belmonte SA	Madrid	Spain	Electricity generation from renewable resources	120,400	EUR	Enel Unión Fenosa Renovables SA	50.16%	25.08%
Energias Especiales De Careon SA	La Coruna	Spain	Electricity generation from renewable resources	270,450	EUR	Enel Unión Fenosa Renovables SA	77.00%	38.50%
Energias Especiales de Extremadura SL	Badajoz	Spain	Electricity generation from renewable resources	6,000	EUR	Enel Unión Fenosa Renovables SA	88.34%	44.17%
Energias Especiales de Gata SL	Badajoz	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales de Padul SL	Madrid	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Energias Especiales de Pena Armada SA	Madrid	Spain	Electricity generation from renewable resources	963,300	EUR	Enel Unión Fenosa Renovables SA	80.00%	40.00%
Energias Especiales del Alto Ulla SA	Madrid	Spain	Electricity generation from renewable resources	1,722,600	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales del Bierzo SA	Torre del Bierzo	Spain	Electricity generation from renewable resources	1,635,000	EUR	Enel Unión Fenosa Renovables SA	50.00%	25.00%
Energias Especiales del Noroeste SA	Madrid	Spain	Electricity generation from renewable resources	6,812,040	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales Montes Castellanos SL	Madrid	Spain	Electricity generation from renewable resources	6,241,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales Montes de Andalucía SL	Seville	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales Santa Barbara SL	Badajoz	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Especiales Valencianas SL	Valencia	Spain	Electricity generation from renewable resources	60,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Energias Renovables Montes de San Sebastián SL	Madrid	Spain	Electricity generation from renewable resources	1,305,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eólica del Cordal de Montouto SL	Madrid	Spain	Electricity generation from renewable resources	160,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eólica el Molar SL	Fuente Alamo	Spain	Electricity generation from renewable resources	1,235,300	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eolica Galaociasturiana SA	La Coruna	Spain	Electricity generation from renewable resources	64,999	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eufer – Caetano Energias Renovaveis LDA	Lapa (Lisbon)	Portugal	Electricity generation from renewable resources	5,010	EUR	Eufer – Energias Especiais de Portugal Unipessoal LDA	51.00%	25.50%
Eufer – Energias Especiais de Portugal Unipessoal LDA	Lapa (Lisbon)	Portugal	Electricity generation from renewable resources	5,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eufer Operación (formerly Eufer Comercializadora SL)	Madrid	Spain	Electricity generation from renewable resources	60,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Eufer Renovables Ibéricas 2004 SA	Madrid	Spain	Electricity generation from renewable resources	15,653,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Gallega de Cogeneración SA	Santiago de Compostela	Spain	Electricity generation from renewable resources	1,803,000	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Martinez y Lanza SA	Bajo Leon	Spain	Electricity generation from renewable resources	60,101,21	EUR	Enel Unión Fenosa Renovables SA	80.00%	40.00%
Parque Eólico Cabo Villano SL	Madrid	Spain	Electricity generation from renewable resources	6,625,792,44	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Parque Eólico Corullón SL	Madrid	Spain	Electricity generation from renewable resources	60,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Parque Eólico de Barbanza SA	Santiago de Compostela	Spain	Electricity generation from renewable resources	3,606,000	EUR	Enel Unión Fenosa Renovables SA	11.57%	5.79%
Parque Eólico de Belmonte SA	Madrid	Spain	Electricity generation from renewable resources	120,400	EUR	Barbao SA	50.16%	25.08%
Parque Eólico de Malpica SA	La Coruna	Spain	Electricity generation from renewable resources	950,000	EUR	Enel Unión Fenosa Renovables SA	35.42%	17.71%
Parque Eólico de Padul	Madrid	Spain	Electricity generation from renewable resources	240,000	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Parque Eólico de San Andrés SA	La Coruna	Spain	Electricity generation from renewable resources	552,920	EUR	Enel Unión Fenosa Renovables SA	82.00%	41.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parque Eólico Espina SA	Madrid	Spain	Electricity generation from renewable resources	3,200	EUR	Parque Eólico de Padul	100.00%	50.00%
Parque Eólico Montes de Las Navas SA	Madrid	Spain	Electricity generation from renewable resources	6,540,000	EUR	Enel Unión Fenosa Renovables SA	20.00%	10.00%
Parque Eólico Sierra del Merengue SL	Cáceres	Spain	Electricity generation from renewable resources	30,000	EUR	Enel Unión Fenosa Renovables SA	50.00%	25.00%
Prius Enerólica SL	Madrid	Spain	Electricity generation from renewable resources	3,600	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Promociones Energeticas del Bierzo SL	Ponferrada	Spain	Electricity generation from renewable resources	12,020	EUR	Enel Unión Fenosa Renovables SA	50.00%	25.00%
Proyectos Universitarios de Energias Renovables SL	Alicante	Spain	Electricity generation from renewable resources	180,000	EUR	Enel Unión Fenosa Renovables SA	33.33%	16.67%
Punta de las Olas Eólica Marina SL	La Coruna	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Punta de Lens Eólica Marina SL	La Coruna	Spain	-	3,100	EUR	Enel Unión Fenosa Renovables SA	100.00%	50.00%
Sistemas Energeticos Mañón Ortigueira SA	La Coruna	Spain	Electricity generation from renewable resources	4,507,500	EUR	Enel Unión Fenosa Renovables SA	96.00%	48.00%
Sociedad Eólica L'Enderrocada SA	Barcelona	Spain	Electricity generation from renewable resources	920,219	EUR	Energias Ambientales Easa SA	26.66%	4.44%
Ufefys SL	Aranjuez	Spain	Electricity generation from renewable resources	2,373,950	EUR	Enel Unión Fenosa Renovables SA	40.00%	20.00%
Vientos del Noroeste SA	Bajo Leòn	Spain	Electricity generation from renewable resources	60,101	EUR	Enel Unión Fenosa Renovables SA	99.70%	49.85%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Parent company:								
Res Holdings BV	**Amsterdam**	**Netherlands**	**Holding company**	**18,000**	**EUR**	**Enel Investment Holding BV**	**49.50%**	**49.50%**
Subsidiaries:								
Lipetskenergosbyt LLC	Lipetskaya oblast	Russian Federation	Electricity sales	7,500	RUB	Res Holdings BV	75.00%	37.13%
Rusenergosbyt LLC	Moscow	Russian Federation	Electricity trading	2,760,000	RUB	Res Holdings BV	100.00%	49.50%
Rusenergosbyt C LLC	Khanty-Mansiyskiy	Russian Federation	Electricity sales	5,100	RUB	Res Holdings BV	51.00%	25.25%
Rusenergosbyt Siberia LLC	Krasnoyarskiy kray	Russian Federation	Electricity sales	4,600	RUB	Res Holdings BV	50.00%	24.75%

Associated companies accounted for using the equity method at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Aes Distribuidores Salvadorenos Ltda de cv	San Salvador	El Salvador	Electricity generation from renewable resources	200,000	SVC	Grupo EGI SA de cv	20.00%	20.00%
Aes Distribuidores Salvadorenos Y Compania S. en C. de cv	San Salvador	El Salvador	Electricity generation from renewable resources	200,000	SVC	Grupo EGI SA de cv	20.00%	20.00%
Alpe Adria Energia SpA	Udine	Italy	Engineering, construction and management of interconnection power lines	450,000	EUR	Enel Produzione SpA	40.50%	40.50%
CESI - Centro Elettrotecnico Sperimentale Italiano Giacinto Motta SpA	Milan	Italy	Research and testing	8,550,000	EUR	Enel SpA	25.92%	25.92%
Chladiace veže Bohunice, spol. sro	Bohunice	Slovakia	Engineering and construction	16,598	EUR	Slovenské elektrárne AS	35.00%	23.10%
Compagnia Porto di Civitavecchia SpA	Rome	Italy	Engineering and construction	20,516,000	EUR	Enel Produzione SpA	25.00%	25.00%
Enel Rete Gas SpA	Milan	Italy	Gas distribution	54,139,160	EUR	Enel Distribuzione SpA	19.88%	19.88%
Energias de Villarrubia SL	Barcelona	Spain	Electricity generation from renewable resources	3,010	EUR	Enel Unión Fenosa Renovables SA	20.00%	10.00%
Enerlasa SA	Madrid	Spain	Electricity generation from renewable resources	1,021,700	EUR	Enel Unión Fenosa Renovables SA	45.00%	22.50%
Geronimo Wind Energy LLC	Minneapolis (Minnesota)	USA	Electricity generation from renewable resources	-	-	EGP Geronimo Holding Company Inc.	25.00%	25.00%
Hipotecaria de Santa Ana Ltda de cv	San Salvador	El Salvador	Electricity generation from renewable resources	100,000	SVC	Grupo EGI SA de cv	20.00%	20.00%
Idrosicilia SpA	Milan	Italy	Water sector	22,520,000	EUR	Enel SpA	40.00%	40.00%
International Eolian of Grammatiko SA	Maroussi	Greece	Electricity generation from renewable resources	184,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Korinthia SA	Maroussi	Greece	Electricity generation from renewable resources	318,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 1 SA	Maroussi	Greece	Electricity generation from renewable resources	89,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 2 SA	Maroussi	Greece	Electricity generation from renewable resources	96,500	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 3 SA	Maroussi	Greece	Electricity generation from renewable resources	89,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 4 SA	Maroussi	Greece	Electricity generation from renewable resources	93,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 5 SA	Maroussi	Greece	Electricity generation from renewable resources	96,500	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 6 SA	Maroussi	Greece	Electricity generation from renewable resources	91,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 7 SA	Maroussi	Greece	Electricity generation from renewable resources	89,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Peloponnisos 8 SA	Maroussi	Greece	Electricity generation from renewable resources	89,000	EUR	Enel Green Power International BV	30.00%	30.00%
International Eolian of Skopelos SA	Maroussi	Greece	Electricity generation from renewable resources	134,500	EUR	Enel Green Power International BV	30.00%	30.00%
LaGeo SA de cv	Ahuachapan	El Salvador	Electricity generation from renewable resources	2,562,826,700	SVC	Enel Produzione SpA	36.20%	36.20%
Reaktortest sro	Trnava	Slovakia	Nuclear power research	66,389	EUR	Slovenské elektrárne AS	49.00%	32.34%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
SIET - Società Informazioni Esperienze Termoidrauliche SpA	Piacenza	Italy	Studies, design and research in thermal generation	697,820	EUR	Enel.NewHydro Srl	41.55%	41.55%
Sotavento Galicia SA	Santiago de Compostela	Spain	Electricity generation from renewable resources	601,000	EUR	Enel Unión Fenosa Renovables SA	18.00%	9.00%
Star Lake Hydro Partnership	St. John (Newfoundland)	Canada	Electricity generation from renewable resources	-	-	Chi Hydroelectric Company Inc.	49.00%	49.00%
Thracian Eolian 1 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 2 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 3 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 4 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 5 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 6 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 7 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 8 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Thracian Eolian 9 SA	Maroussi	Greece	Electricity generation from renewable resources	79,500	EUR	Enel Green Power International BV	30.00%	30.00%
Tirmadrid SA	Valdemingómez	Spain	Electricity generation from renewable resources	16,828,000	EUR	Enel Unión Fenosa Renovables SA	18.64%	9.32%
Trade Wind Energy LLC	Topeka (Kansas)	USA	Electricity generation from renewable resources	-		Enel Kansas LLC	45.00%	45.00%
Ústav jaderného výzkumu Řež AS	Řež	Czech Republic	Nuclear power research and development	524,139,000	CZK	Slovenské elektrárne AS	27.77%	18.33%
Wind Parks of Anatoli-Prinia SA	Maroussi	Greece	Electricity generation from renewable resources	166,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Bolibas SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Distomos SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Drimonakia SA	Maroussi	Greece	Electricity generation from renewable resources	217,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Folia SA	Maroussi	Greece	Electricity generation from renewable resources	86,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Gagari SA	Maroussi	Greece	Electricity generation from renewable resources	84,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Goraki SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Gourles SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Grammatikaki SA	Maroussi	Greece	Electricity generation from renewable resources	127,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Kafoutsi SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Kathara SA	Maroussi	Greece	Electricity generation from renewable resources	193,000	EUR	Enel Green Power International BV	30.00%	30.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Wind Parks of Kerasia SA	Maroussi	Greece	Electricity generation from renewable resources	175,250	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Korfovouni SA	Maroussi	Greece	Electricity generation from renewable resources	147,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Korinthia SA	Maroussi	Greece	Electricity generation from renewable resources	300,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Makriakkoma SA	Maroussi	Greece	Electricity generation from renewable resources	167,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Megavouni SA	Maroussi	Greece	Electricity generation from renewable resources	149,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Milia SA	Maroussi	Greece	Electricity generation from renewable resources	336,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Mirovigli SA	Maroussi	Greece	Electricity generation from renewable resources	70,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Mitika SA	Maroussi	Greece	Electricity generation from renewable resources	178,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Organi SA	Maroussi	Greece	Electricity generation from renewable resources	241,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Paliopirgos SA	Maroussi	Greece	Electricity generation from renewable resources	143,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Pelagia SA	Maroussi	Greece	Electricity generation from renewable resources	203,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Petalo SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Platanos SA	Maroussi	Greece	Electricity generation from renewable resources	136,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Politis SA	Maroussi	Greece	Electricity generation from renewable resources	118,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Sagias SA	Maroussi	Greece	Electricity generation from renewable resources	187,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Skoubi SA	Maroussi	Greece	Electricity generation from renewable resources	91,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Spilia SA	Maroussi	Greece	Electricity generation from renewable resources	201,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Stroboulas SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Triforko SA	Maroussi	Greece	Electricity generation from renewable resources	119,500	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Vitalio SA	Maroussi	Greece	Electricity generation from renewable resources	93,000	EUR	Enel Green Power International BV	30.00%	30.00%
Wind Parks of Vourlas SA	Maroussi	Greece	Electricity generation from renewable resources	97,000	EUR	Enel Green Power International BV	30.00%	30.00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
P.N. Endesa SA:								
Aplicaçoes Hidroelectricas da Beira Alta Ltda	Lisbon	Portugal	Hydroelectric plants	399,000	EUR	Endesa Cogeneración Y Renovables SA	35.71%	32.87%
Calizas Elycar SL	Huesca	Spain	Combined-cycle generation plant	1,803,000	EUR	Endesa Cogeneración Y Renovables SA	25.00%	23.02%
Central Hidráulica Güejar-Sierra SL	Seville	Spain	Management of hydroelectric plants	364,210	EUR	Endesa Cogeneración Y Renovables SA	33.30%	30.66%
Central Hidroeléctrica Casillas SA	Seville	Spain	Management of hydroelectric plants	301,000	EUR	Endesa Cogeneración Y Renovables SA	49.00%	45.11%
Central Térmica de Anllares AIE	Madrid	Spain	Management of thermal plants	595,000	EUR	Endesa Generación SA	33.33%	30.68%
Centrales Nucleares Almaraz-Trillo AIE	Madrid	Spain	Management of nuclear plants	-	-	Endesa Generación SA Nuclenor SA	23,57% 0,69%	22.33%
Cogeneración El Salto SL	Zaragoza	Spain	Cogeneration of electricity and heat	36,000	EUR	Endesa Cogeneración Y Renovables SA	20,00%	18.41%
Cogeneración Hostalrich AIE	Girona	Spain	Cogeneration of electricity and heat	781,300	EUR	Endesa Cogeneración Y Renovables SA	33.00%	30.38%
Cogeneración Lipsa SL	Barcelona	Spain	Cogeneration of electricity and heat	720,000	EUR	Endesa Cogeneración Y Renovables SA	20.00%	18.41%
Compañía Eólica Tierras Altas SA	Soria	Spain	Wind plants	13,222,000	EUR	Endesa Cogeneración Y Renovables SA	35.63%	32.80%
Compañía Transportista de Gas de Canarias SA	Las Palmas de Gran Canaria	Spain	Natural gas transport	1,907,000	EUR	Unión Eléctrica de Canarias Generación SAU	47.18%	43.43%
Consorcio Ara-Ingendesa Sener Ltda	Santiago	Chile	Design and consulting services	1,000,000	CLP	Empresa de Ingeniería Ingendesa SA	33.33%	11.16%
Corporación Eólica de Zaragoza SL	Zaragoza	Spain	Electricity generation from renewable resources	2,524,200	EUR	Endesa Cogeneración Y Renovables SA	25.00%	23.02%
Detelca U.T.E.	Las Palmas de Gran Canaria	Spain	Engineering and construction	6,000	EUR	Endesa SA	24.90%	22.92%
Elcogas SA	Puertollano	Spain	Electricity generation	38,162,420	EUR	Endesa Generación SA	40.87%	37.62%
Eléctrica de Jafre SA	Girona	Spain	Electricity distribution and sales	165,880	EUR	Hidroeléctrica de Catalunya SL	47.46%	43.69%
Electron Watt SA	Athens	Greece	Electricity generation from renewable resources	60,000	EUR	Delta Energiaki SA	10.00%	4.14%
Energía de La Loma SA	Villanueva del Arzobispo (Jaen)	Spain	Biomass	4,450,000	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Ensafeca Holding Empresarial S.L	Barcelona	Spain	Telecommunications services	7,721,330,000	EUR	Endesa SA	32.43%	29.86%
Eólica del Principado SAU	Oviedo	Spain	Electricity generation from renewable resources	90,000	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Eólicas de Fuerteventura AIE	Fuerteventura - Las Palmas	Spain	Electricity generation from renewable resources	-		Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Eólicas de Lanzarote SL	Las Palmas de Gran Canaria	Spain	Electricity generation and distribution	1,758,000	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Ercetesa SA	Zaragoza	Spain	Cogeneration of electricity and heat	294,490	EUR	Endesa Cogeneración Y Renovables SA	35.00%	32.22%
Erecosalz SL	Zaragoza	Spain	Cogeneration of electricity and heat	18,000	EUR	Endesa Cogeneración Y Renovables SA	33.00%	30.38%
Feneralt - Produção de Energia Ace	Barcelos	Portugal	Electricity generation	-		TP - Sociedade Térmica Portuguesa SA	25.00%	11.51%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Fthiotiki Energiaki SA	Athens	Greece	Electricity generation from renewable resources	360,000	EUR	Delta Energiaki SA	35.00%	14.50%
Garofeica SA	Barcelona	Spain	Cogeneration of electricity and heat	721,200	EUR	Endesa Cogeneración Y Renovables SA	27.00%	24.86%
Gnl Chile SA	Santiago	Chile	Design and LNG supply	2,223,053,110,000	CLP	Empresa Nacional de Electricidad SA	33.33%	11.16%
Gnl Quintero SA	Santiago	Chile	Design and LNG supply	1,255,000	CLP	Empresa Nacional de Electricidad SA	20.00%	6.69%
Gorona del Viento El Hierro SA	Valverde de El Hierro	Spain	Development and maintenance of El Hierro generation plant	23,937,000	EUR	Unión Eléctrica de Canarias Generación SAu.	30.00%	27.62%
Hidroeléctrica de Ourol SL	Lugo	Spain	Electricity generation from renewable resources	1,608,200	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Hidroeléctrica del Piedra SL	Zaragoza	Spain	Electricity generation and sale	160,470	EUR	Endesa Cogeneración Y Renovables SA	25.00%	23.02%
Inversiones Electrogas SA	Santiago	Chile	Holding company	10,004,000,000	CLP	Empresa Nacional de Electricidad SA	42.50%	14.23%
Ionia Energiaki SA	Athens	Greece	Electricity generation from renewable resources	1,100,000	EUR	Delta Energiaki SA	49.00%	20.30%
Konecta Chile SA	Santiago	Chile	IT services	1,000,000	CLP	Synapsis Soluciones Y Servicios It Ltda	26.20%	14.62%
Kromschroeder SA	L`Hospitalet de Llobregat (Barcelona)	Spain	Services	657,000	EUR	Endesa Gas SAu.	27.93%	25.71%
La Pereda CO2 A.I.E.	Oviedo	Spain	-	224,286	EUR	Endesa Generación SA	33.33%	30.68%
Minicentrales del Canal Imperial-Gallur SL	Zaragoza	Spain	Hydroelectric plants	1,820,000	EUR	Endesa Cogeneración Y Renovables SA	36.50%	33.60%
Myhs Thermorema SA	Athens	Greece	Electricity generation from renewable resources	1,800,000	EUR	Delta Energiaki SA	40.00%	16.57%
Neinver Bolonia SL	Madrid	Spain	-	6,000	EUR	Bolonia Real Estate SL	45.00%	41.43%
Oxagesa AIE	Teruel	Spain	Cogeneration of electricity and heat	6,010	EUR	Endesa Cogeneración Y Renovables SA	33.33%	30.68%
Parc Eolic Els Aligars SL	Barcelona	Spain	Electricity generation from renewable resources	1,313,100	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Parc Eolic La Tossa-La Mola D'En Pascual SL	Barcelona	Spain	Electricity generation from renewable resources	1,183,100	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Parque Eólico Sierra del Madero SA	Soria	Spain	Electricity generation from renewable resources	7,193,970	EUR	Endesa Cogeneración Y Renovables SA	48.00%	44.19%
Powercer - Sociedade de Cogeraçao de Vialonga SA	Loures	Portugal	Cogeneration of electricity and heat	50,000	EUR	Finerge-Gestao de Projectos Energéticos SA	30.00%	27.62%
Productora de Energías SA	Barcelona	Spain	Hydroelectric plants	60,100	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Proyecto Almería Mediterraneo SA	Madrid	Spain	Desalinization and water supply	601,000	EUR	Endesa SA	45.00%	41.43%
Puignerel AIE	Barcelona	Spain	Cogeneration of electricity and heat	11,299,000	EUR	Endesa Cogeneración Y Renovables SA	25.00%	23.02%
Regasificadora del Noroeste SA	Mugardos (La Coruña)	Spain	Regasification and transport of natural gas	47,478,520	EUR	Endesa Generación SA	21.00%	19.33%
Rofeica D'Energía SA	Barcelona	Spain	Cogeneration of electricity and heat	1,983,300	EUR	Endesa Cogeneración Y Renovables SA	27.00%	24.86%
Sadiel Tecnologías de La Información SA	Seville	Spain	IT services	663,520	EUR	Endesa Servicios SL	37.50%	34.52%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Santo Rostro Cogeneración SA	Seville	Spain	Cogeneration of electricity and heat	207,000	EUR	Endesa Cogeneración Y Renovables SA	45.00%	41.43%
Sati Cogeneración AIE	Barcelona	Spain	Cogeneration of electricity and heat	64,910	EUR	Endesa Cogeneración Y Renovables SA	27.50%	25.32%
Serra do Moncoso Cambas SL	La Coruña	Spain	Electricity generation from renewable resources	3,125	EUR	Eólicos Touriñán SA	49.04%	45.15%
Sistemas Energéticos La Muela SA	Zaragoza	Spain	Electricity generation from renewable resources	3,065,100	EUR	Endesa Cogeneración Y Renovables SA	30.00%	27.62%
Sistemas Energéticos Más Garullo SA	Zaragoza	Spain	Electricity generation from renewable resources	1,503,410	EUR	Endesa Cogeneración Y Renovables SA	27.00%	24.86%
Sistemas Sec SA	Santiago	Chile	Communications and signaling systems	1,992,421,000	CLP	Compañía Americana de Multiservicios de Chile Ltda	49.00%	27.35%
Sociedad Eólica de Andalucía SA	Seville	Spain	Electricity generation	4,507,580	EUR	Endesa Cogeneración Y Renovables SA	46.67%	42.96%
Tecnatom SA	Madrid	Spain	Electricity generation and services	4,025,700	EUR	Endesa Generación SA	45.00%	41.43%
Termoeléctrica José de San Martín SA	Buenos Aires	Argentina	Construction and management of a combined-cycle plant	500,000	ARS	Endesa Costanera SA Central Dock Sud SA Hidroeléctrica El Chocón SA	5.51% 5.32% 15.35%	6.11%
Termoeléctrica Manuel Belgrano SA	Buenos Aires	Argentina	Construction and management of a combined-cycle plant	500,000	ARS	Endesa Costanera SA Central Dock Sud SA Hidroeléctrica El Chocón SA	5.51% 5.32% 15.35%	6.11%
Termotec Energía AIE	Valencia	Spain	Cogeneration of electricity and heat	481,000	EUR	Endesa Cogeneración Y Renovables SA	45.00%	41.43%
Tirme SA	Palma de Mallorca	Spain	Waste treatment and disposal	7,662,750	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%
Urgell Energía SA	Lleida	Spain	Cogeneration of electricity and heat	601,000	EUR	Endesa Cogeneración Y Renovables SA	27.00%	24.86%
Yacylec SA	Capital Federal	Argentina	Electricity transmission	20,000,000	ARS	Endesa Latinoamerica SA	22.22%	20.46%
Yedesa-Cogeneración SA	Almería	Spain	Cogeneration of electricity and heat	234,000	EUR	Endesa Cogeneración Y Renovables SA	40.00%	36.82%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
P.N. Artic Russia BV:								
SeverEnergia	Moscow	Russian Federation	Holding company	1,000,000	RUB	Artic Russia BV	100.00%	40.00%

Other significant equity investments at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Agrupación Acefhat AIE	Barcelona	Spain	Design and services	793,340	EUR	Endesa Distribución Eléctrica SL	16.67%	15.35%
Companhia Térmica Mundo Têxtil Ace	Caldas de Vizela	Portugal	Electricity generation	1,003,476	EUR	TP - Sociedade Térmica Portuguesa SA	10.00%	4.60%
Diseño de Sistemas en Silicio SA	Castellon	Spain	Photovoltaic systems	578,000	EUR	Endesa Network Factory SL	14.39%	13.25%
Electrogas SA	Santiago	Chile	Holding company	10,038,000,000	CLP	Empresa Nacional de Electricidad SA	0.02%	33.46%
						Inversiones Electrogas SA	99.95%	
Empresa Propietaria de La Red SA	Panama	Panama	Electricity transmission and distribution	50,625,000	USD	Endesa Latinoamerica SA	11.11%	10.23%
Endesa Ingeniería SL - Vestas Eólica SA U.T.E.	Barcelona	Spain	Engineering and consulting services	3,000	EUR	Endesa Ingeniería SLU.	19.27%	17.74%
Eneop-Eólicas de Portugal SA	Lisbon	Portugal	Electricity generation from renewable resources	5,000,000	EUR	TP - Sociedade Térmica Portuguesa SA	9.80%	9.02%
						Finerge-Gestao de Projectos Energéticos SA	9.80%	
Energotel AS	Bratislava	Slovakia	Management of fiber optic network	2,191,200	EUR	Slovenské elektrárne AS	16.67%	11.00%
Euskaltel SA	Derio (Vizcaya)	Spain	IT services	325,200,000	EUR	Endesa Participadas SA	10.00%	9.21%
Fibrel AIE	Girona	Spain	Cogeneration of electricity and heat	2,400,000	EUR	Endesa Cogeneración Y Renovables SA	10.00%	9.21%
Galsi SpA	Milan	Italy	Engineering in energy and infrastructure sector	34,838,000	EUR	Enel Produzione SpA	15.61%	15.61%
Green Fuel Corporacion SA	Cantabria	Spain	Biodiesel development, construction and operation	121,000	EUR	Endesa Cogeneración y Renovables SA	16.51%	23.33%
						Endesa Generación SA	8.83%	
Groberel AIE	Girona	Spain	Hydroelectric plants	-	-	Endesa Cogeneración Y Renovables SA	12.00%	11.05%
Hisane AIE	Tarragona	Spain	Cogeneration of electricity and heat	1,200	EUR	Endesa Cogeneración Y Renovables SA	10.00%	9.21%
International Multimedia University Srl	Rome	Italy	Distance training	24,000	EUR	Sfera - Società per la formazione e le risorse aziendali Srl	13.04%	13.04%
Inversiones Eòlicas La Esperanza SA	San Josè	Costa Rica	Electricity generation from renewable resources	100,000	CRC	Enel de Costa Rica SA	51.00%	51.00%
Minicentrales del Canal de Las Bárdenas AIE	Zaragoza	Spain	Hydroelectric plants	1,202,000	EUR	Endesa Cogeneración Y Renovables SA	15.00%	13.81%
Miranda Plataforma Logística SA	Miranda de Ebro (Burgos)	Spain	Regional development	1,200,000	EUR	Nuclenor SA	33.33%	15.19%
Papeleira Portuguesa	Sao Paio de Oleiros	Portugal	Paper manufacturing	916,229	EUR	TP - Sociedade Termica Portuguesa SA	13.16%	6.06%
Silicio Energía SA	Campanillas (Málaga)	Spain	Paper manufacturing	69,000,000	EUR	Endesa Cogeneración Y Renovables SA	17.00%	15.65%
Sociedad de Fomento Industrial de Extremadura SA	Badajoz	Spain	Regional development	155,453,460	EUR	Endesa SA	42.00%	38.67%
Sociedad Para El Estudio Y La Promoción del Gasoducto Argelia EURpa Via España SA	Madrid	Spain	Development and design	28,500,000	EUR	Endesa Generación SA	12.00%	11.05%
Sotavento Galicia SA	La Coruña	Spain	Electricity generation from renewable resources	601,000	EUR	Endesa Cogeneración Y Renovables SA	18.00%	16.57%
Tirmadrid SA	Madrid	Spain	Waste treatment and disposal	16,828,000	EUR	Endesa Cogeneración Y Renovables SA	15.00%	13.81%
Tractament Y Revalorització de Residus del Maresme SA	Barcelona	Spain	Waste treatment and disposal	3,606,060	EUR	Endesa Cogeneración Y Renovables SA	10.00%	6.21%

Companies in liquidation or held for sale at December 31, 2009

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				at Dec. 31, 2009				
Climare Scrl (*in liquidation*)	Genoa	Italy	-	30,600	EUR	Enel Distribuzione SpA	66.66%	66.66%
Desaladora de La Costa del Sol SA (*in liquidation*)	Malaga	Spain	-	5,889,920	EUR	Endesa SA	51.02%	46.97%
Endesa Marketplace SA (*in liquidation*)	Madrid	Spain	-	6,743,800	EUR	Enersis SA Endesa Servicios SL	15.00% 63.00%	43.53%
Endesa Comercializadora de Gas SA (*in liquidation*)	Madrid	Spain	Electricity and gas sales	61,000	EUR	Enel Trade SpA	100.00%	100.00%
Enel Ireland Finance LTD (*in liquidation*)	Dublin	Ireland	Finance	1,000,000	EUR	Enel Finance International SA	100.00%	100.00%
Enel Latin America LLC (*in liquidation*)	Wilmington (Dalaware)	USA	-	-	-	Enel Latin America BV	100.00%	100.00%
Energy North Company OJSC (*in liquidation*)	Tarko-Sale	Russian Federation	Electricity generation and sale	460,004,000	RUB	Enel OGK-5 OJSC (*formerly OGK-5 OJSC*)	43.48%	24.34%
Q-Channel SpA (*in liquidation*)	Rome	Italy	-	1,607,141	EUR	Enel Servizi Srl	24.00%	24.00%

Reports

Report of the Independent Auditors

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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of Legislative decree no. 58 of 24 February 1998 (now article 14 of Legislative decree no. 39 of 27 January 2010)

To the shareholders of
Enel S.p.A.

1 We have audited the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2009, comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in shareholders'equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

We carried out our audit of the consolidated financial statements as at and for the year ended 31 December 2009 in compliance with legislation ruling during the year.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year consolidated financial statements. We audited such consolidated financial statements and issued our report thereon on 10 April 2009. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2009.

3 In our opinion, the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2009 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the Enel Group as at 31 December 2009, the results of its operations and its cash flows for the year then ended.

4 The directors of Enel S.p.A. are responsible for the preparation of a report on operations and a report on the corporate governance and ownership structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the report on operations and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and ownership structure are consistent with the consolidated financial statements of the Enel Group as at and for the year ended 31 December 2009.

Rome, 9 April 2010

KPMG S.p.A.

(signed on the original)

Stefano Bandini
Director of Audit

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