Enel Investment Holding B.V.

Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2010

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Director’s Report

General Information

Management of the company hereby presents its financial statements for the financial year ended on 31 December 2010.

Enel Investment Holding B.V. (hereafter: The "Company") is a private limited liability Company, where 100% of the shares are held by Enel SpA, the ultimate parent company, having its statutory seat in Rome (Italy). Enel Investment Holding B.V., having its statutory seat at Herengracht 471 in Amsterdam (The Netherlands), was incorporated on 15 December 2000 under the Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures acting:

- in the electricity industry, including all the activities of generation, distribution and sale, as well as transmission;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as water sector;
- in the communications, information-technology industries and those of multimedia and interactive services;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) on those which, in any case, provide urban services;
- in other sectors in any way related or connected with the activities carried out in the sectors above mentioned.

Group structure

The Enel Investment Holding B.V. structure is as follows:

Holding of the Group
Enel Investment Holding BV

International Division

-Enel Albania SHPK - *Albania*	100%
-Linea Albania-Italia SHPK - *Albania*	100%
-Enel Operations Belgium S.A. - *Belgium*	100%
-Marcinelle Energie SA - *Belgium*	80%
-Enel Maritza East 3 AD - *Bulgaria*	73%
-Enel Operations Bulgaria AD - *Bulgaria*	73%
-Enel France Sas - *France*	100%
-Enelco SA - *Greece*	75%
-Enel Romania Srl - *Romania*	100%
-Enel Servicii Comune S.A. - *Romania*	100%
-Enel Productie Srl - *Romania*	100%
-Enel Distributie Muntenia S.A.- *Romania*	64,4%
-Enel Energie Muntenia S.A.- *Romania*	64,4%
-Enel Energie S.A. - *Romania*	51%
-Enel Distributie Dobrogea S.A.- *Romania*	51%
-Enel Distributie Banat S.A.- *Romania*	51%
-Enel Rus Llc - *Russia*	100%
-Enel OGK-5 OJSC (*) - *Russia*	56%
-Maritza O&M Holding Netherlands BV - *The Netherlands*	100%
-Maritza East III Power Holding BV - *The Netherlands*	100%
-Pragma Energy SA - *Switzerland*	100%
-Enel.Re Ltd. – *Ireland*	100%

(*) Its shares are listed on the Russian Stock Exchange

Introduction

In 2010 the priorities of the Company were focused on operational excellence, consolidation and integration of the new scope of operations. Underlining that, following a cycle of international expansion that the parent company Enel Spa completed in 2008, the Company actually holds the equity investments of ENEL S.p.A. in most of the Enel Overseas Companies operating in Europe, except for Endesa and the companies operating in the renewable sector.

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 Russia in 2010, Enel OGK-5 (formerly OGK-5) was focused on integrating and boosting the efficiency of structures, systems and processes, thereby laying the groundwork for excellent operational performance (along the entire value chain from the upstream gas segment to electricity sales). Cost cutting and improvement in plant availability were the primary factors of success. During 2010, considerable investments for the construction of production plants to combined cycle and the system of Dry-Ash Removal have been made by Enel OGK 5.

In Romania, with the acquisition of the Muntenia companies in 2009, the Company pursues the project to exploit the synergies related to integration, optimization and consolidation with the other Romanian companies, as well as to improve operational management and enhance the value of its assets. Investments are also being made to develop the electricity grid, reduce commercial losses and to increase service quality, as well as to create a portfolio of generation resources that will allow for the integration of the distribution and sales companies.

Finally, the construction of the CCGT plant in Belgium has continued. Likely, it will start providing services by 2011.

Significant events in 2010

Proceeds of the second instalment after the sale of 51% of Severnergia to Gazprom

Based on the call option granted by Artic Russia B.V. (over which Enel Investment Holding B.V., 40%, and ENI, 60%, exercise joint control) to Gazprom in 2007 and subsequent agreements made in 2008, Gazprom purchased from Artic Russia B.V. in September 2009 51% of the share capital of the Russian company Severenergia LLC. Severenergia is the sole shareholder of Arcticgaz, Urengoil and Neftegaztechnologia, which hold licenses for the exploration and production of hydrocarbons including gas and oil reserves. Following the transaction, the stake currently held by the Company in Severenergia declined from 40% to 19,6%.

The total consideration for the sale of the 51% stake in Severenergia amounted to USD 1.566 million (of which USD 626 million pertaining to Enel) and it has been settled by Gazprom with Artic Russia BV in two installments: the first share of USD 384 million was paid on 23 September 2009 (of which Enel received USD 153,5 million) whereas the second share of USD 1.182 million was paid on 31 March 2010 (of which Enel received USD 473 million) as a share premium repayment.

Classification of Bulgarian companies as held for sale

Following the decision to focus the activities on strategic markets abroad, the management started negotiations with several potential bidders in order to complete the selling of all Bulgarian companies belonging to the Group. As a result their carrying amounts will be recovered principally through a sale transaction rather than continuing use and therefore since 30 June 2010 their net assets have been presented separately on the balance sheet as activities held for sale.

Liquidation of Enel Green Power Holding Sarl

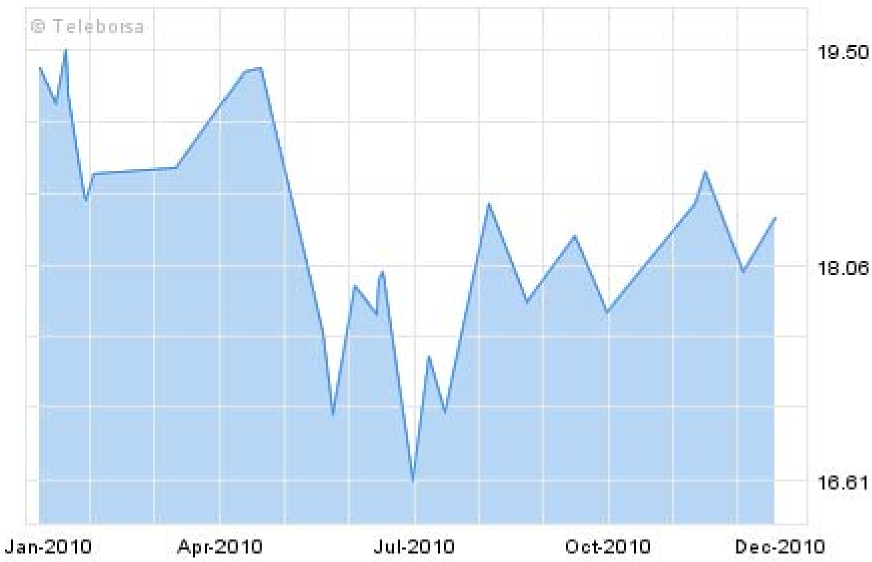
Enel Green Power Holding Sarl was liquidated at the end of 2010, further to the shareholders' meeting held on 19 november 2010. As a result of the final distribution plan, the proceeds are EUR 9 million equal to the carrying amount.

Reference scenario

The early months of 2010 were characterized by a gradual improvement in economic conditions compared with the end of 2009. After hitting a low in February, the main equity markets turned upwards and recovered ground until early April. From mid-April onwards, a sharp rise in tensions on international capital markets – triggered by the grave state of the public finances in Greece – produced a general increase in risk aversion. Despite significant government stimulus spending aimed at dampening the recession, growth in advanced economies remains sluggish as they are mired in persistent unemployment and weak demand.

The global economic crisis has hit several countries particularly hard, leading to rising unemployment, plunging demand, and, in some cases, concerns about the sustainability of sovereign debt.

However, in this economic environment, Europe continues to feature prominently among the most competitive regions in the world and the utilities segment was only partially hit by the crisis. The European benchmark for the industry (STOXX 600 Utilities) fell only by 5,5 % during 2010.



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, the Company 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 3 November 2005, the criteria used to calculate these indicators are described below:

Gross operating margin: an operating performance indicator, calculated as “Operating income” before “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”, “Other securities designated at fair value through profit or loss” and other minor 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 minor items reported under “Current financial assets”;
“Cash and cash equivalents”;
“Short-term loans” and the “Current portion of long-term loans”.

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 “Cash and cash equivalents”, “Current financial assets” and “Non-current financial assets” not previously considered in other balance sheet indicators.

Main changes in the scope of consolidation

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

2010

- Management is committed to sale both Bulgarian operative companies through the sale of their Dutch holding companies (Maritza East III Power Holding B.V and Maritza O&M Netherlands B.V.). They are expected to be sold definitively within one year, so, according to IFRS 5, those equity investments have been classified as assets and liabilities held for sale.

There have been no significant changes in the scope of consolidation in 2010 apart from the fact that, at income statement level, the following companies purchased at the end of year 2009 have been consolidated on a line-by-line basis only since 1 January 2010:

- Maritza East III Power Holding B.V.
- Enel Maritza East 3 AD
- Maritza O&M Netherlands B.V.
- Enel Operations Bulgaria
- Enel Distributie Dobrogea S.A.
- Enel Distributie Banat S.A
- Enel Energie S.A.
- Enel Romania S.r.l.
- Enel Distributie Muntenia S.A.
- Enel Energie Muntenia S.A.

2009

- the disposal at the book value, on 1 January 2009, of the entire capital of the Dutch company Enel Green Power International B.V. to Enel Green Power S.p.A., which is in turn organized under the Italian laws and wholly owned by Enel S.p.A. Enel Green Power International B.V. now hold, directly and indirectly, the following shareholdings:
  - ELA B.V.,
  - Enel Latin America Llc.,
  - Americas Generation Corporation,
  - Inelec Srl de cv,
  - Blue Line S.r.l.,
  - Enel Green Power Bulgaria EAD,
  - Enel North America Inc.,
  - Hydro Constructional S.A.,
  - International Wind Parks of Crete S.A.,
  - International Wind Parks of Thrace S.A,

- International Wind Power S.A.,
- Wind Parks of Thrace S.A.;

- the acquisition, on 21 May 2009, of a further 15% stake in Enel Productie S.r.l. from Romelecrto and Global International 2000: as from that date Enel Productie S.r.l. is fully consolidated with no minorities reported;
- the disposal, on 30 October 2009 of the entire capital of the French company Enel Erelis S.a.s. to Enel Green Power International B.V.. Further to this disinvestment, carried out at the book value, the Group will no longer operate in the renewable business;
- the disposal, on 23 September 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 the Group to exercise a significant influence over the company through Artic Russia, as from that date SeverEnergia keeps on being accounted for using the equity method with a lower share equal to 19,6%;
- the contribution against book value, on 29 December 2009, as voluntary non-cash share premium contribution by and between Enel S.p.A. and the Company of:
  - a 80% stake in Enel Romania S.r.l. which provides management services for all other Romanian companies within Enel Group;
  - a 64,43% stake in Enel Distributie Muntenia S.A. which performs distribution of electricity in Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 23,57% and Fondul Proprietatea for the 12%. As from 29 December 2009 the company is fully consolidated on a line-by-line basis, taking also account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6%, with separate reporting of the minority interest of 12%;
  - a 64,43% stake in Enel Energie Muntenia S.A. which performs the supply of electricity in Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 23,57% and Fondul Proprietatea for the 12%. As from 29 December 2009 the company is fully consolidated on a line-by-line basis, taking also account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6% with separate reporting of the minority interest of 12%;
- the acquisition at fair value, on 29 December 2009, from the affiliated company Enel Distribuzione Spa of:
  - a 51% stake in Enel Distributie Dobrogea S.A. which operates in the distribution of electricity in the Eastern part of Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,90% and Fondul Proprietatea for the 24,09%. As from 29 December 2009 Enel Distributie Dobrogea S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;
  - a 51% stake of Enel Distributie Banat S.A which operates in the distribution of electricity in the Western part of Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,86% and Fondul Proprietatea for the 24,12% As from 29 December 2009 Enel Distributie Banat S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;

- a 51% stake of Enel Energie S.A. which performs the supply of electricity to Romanian end users. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,86% and Fondul Proprietateaa for the 24,12% As from 29 December 2009 Enel Energie S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;.

➢ the acquisition at fair value, on 29 December 2009, from the affiliated company Enel Produzione Spa of:

- a 100% stake in Maritza East III Power Holding B.V. a Dutch holding company, which in turn holds a 73% stake in Enel Maritza East 3 AD, a Bulgarian generation company. The remaining 27% of Enel Maritza East 3 AD is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). As from 29 December 2009 this company is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 27%;

- a 100% stake in Maritza O&M Netherlands B.V. a Dutch holding company which in turn holds a 73% stake in Enel Operations Bulgaria, a Bulgarian company responsible for maintaining Enel Maritza East 3 AD plant. The remaining 27% of Enel Operations Bulgaria is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). As from 29 December 2009 this company is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 27%.

Group performance on Income statement

Millions of euro

	2010	2009	2010-2009
Total revenues	2.989	1.400	1.589
Total costs	2.282	1.143	1.139
GROSS OPERATING MARGIN	**707**	**257**	**450**
Depreciation, amortization and impairment losses	297	135	162
OPERATING INCOME	**410**	**122**	**288**
Financial income	309	177	132
Financial expense	(370)	(222)	(148)
Total financial income / (expense)	**(61)**	**(45)**	**(16)**
Share of income/(expense) from equity investments accounted for using the equity method	107	98	9
PROFIT / (LOSS) BEFORE TAXES	**456**	**175**	**281**
Income taxes	96	(10)	106
NET PROFIT / (LOSS) (Group and minority interests)	**360**	**185**	**175**
Minority interests	109	31	78
GROUP NET PROFIT / (LOSS)	**251**	**154**	**97**

Revenues

Millions of euro

	2010	2009	2010-2009
Electricity sales	2.713	1.283	1.430
Revenues from premium reassurance provided	44	42	2
Electricity transport	58	1	57
Other sales and services	174	74	100
Total	**2.989**	**1.400**	**1.589**

In 2010 revenues amounted to EUR 2.989 million, up EUR 1.589 million over 2009. This increase is primarily due to the change in scope of consolidation between the two reporting periods (EUR 1.202 million) related to the Romanian and the Bulgarian companies that have been consolidated line-by-line since 1 January 2010 as they have been purchased at the end of 2009. Apart from the contribution of the Bulgarian and the Romanian companies (EUR 1.061 million) **revenues from the sale of electricity** also grew thanks to Enel OGK5 (EUR 316 million) and Enel France (EUR 66 million) further to higher volumes of energy sold in 2010 as a consequence of an increased electricity demand in Russia and a rise of the anticipated capacity agreement between Enel France and Edf in France.

Revenues from premium reassurance provided exclusively refer to Enel.re while **revenues from electricity transport** are attributable to Romanian companies acting in the electricity distribution network: Enel Distributie Muntenia, Enel Distributie Banat and Enel Distributie Dobrogea.

Other sales and services totaled EUR 174 million up EUR 100 million over 2009 with the variation mainly due to the change in scope of consolidation in 2010.

Costs

Millions of euro

	2010	2009	2010-2009
Raw materials and consumables	1.835	890	945
Services	315	112	203
Personnel	183	79	104
Other operating expenses	55	68	(13)
Capitalized costs	(106)	(6)	(100)
Total	**2.282**	**1.143**	**1.139**

Costs for **raw materials and consumables** increased by EUR 945 million in 2010 to EUR 1.835 million, with the change mainly attributable to the following effects:

- a rise of EUR 550 million in costs of electricity purchases attributable to the Romanian companies (EUR 483 million) as well as Enel France (EUR 79 million) connected to higher volumes of electricity sold to customers in 2010; these effects are partially made up for lower purchases by Enel OGK5 (EUR -12 million);
- an increase of EUR 290 million in costs for consumption of fuel for electricity generation amounting to EUR 802 million as of 31 December 2010 (EUR 512 million as of 31 December 2009), because of higher gas and coal prices incurred by Enel OGK5 in 2010 (EUR 221 million) and the change in scope of consolidation regarding Enel Maritza East 3 AD (EUR 69 million) with its purchases of lignite for the thermal power plant.

Services costs totaled EUR 315 million in 2010, up EUR 203 million over 2009 with the change primarily due to the consolidation of Bulgarian and Romanian companies as from 1 January 2010 (EUR 187 million).

Personnel costs for 2010 amounted to EUR 183 million, an increase of EUR 104 million over 2009. The variation is mainly connected to the above mentioned change in scope of consolidation concerning the Romanian and the Bulgarian subsidiaries (up EUR 92 million) along with higher payroll cost of Enel OGK5 amounting to EUR 13 million.

Other operating expenses dropped to EUR 55 million, down EUR 13 million compared to 2009. The decrease is essentially connected to the reversal of the provision created at PPA date by Enel OGK5 per the *watertax* (EUR -98 million) partially offset by higher costs incurred by Enel OGK5 (EUR 33 million) as well as the expenses recorded by the Romanian and the Bulgarian companies as from 1 January 2010 (EUR 38 million).

Capitalized costs rose by EUR 100 million to a EUR 106 million and they refer to capital expenditure (personnel and materials capitalization) carried out in 2010 by Romanian companies for improving the electricity distribution network.

Depreciation, amortization and impairment losses stated at EUR 297 million, up EUR 162 million on 2009. The change is essentially related to the consolidation in 2010 of the Romanian and the Bulgarian subsidiaries for EUR 164 million resulting in greater amortization and depreciation (EUR 113 million) and higher trade receivables write-off incurred by Romanian companies acting in the energy sale sector (EUR 52 million).

Operating income came to EUR 410 million in 2010, a rise of EUR 288 million on 2009 mainly attributable to higher margins of Enel OGK5 and the positive contribution brought by the Bulgarian companies and by those Romanian entities operating in the electricity distribution network.

Net financial expense in 2010 worsened by EUR 17 million to a negative EUR 61 million (EUR -45 million in 2009). The change of net financial charges is primarily connected to higher financial charges over long-term debt, mainly attributable to Enel OGK5 (EUR 18 million) and Enel Maritza East 3 AD (EUR 20 million), as well as the negative impact of financial derivative instruments (EUR 50 million), partially offset by interest income on short-term financial investments (EUR 44 million) accounted for by the Romanian companies and net exchange rate gains pertaining to Enel OGK5 (EUR 25 million).

The **share of gains/(losses) from equity investments accounted for using the equity method** showed a net gain of EUR 107 million, up EUR 9 million on 2009. This rise essentially reflects the share of income from associated companies, mainly attributable to the greater economic performance of Rusenergosbyt in 2010 (EUR 74 million) and the exchange rate gains realized by the associated company Artic Russia, after its collection of the second instalment in USD connected to the sale of 51% stake in Severnergia (EUR 36 million).

Income taxes rose by EUR 106 million to EUR 96 million from a negative EUR 10 million in 2009. The variation is primarily due to:

- the reversal into income statement of Enel OGK5 deferred tax liabilities (EUR 59 million) with regard to the allocation of excess costs to assets;
- the change in scope of consolidation referring to Bulgarian and Romanian subsidiaries consolidated line-by-line as from 1 January 2010 (EUR 46 million).

Analysis of the Group financial position

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Net non-current assets:			
- property, plant and equipment and intangible assets	4.479	4.364	115
- goodwill	1.757	1.499	258
- equity investments accounted for using the equity method	457	754	(297)
- other net non-current assets/(liabilities)	392	15	377
Total	**7.085**	**6.632**	**453**
Net current assets:			
- trade receivables	386	401	(15)
- inventories	87	80	7
- other net current assets/(liabilities)	(756)	(674)	(82)
- trade payables	(424)	(308)	(116)
Total	**(707)**	**(501)**	**(206)**
Gross capital employed	**6.378**	**6.131**	**247**
Provisions:			
- post-employment and other employee benefits	(56)	(54)	(2)
- provisions for risks and charges	(229)	(262)	33
- net deferred taxes	(398)	(364)	(34)
Total provisions	**(683)**	**(680)**	**(3)**
Net assets held for sale	**275**	**-**	**275**
Net capital employed	**5.970**	**5.451**	**519**
Total shareholders' equity	**5.525**	**4.614**	**911**
Net financial debt	**445**	**837**	**(392)**

The **net non-current assets**, as at 31 December 2010, increased by EUR 453 million compared to 31 December 2009. This increase is attributable to property, plant and equipment and intangible assets (EUR 115 million), goodwill (EUR 258 million) and other net non current assets (EUR 377 million). This effect is partially offset by the reduction of equity investments accounted for using the equity method (EUR 297 million).

Property, plant and equipment and intangible assets reported a EUR 115 million increase due to the following opposite effects:

- a rise due to additional investments (EUR 711 million) along with a positive foreign currency effect (EUR 128 million);

- a decrease due to the reclassification of tangible and intangible assets held by the Bulgarian companies to assets and liabilities held for sale in accordance with IFRS 5 (EUR 521 million as tangible assets and EUR 27 milion as intangible assets) and the effect of depreciation and amortization for the period (EUR 165 million).

In particular, the major part of capital expenditure has been made in Russia by Enel OGK 5 for about EUR 313 million for the construction of production plants (mainly: Nevinnomiskaya Sredneuralskaya CC plant and Reftinskaya Dry-Ash Removal plant), in Romania by the distribution companies of EUR 275 million to improve the electricity transmission network and in Belgium (EUR 82 million) and Greece (EUR 18 million) for the construction of combined cycle generating plants.

Goodwill increased by EUR 258 million mainly due to the updated purchase price for the acquisition of minority interests of Enel Distributie Muntenia and Enel Energie Muntenia (EUR 210 million) as well as to the positive exchange rate differences over Enel OGK 5 goodwill (EUR 67 million). This increase was partially offset by the reclassification of EUR 16 million related to the Bulgarian companies and the impairment of Arctic Russia goodwill totalling EUR 9 million as a result of the downsizing of the development plans of the business in the trading sector through that subsidiary.

Equity investments accounted for using the equity method amounted to EUR 457 million, down EUR 297 million on the previous year. The fall is primarily connected to the share premium repayment carried out by Artic Russia to the Company amounting to EUR 354 million and to dividends received from Res Holding B.V. (EUR 42 million). Such decrease has been partially offset by the positive results of equity investees, totaling EUR 107 million.

The EUR 377 million increase in **net other non-current assets** was mainly related to the revaluation of the investment in the listed Indonesian company, PT Bayan Resources Tbk, totaling EUR 362 million.

Net current assets came to a negative EUR 707 million, a decrease of EUR 206 million compared to 31 December 2009. This change mainly refers to the following factors:

- a EUR 116 million rise in trade payables referring to Enel Distributie Muntenia (EUR 65 million), Enel Distributie Dobrogea (EUR 30 million), Enel Energie SA (EUR 27 million), Enelco (EUR 15 million) and RusEnergoSbyt LLC (EUR 10 million) primarily as a result of significant investments carried out in the second half of 2010 and not yet settled at 2010 year end;
- a EUR 82 million increase in other net current liabilities mainly due to the adjustments of debt for the put options totalling EUR 231 million (EUR 210 million for both Muntenia entities and EUR 21 million for Marcinelle Energie), that was partially offset by the Escrow Account repayment in favour of Bayan Resources sellers (EUR 148 million).

Provisions amounted to EUR 683 million, substantially in line with prior year, even if they registered the following main opposite effects:

- a EUR 33 million drop in provision for risks and charges due to the release to the income statement of provisions recognized in prior years by Enel OGK 5 regarding *Watertax* (EUR 98 million) and Enel.re 2010 utilizations (EUR 18 million), that were partially offset by accruals recorded in the period amounting to EUR 88 million mainly accounted for by Enel.re (EUR 32 million) and Romanian companies (EUR 20 million);
- a EUR 34 million rise in net deferred taxes mainly connected to the exchange rate effects (EUR 16 million) and accruals for the period (EUR 10 million) concerning deferred tax liabilities.

The **net non-current assets and liabilities held for sale**, which at 31 December 2010 amounted respectively to EUR 760 million and EUR 485 million, are related to all Bulgarian companies whose carrying amounts have been reclassified during the year among assets and liabilities held for sale.

Net capital employed came to EUR 5.970 million at 31 December 2010, up 519 million in comparison with 31 December 2009. It is funded by shareholders' equity attributable to the Group and minority interests in the amount of EUR 5.525 million and by net financial debt totaling EUR 445 million. The debt-to-equity ratio at 31 December 2010 came to 0,08 (compared with 0,19 as of 31 December 2009).

Analysis of the financial structure

Millions of euro	31 Dec. 2010	31 Dec. 2009	2010-2009
Long-term debt:			
- bank loans	276	629	(353)
- bonds	395	413	(18)
- other loans from Third parties	2	28	(26)
- other loans from Enel Group's Companies	532	272	260
Long-term debt	*1.205*	*1.342*	(137)
Long-term financial receivables and securities	(587)	(484)	(103)
Other m/l term financial receivables - Enel SpA	(329)	(318)	(11)
Net long-term debt	**289**	**540**	**(251)**
Short-term debt:			
Bank loans:			
- short-term portion of long-term debt	12	24	(12)
- other short-term bank debt	-	-	-
Short-term bank debt	*12*	*24*	(12)
Bonds (short-term portion)	123	225	(102)
Other loans from Third parties (short-term portion)	-	-	-
Intercompany current account - Enel SpA	819	1.119	(300)
Other short-term loans from Enel Group's Companies	0	113	(113)
Commercial Papers	0	93	(93)
Other short-term loans	-	-	-
Other short-term debt	*942*	*1.550*	(608)
Long-term financial receivables (short-term portion)	(5)	-	(5)
Long-term financial receivable (short-term portion) Enel SpA	(2)	(230)	228
Other short-term financial receivables Enel Group	(15)	(68)	53
Cash and cash equivalents	(776)	(979)	203
Cash and cash equivalents and short-term financial receivables	*(798)*	*(1.277)*	479
Net short-term financial debt	**156**	**297**	**(141)**
NET FINANCIAL DEBT	**445**	**837**	**(392)**
NET FINANCIAL DEBT of Assets Held for Sale	**265**	**-**	**265**

Net financial debt dropped to EUR 445 million at 31 December 2010, a EUR 392 million decrease over 31 December 2009. This significant decrease mainly reflects the positive effects of:

- the EUR 251 million **net long term debt** fall resulting from the following opposite effects:
  - EUR 544 million decrease due to the reclassification of Maritza's bank loans as liabilities held for sale (EUR 413 million) as well as the reclassification of the current portion of the Enel OGK 5's long term loans (EUR 122 million);
  - EUR 292 million increase due to the new long-term financings pertaining to Enel OGK 5 and Marcinelle Energie (EUR 175 million and EUR 117 million respectively);

- the EUR 141 million **net short term debt** decrease arising from the following opposite effects:
  - EUR 506 million decrease mainly due to the reimbursement of financial debts on intercompany accounts with the shareholder as a result of a share premium repayment made by Artic Russia to the company (EUR 354 million), the

reimbursement of commercial paper by Enel OGK 5 (EUR 93 million) and the repayment of financial debt towards Enel Finance International (EUR 113 milion);

- EUR 322 million increase mainly due to the abovementioned reclassification of the current portion of Enel OGK 5's long term loans (EUR 122 million), the repayment of the Escrow account related to the purchase of Bayan Resources Tbk (EUR 148 million) and to the reclassification of cash and cash equivalents, pertaining to the Maritza's companies, as assets held for sale (EUR 52 million).

Cash flows

Millions of euro

	2010	2009	2010-2009
Cash and cash equivalents at the start of the year	**974**	**403**	**571**
Cash flows from operating activities	595	201	394
Cash flows from investing/disinvesting activities	(333)	1.211	(1.544)
Cash flows from financing activities	(373)	(828)	455
Effect of exchange rate changes on cash and cash equivalents	(31)	(14)	(17)
Cash and cash equivalents at the end of the period	**832**	**974**	**(142)**

In 2010 cash and cash equivalents decreased by EUR 142 million.

Cash flows from operating activities rose to EUR 595 million up EUR 394 million on the previous year. The change primarily reflects the significant rise in the gross operating margin partially offset by an higher net current assets as of 31 December 2010.

Net cash disbursement from investing/disinvesting activities absorbed cash in the amount of EUR 333 million mainly related to the significant amount in property plant and equipment investments carried out in the period (EUR 696 million), partially covered by a EUR 354 million cash receipt collected by the Company from Artic Russia BV further to a share premium repayment. In comparison with last year there was a significant fall in cash in (EUR 1.544 million) mainly due to the divestiture of renewable companies (EUR 1.555 million) and Enel Erelis (EUR 27 million) perfomed in 2009.

Net result of financing activities in terms of cash flows in 2010 had a negative balance amounting to EUR 373 million, primarily connected to the imbalance between repayments and new borrowings during 2010. For additional details please refer to the previous paragraph.

Main risks and uncertainties

Business risks

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.

Supply continuity

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

Liquidity risk is managed by the Group Treasury Unit at Enel Spa, which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity.

The repayment of bonds issued by the Company is guaranteed by Enel Spa therefore there is no impact on the Group liquidity risk.

Exchange rate and interest rate risk

Enel Investment Holding B.V. and its subsidiaries are 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 debt denominated in currencies other than the functional currency of the respective countries.

The main exchange rate exposure of the Company is in respect of the Russian ruble and Romanian leu. During the year, management of exchange rate risk was pursued through compliance with Enel Group's risk management policies, encountering no difficulties in accessing the derivatives market.

Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. The main source of the exposure to this category of risk for the Group is floating-rate debt. Enel Investment Holding B.V. and its subsidiaries are involved in the management policies implemented by the Parent Company Enel S.p.A. to optimize the Group's overall financial position, ensure the optimal allocation of financial resources and control financial risks.

With regard to both exchange rate risk and interest rate risk, all financial derivatives entered by the Group are intended for hedging and not for trading purposes.

Other risks

Breakdowns or accidents that temporarily interrupt operations at Group'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.

Outlook

The Company will keep on maintaining the role of holding of the majority of the foreign subsidiaries of the Enel Group (excluding Endesa and the Renewable energy companies) operating in the traditional power sources field and will continue to support Enel group in the framework of its presence in the international market.

The Group’s attention will be focused on the further consolidation and integration of its various parts, with the aim of creating value by leveraging the professionalism, skills and synergies it possesses, without neglecting the search for new opportunities in technological innovation and in organic growth in the areas and businesses in which it operates.

At the same time, the portfolio optimization efforts designed to reinforce the Group’s financial position, which has been affected considerably by the international expansion policy pursued in recent years, will continue.

Research and Development

The Company does not perform any research and development activities directly. These are performed by the operating entities, such as the subsidiaries and other Enel Group Companies.

Personnel

As of 31 December 2010, the Group employed 9.071 people (9.466 at 31 December 2009).

Changes in the total number of employees with respect to 31 December 2009 are below summarized:

Balance at 31 December 2009	**9.466**
- Acquisitions	-
- Disposals	-
Changes in the scope of consolidation	**-**
Hirings	500
Terminations	(895)
Employees at 31 December 2010 (1)	**9.071**

(1) Of which 503 classified as "Held for sale" at 31 December 2010

As per 31 December 2010 the Company had, other than the nine directors, three staff member employed.

Statement of the Board of Directors

Statement ex Article 5:25c Paragraph 2 sub c Financial Markets Supervision Act ("Wet op net Financieel Toezicht").

To our knowledge,

1. the financial statements give a true and fair view of the assets, liabilities, financial position and result of Enel Investment Holding B.V. and its consolidated companies;
2. the management report gives a true and fair view of the company's position as per 31 December 2010 and the developments during the financial year 2010 of Enel Investment Holding B.V. and its consolidated companies;
3. the director's report describes the principal risks the issuer is facing.

Amsterdam, 22 March 2011

The Board of Directors:

L. Ferraris

A. Brentan

C. Machetti

C. Tamburi

C. Palasciano

H. Marseille

F. Mauritz

A.J.M. Nieuwenhuizen

K. Schell

Consolidated Financial Statements

Prepared in accordance with the
International Financial Reporting Standards
as adopted by the European Union
for the year ended 31 December 2010

Enel Investment Holding BV consolidated income statement for the year ended 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union

Millions of Euro	*Note*	**2010**	2009
Revenues			
Revenues from sales and services	*9*	2.957	1.400
Other revenues		32	0
	[Subtotal]	**2.989**	**1.400**
Costs			
Raw materials and consumables	*10*	1.835	890
Services	*11*	315	112
Personnel expenses	*12*	183	79
Depreciation, amortization and impairment losses	*13*	297	135
Other operating expenses	*14*	55	68
Capitalized costs	*15*	(106)	(6)
	[Subtotal]	**2.579**	**1.278**
Operating income		**410**	**122**
Financial income	*16*	309	177
Financial expenses	*16*	(370)	(222)
Share of income/(expense) from equity investments accounted for using the equity method	*17*	107	98
Income before taxes		**456**	**175**
Income taxes	*18*	96	(10)
Net income for the year (shareholders of the Parent Company and minority interests)		**360**	**185**
Attributable to non-controlling interests		109	31
Attributable to shareholders of the Parent Company		251	154

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding BV consolidated statement of Other Comprehensive Income for the year ended 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro	*Notes*			
		2010	**2010**	2009
			Of which: comprehensive income related to assets held for sale	
Net income for the period		**360**	**46**	**185**
Other components of comprehensive income:				
- Effective portion of change in the fair value of cash flow hedges		(6)	(11)	(4)
- OCI of associated companies accounted for using equity method		26		(84)
- Change in the fair value of financial investments available for sale		359		125
- Sundry reserves		4		8
- Exchange rate differences		160		(91)
Income (loss) recognized directly in equity	*32*	**543**	**(11)**	**(46)**
Comprehensive income for the period		**903**	**35**	**139**
Attributable to:				
- shareholders of the Parent Company		751	26	108
- minority interests		152	9	31

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding BV Consolidated Statement of Financial Position as at 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union
(before appropriation of the result)

Millions of Euro	*Notes*		
ASSETS		**31 Dec.2010**	31 Dec.2009
Non-current assets			
Property, plant and equipment	*19*	4.143	4.002
Intangible assets	*20*	2.093	1.860
Deferred tax assets	*36*	30	38
Equity investments accounted for using the equity method	*21*	457	754
Equity investments in other companies	*22*	538	174
Non-current financial assets	*23*	916	802
Other Non-current assets	*24*	21	61
	[Total]	**8.198**	**7.691**
Current assets			
Inventories	*25*	87	80
Trade receivables	*26*	386	401
Tax receivables	*27*	3	4
Current financial assets	*28*	28	315
Other current assets	*29*	122	114
Cash and cash equivalents	*30*	776	974
	[Total]	**1.402**	**1.888**
Assets held for sale	*31*	**760**	**-**
TOTAL ASSETS		**10.360**	**9.579**

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding BV Consolidated Statement of Financial Position as at 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union
(before appropriation of the results)

Millions of Euro	*Notes*		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec.2010**	31 Dec.2009
Equity attributable to the shareholders of the Parent Company	***32***		
Share capital		1.593	1.593
Reserves		2.554	2.055
Retained earnings (losses)		(228)	(400)
Profit (Loss) for the year		251	154
	[Total]	**4.170**	**3.402**
Equity attributable to minority interests		1.355	1.212
TOTAL SHAREHOLDERS' EQUITY		**5.525**	**4.614**
Non-current liabilities			
Long-term loans	*33*	1.203	1.342
Post-employment and other employee benefits	*34*	56	54
Provisions for risks and charges	*35*	121	130
Deferred tax liabilities	*36*	428	402
Non-current financial liabilities		6	18
Other non-current liabilities	*37*	160	202
	[Total]	**1.974**	**2.148**
Current liabilities			
Short-term loans	*38*	821	1.325
Current portion of long-term loans	*33*	135	248
Current portion of provisions	*35*	108	132
Trade payables	*39*	424	308
Income tax payable		6	22
Current financial liabilities	*40*	33	42
Other current liabilities	*41*	849	740
	[Total]	**2.376**	**2.817**
Liabilities held for sale	*42*	**485**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10.360**	**9.579**

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding BV Consolidated Cash Flow Statement for the year ended 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union

Millions of euro

	2010	2009
Income for the year (shareholders of the Parent Company and minority interests)	**360**	**185**
Adjustments for:		
Amortization and impairment losses of intangible assets	14	27
Depreciation and impairment losses of property, plant and equipment	203	107
Other Impairment	-	1
Provisions/(Releases in P/L)	(5)	33
Financial (income)/expense	62	45
Income taxes	96	(10)
(Gains)/Losses and other non-monetary items	(15)	(98)
Cash flow from operating activities before changes in net current assets	*715*	*289*
Increase/(Decrease) in provisions	(24)	(8)
(Increase)/Decrease in inventories	(20)	28
(Increase)/Decrease in trade receivables	(46)	(59)
(Increase)/Decrease in financial and non-financial assets/liabilities	(34)	145
Increase/(Decrease) in trade payables	129	(37)
Interest income and other financial income collected	243	115
Interest expense and other financial expense paid	(288)	(234)
Income taxes paid	(80)	(38)
Cash flows from operating activities (a)	**595**	**201**
Investments in property, plant and equipment	(696)	(477)
Investments in intangible assets	(13)	(5)
Investments in entities (or business units) less cash and cash equivalents acquired	-	(429)
Disposals of entities (or business units) less cash and cash equivalents sold	-	1.582
(Increase)/decrease in other investing activites	22	(26)
Share premium contribution	354	566
Cash flows from investing/disinvesting activities (b)	**(333)**	**1.211**
Financial debt (new long-term borrowing)	365	342
Financial debt (repayments and other changes)	(738)	(1.170)
Cash flows from financing activities (c)	**(373)**	**(828)**
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(31)**	**(14)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(142)**	**571**
Cash and cash equivalents at the beginning of the year	974	403
Cash and cash equivalents at the end of the year	832	974

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Enel Investment Holding BV Consolidated Statement of Changes in Shareholders' Equity at 31 December 2010

Prepared in accordance with the IFRS as adopted by the European Union (before profit appropriation)

Millions of euro

	Share capital	Share premium reserve	FV and sundry reserves	Currency translation reserve	OCI equity method reserve	Retained earnings	Profit for the year	**Group net equity**	**Non controlling interests**	**Total shareholders' equity**
Balance at 31 December 2008	**1.593**	**1.541**	**(7)**	**(301)**	**-**	**84**	**(126)**	**2.784**	**898**	**3.682**
Profit appropriation	-	-	-	-	-	(126)	126	**-**	**-**	**-**
Capital contribution	-	869	-	-	-	-	-	**869**	**-**	**869**
Change in scope of consolidation	-	-	(13)	-	-	-	-	**(13)**	**(4)**	**(17)**
Effects of PPA allocation process	-	-	-	-	-	-	-	**-**	**110**	**110**
Under common control transactions	-	-	-	-	-	(358)	-	**(358)**	**200**	**(158)**
Net income/(loss) for the period recognized in equity	-	-	129	(79)	(84)	-	-	**(34)**	**(22)**	**(56)**
Net income/(loss) for the period	-	-	-	-	-	-	154	**154**	**31**	**185**
2009 movements	**-**	**869**	**116**	**(79)**	**(84)**	**(484)**	**280**	**618**	**314**	**933**
Balance at 31 December 2009	**1.593**	**2.410**	**109**	**(380)**	**(84)**	**(400)**	**154**	**3.402**	**1.212**	**4.614**
Opening Balance Adj (ifric 18)						18		**18**	**4**	**22**
Profit appropriation						154	(154)	**-**		**-**
Capital contribution								**-**		**-**
Dividend distribution									**(13)**	**(13)**
Change in scope of consolidation			(1)					**(1)**		**(1)**
Effects of PPA allocation process								**-**		**-**
Under common control transactions								**-**		**-**
Net income/(loss) for the period recognized in equity			365	117	26			**508**	**46**	**554**
Net income for the year related to assets held for sale and recognized in equity			(8)					**(8)**	**(3)**	**(11)**
Net income/(loss) for the period							251	**251**	**109**	**360**
2010 movements	**-**	**-**	**356**	**117**	**26**	**172**	**97**	**768**	**143**	**911**
Balance at 31 december 2010	**1.593**	**2.410**	**465**	**(263)**	**(58)**	**(228)**	**251**	**4.170**	**1.355**	**5.525**

The Notes on pages 34 to 94 are an integral part of these Consolidated Financial Statements

Notes to the Enel Investment Holding BV consolidated financial statements for the year ended 31 December 2010

1. Form and content of the Consolidated Financial Statements

Following the EU legislation, issuers of financial instruments listed on regulated markets are required to prepare their financial statements in accordance with international accounting standards.

Therefore, Enel Investment Holding B.V., starting with the 2007 financial year, has been preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee (SIC) as updated by the European Commission (hereinafter "IFRS-EU").

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the financial statements of the Company and its subsidiaries ("the Group") and the Group's interest in associates and jointly controlled entities. A list of the subsidiaries included in the scope of consolidation is reported in the annex.

1.1.Relationship with parent Company and principal activities

Enel Investment Holding B.V. (hereafter: The "Company") is a private limited liability Company, where 100% of the shares are held by Enel SpA, the ultimate parent company, having its statutory seat in Rome Italy. The Company's financial statements are included into the consolidated financial statements of Enel S.p.A. which can be obtained from the Investor Relations section of Enel S.p.A. official website (http://www.enel.com).

Enel Investment Holding B.V., having its statutory seat at Herengracht 471 in Amsterdam The Netherlands, was incorporated on 15 December 2000 under Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures that conduct their business:

- in the electricity industry, including all the activities of production, distribution and sale, as well as transmission;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as water sector;
- in the communications, telematics, information-technology industries and those of multimedia and interactive services;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) on those which, in any case, provide urban services;
- in other sectors in any way related or connected with the activities carried out in the sectors mentioned above.

1.2.Going concern

Enel S.p.A., the Parent company, has issued on 14 February 2011 a letter of support as per 31 December 2010 with respect to the Company, guaranteeing its continuous financial support to meet the Company's liabilities.

2. Basis of preparation

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and with the provisions of the Netherlands Civil Code, Book 2, Title 9.

The consolidated financial statements were approved by the Board of Directors and authorized for issue effective on 22 March 2011.

2.2. Basis of presentation

The consolidated financial statements consist of the consolidated income statement, the statement of comprehensive income, the consolidated statement of financial position, 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 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, which are the following:

- derivative financial instruments (see note 3.16);
- financial instruments at fair value through profit and loss (see note 3.16);
- available for sale financial assets (see note 3.16).

2.3. Functional and presentation currency

The consolidated financial statements are presented in euro, the functional currency of Enel Investment Holding BV. All figures are shown in millions of euro unless stated otherwise.

2.4. 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.

3. Accounting policies and measurement criteria

3.1. Revenue recognition

Revenues from sales to customers are recognized on an accruals basis. Revenues from sales of electricity to retail customers are recognized at the time the electricity is supplied on the basis of periodic meter readings and also include an estimate of the value of electricity 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.

3.2. 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.

3.3. Recoverability of non-current assets

The carrying amount of non-current assets 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.

3.4. 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.

3.5. Related parties

3.5.1. Definition

Related parties are mainly parties that have the same parent company with Enel SpA (the shareholder of Enel Investment Holding B.V.), 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 members of the Compliance/Supervisory Board of Enel SpA, 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 Company directors.

3.5.2. Transactions with related parties

Concerning transactions with related parties, Enel Investment Holding B.V. adopted the policy defined by the parent company Enel S.p.A.

In December 2006, the Board of Directors of Enel S.p.A. – in compliance with the provisions of the Italian Civil Code and the recommendations of the Self-regulation Code – adopted regulations that establish the procedures for approving and carrying out transactions undertaken by Enel S.p.A. or its subsidiaries with related parties, in order to ensure the transparency and correctness, both substantial and procedural, of the aforesaid transactions.

According to these regulations, the Internal Control Committee of Enel S.p.A. 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 Enel S.p.A. and the Group (the latter including the transactions carried out between companies entirely owned by Enel S.p.A., 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 Enel S.p.A.) or prior evaluation (if the transactions regard Group companies like Enel Investment Holding B.V.) of the most significant transactions with related parties, by which is meant (i) atypical or unusual transactions; (ii) transactions with a value exceeding EUR 25 million (with the exception of the previously mentioned ones that present a low level of risk for Enel S.p.A. and the Group); and (iii) other transactions that the Internal Control Committee thinks should be examined by the Board of Directors.

3.6. Basis of consolidation

3.6.1. Subsidiaries

Subsidiaries comprise those entities for which the Company 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

3.6.2. Associated companies and Joint Ventures

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Company’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company’s share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control begins until the date that significant influence or joint control ceases. When the Company’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

3.6.3. Transactions under common control

Transactions under common control are defined those operations arising from transfer of interests among the Company and all other entities belonging to Enel Spa scope of consolidation.

The companies acquired, either at fair values from affiliated companies or trough a contribution in kind from the shareholder, are considered as an under common control transaction and therefore their values in the Company consolidated financial statement have been performed in continuity to their consolidated values included in the last parent company Enel Spa consolidated financial statement.

Consequently the differences need to align the value of the subsidiary as recorded in the Company separate financial statement to the value as recorded in the last parent company Enel Spa consolidated financial statement, has been filed as a difference in the retained earnings.

The acquisition is accounted for as from the date that control was established by the Company. The income statement is consolidated as of that moment too.

The assets and liabilities acquired from entities owned by the Company or its parent company are recognized at the book values at transaction date.

3.7. Consolidation procedures

The financial statements of subsidiaries used for drawing up the Company consolidated financial statements were prepared at 31 December 2010 and at 31 December 2009 in accordance with the accounting policies adopted by the parent company Enel S.p.A.

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.

3.8. Translation of foreign currency items

Each subsidiary prepares its financial statements in the functional currency of the economy in which it operates.

Transactions in currencies other than the functional currency are recognized in these financial statements at the exchange rate at 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 items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial recognition of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income.

3.9. 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 Company.

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.

3.10. 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 1 January 2006. 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.

When control is obtained in successive share purchases (a "step acquisition"), each significant transaction is accounted for separately and the identifiable assets, liabilities and contingent liabilities acquired are stated at fair value when control is obtained. As with an acquisition achieved in a single transaction, minority interests are measured at the minority's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities.

3.11. Property, plant and equipment

Property, plant and equipment, is recognized at historic cost, including directly attributable ancillary costs necessary for the asset to be ready for use.

Where a significant period of time is required before the asset is ready for use or sale, for plants on which construction began after 1 January 2009, the purchase price or production cost includes any borrowing costs directly attributable to the purchase, construction or production of such asset.

Certain items of property, plant and equipment that were revalued at 1 January 2006 (the transition date) or in previous periods are recognized at their revalued amount, which is considered as their deemed cost at the revaluation date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in income statement.

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 component of such item will flow to the Company 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 carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately.

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 are 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
Hydroelectric power plants (1)	35-40 years
Geothermal power plants	20 years
Alternative Energy power plants	15-35 years
Civil buildings	40-65 years
Thermal power plants (1)	10-40 years
Transport lines	20-40 years
Industrial and commercial equipment	4-25 years
Transformation plant	32-42 years
Medium- and low-voltage distribution networks	20-40 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.

Depreciation methods, residual values and useful lifes are evaluated periodically.

3.12. 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.

The estimated useful life of the main intangible assets is reported in the notes to the caption.

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.

If licenses meet the definition of an intangible asset they are accounted for in accordance with IAS 38. The amortization follows the amortization of the power plant related to the license. Amortization methods, residual values and useful life are evaluated periodically.

3.13. Impairment losses

3.13.1. Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the Profit and Loss.

Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.13.2. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.13.3. Impairment of non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

3.14. 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.

3.15. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

3.16. Financial instruments

3.16.1. Equity investments in other entities and other financial assets

Equity investments in entities other than subsidiaries, associates and joint ventures as well as other financial assets are recognized at fair value with any gains or losses recognized in equity (if classified as "available for sale") or in profit or loss (if classified as "fair value through profit or loss"). On the sale of available-for-sale assets, any accumulated gains and losses previously recognized in equity are released to the income statement.

When the fair value cannot be determined reliably, equity investments in other entities are measured at cost adjusted by impairment losses with any gains or losses recognized in profit or loss. Such impairment losses are measured as the difference between the carrying amount and the present value of future cash flows discounted using the market interest rate for similar financial assets. The losses are not reversed.

Such cumulative impairment losses for assets measured at fair value through shareholders' equity are equal to the difference between the purchase cost (net of any principal repayments and amortization) and the current fair value, reduced for any loss already recognized through profit or loss, and are reversed from equity to the income statement.

3.16.2. Trade receivable and other current assets

Trade receivable and other current assets are recognized at amortized cost, net of any impairment losses. Impairment is determined on the basis of the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade receivable and other current assets falling due in line with generally accepted trade terms not exceeding 12 months are not discounted.

3.16.3. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities that are readily convertible to known amounts of cash and which are subjected to insignificants risk of changes in value (with original maturity of three months or less).

Cash and cash equivalents are recognized net of bank overdrafts at period-end in the statement of cash flows.

3.16.4. Debt securities

Debt securities that the Company intends and is able to hold until maturity are recognized at the trade date and, upon initial recognition, are measured at fair value including transaction costs; subsequently, they are measured at amortized cost using the effective interest rate method, net of any impairment losses.

Impairment losses are measured as the difference between the carrying amount and the present value of expected future cash flows discounted using the effective interest rate.

For securities measured at fair value through shareholders' equity (available-for-sale securities), when a reduction in fair value has been recognized directly in equity and there is objective evidence that such securities have suffered an impairment loss, the cumulative loss recognized in equity is reversed to the income statement.

For securities measured at amortized cost (loans and receivables or held-to-maturity investments), the amount of the loss is equal to the difference between the carrying amount and the present value of future cash flows discounted using the original effective interest rate.

Debt securities held for trading and designated at fair value through profit or loss are initially recognized at fair value and subsequent variations are recognized in profit or loss.

3.16.5. Trade payable

Trade payables are recognized at amortized cost.

3.16.6. 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.

3.16.7. Derivative financial instruments

Derivatives are recognized at the trade date 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) is high.

The manner in which the result of measurement at fair value is recognized depends on the type of hedge accounting adopted:

- fair value hedges: 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.
- cash flow hedges: when derivatives are used to hedge the risk of changes in the cash flows generated by the hedged items, changes in fair value are initially recognized in equity, in the amount qualifying as effective. The accumulated gains and losses are subsequently released from equity to profit or loss in line with the gains and losses on the hedged items.

The ineffective portion of the fair value of the hedging instrument is taken directly to profit or loss under "Net financial income/expense".

Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognized in profit or loss.

The 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 by 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.

3.17. Share-based payments

The Company's subsidiary Enel OGK-5 has a share option plan that allows employees to acquire shares of the company, the fair value of the options is measured at grant date and considers the period for which employees become unconditionally entitled to the options. The cost of the options is then expensed between the grant date and the vesting date written into the share option contract. The fair value of the options is measured based on the Black Scholes formula, which take into account the terms and conditions upon which the instruments were granted.

3.18. 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.

3.19. 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 amount is discounted, the periodic adjustment of the present value due to the time value of money is recognized as a financial expense.

Changes in estimates are recognized in the income statement in the period in which the changes occur and are classified under the same item reporting the related provision.

3.20. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.21. 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.

3.22. 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 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 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.

3.23. Financial income and expenses

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.

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. All borrowing costs are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a gross basis.

3.24. 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.

3.25. Income taxes

Current income taxes for the period, recognized under tax payables/receivables net of any payments on account, are determined using an estimate of taxable income and in conformity with the relevant tax regulations.

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax liabilities and assets are calculated on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding values recognized for tax purposes on the basis of tax rates in effect on the date the temporary difference will reverse, which is determined on the basis of tax rates that are 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 taken directly to equity.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

4. Recently issued accounting standards

4.1.First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from 1 January 2010:

- "IAS 27 revised- Consolidated and Separate financial statements. " The new standard requires that, within the consolidated financial statements, when a company sells a shareholding in the capital of its subsidiary, without losing control, has to recognize the relative effects of accounting in equity. Similar treatment is required in case of acquisition of additional share capital of a company already controlled. On the contrary, in case of sale of controlling stakes, it has the obligation to measure any residual interest at their fair value at the date on which control is transferred, recognizing the financial impact to the income statement.
  The application of this standard did not have an impact on the Group in 2010.

- "Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items". With this integration to the existing IAS 39 the IASB clarifies the conditions under which certain financial/non-financial instruments, can be considered as hedged items in a hedging relationship. It additionally states that a company may also cover only one type of variation in cash flow or fair value of a hedged item (ie that the price of a commodity being hedged is affected by increments over a predetermined price), so called one-sided risk. In this regard, the IASB also clarifies that a purchased option designated as hedging instruments in a one-sided risk hedge relationship is fully effective only if the hedged risk is represented solely by the variation of the intrinsic value of the hedging instrument and not even by its time value. The amended IAS 39 application, on a retroactive basis, did not impact on the Group during the year.

- "Amendments to IFRS 2 - Share-Based Payment. " These changes are intended to:
  - clarify the scope of the principle itself, incorporating what was already indicated in the IFRIC 8 - Scope of IFRS 2;
  - provide guidance to classify share-based payments in the Consolidated and separate financial statements of involved companies;
  - define the accounting treatment for share-based payment transactions settled through equity instruments (known as equity-settled) that involve multiple companies in a group, incorporating and expanding as described in IFRIC 11- IFRS-2 – Group and Treasury Share Transactions group;
  - define the accounting treatment for share-based payment transactions settled in cash (known as cash settled) that involve multiple companies in a group, cases not covered by IFRIC 11. The application, on a retroactive basis, of those changes - which have replaced the interpretations IFRIC 8 and IFRIC 11 did not result into a significant impact in 2010 for the Group.

- "IFRS 3 revised - Business Combinations. " The new standard introduces significant changes in the methodology of accounting for business combinations. The most important provisions are:

  - the requirement to recognize in the income statement the fee changes subsequently approved by the buyer and the transaction costs of the business combination;

  - the possibility to choose, with reference to the methodology of initial recognition of goodwill, the criterion for either the partial or full goodwill;

  - the obligation, in the case of acquisition of additional stakes, after the acquisition of control, to recognize the difference between the purchase price and the corresponding share of net book value, as an adjustment to equity;

  - the obligation to recognize in the income statement effects resulting from fair value at the date of acquisition of control of the interests previously held in cases of business combinations achieved in stages.

  The IFRS 3 revised application, on a prospective basis, did not impact the Group during the year.

- "IFRIC 12 - Service Concession Agreements' The interpretation, applied retroactively, provides that if certain features of the concession, infrastructure enslaved to supply public services under concession has been included in intangible assets and / or financial assets, depending on whether - respectively - the dealer is either entitled to charge the final customer for the service provided, or entitled to receive a predetermined fee by the public grantor. The new interpretation is applicable both to infrastructure that the dealer build on its own or buy from a third party for the purpose of the service and to existing ones to which the grantor gives access to the dealer for the purpose of the service. In particular, the IFRIC 12 applies to service concession arrangements from public to private, if the grantor:

  - controls or regulates what services the dealer must provide by means of the infrastructure,to whom should provide them and at what price; and

  - controls, through ownership or in other way, any significant residual interest in the infrastructure at the end of the agreement.

  Based on the analysis carried out with reference to the concession of service of electricity distribution, the conditions applied under the new interpretation are not applicable, having the dealer the full control over the infrastructure, as stated by IFRIC 12. It did not result into any significant impact in 2010 for the Group.

- "IFRIC 15 - Agreements for the construction of buildings. " This interpretation clarifies the recognition criteria of income and expenses arising from the signing of a contract for the construction of a building, making it clear when to apply the provisions of IAS 11 Construction contracts and IAS 18 Revenue. It also rules the accounting treatment to be applied to revenues from the provision of additional services for the building under construction.

  This interpretation did not impact the Group.

- "IFRIC 16 - Hedges of a net investment in foreign operations. " The interpretation applies to companies wishing to cover the currency risk arising from a net investment in foreign operations".

  The main provisions of the above mentioned interpretation are as follows:

  - Can be hedged only the difference between the functional currency exchange rate (not presentation one) of the foreign operation and that of its parent (the latter aimed at all levels - the final or intermediate);
  - with reference to the consolidated financial statements, foreign exchange risk related to the net investment in foreign operations may be designated as covered only once, even if more than one Group entity has covered its exposure;
  - the hedging instrument may be held by any Group entity (except for the hedged one);
  - on disposal of foreign operation, in the consolidated financial statements the amount reclassified to income statement from translation reserve related to the hedging instrument is equal to the amount of profits / losses of the effective portion of the hedging instrument.

  This interpretation did not impact the Group.

- "IFRIC 17 - Distributions of non-cash assets to owners". The interpretation clarifies the accounting treatments for the collection of dividends paid by means of assets, other than cash, to the entity's owners. In particular:

  - dividends should be recognized when approved;

  - the entity needs to assess the fair value of net dividends to be paid;

  - The entity must record the difference between book value and fair value recognized in profit and loss accounts.

  The IFRIC17 application, on a prospective basis, did not impact the Group in 2010.

- "IFRIC 18 - Transfers of assets from customers." The interpretation clarifies the procedures for recognition and measurement of property, plant and equipment received from its customers, or cash held for achieving them, to be used to connect the customer to a particular network and / or ensure continued access to these and sustainable supply of certain services. In particular, the interpretation clarifies that, if met all the conditions stated in international accounting standards for the initial recognition of an asset, these assets received must be recorded in the "books" at their fair value. With regard to the method of recording the corresponding revenue, if the agreement provides for an obligation only to the client connection to the network, the related revenue will be recognized at the time of network connection, otherwise, in case of a plurality of services delivered to the customer, the recognition of related revenues will be made on the basis of each delivery of the agreed services, or along the lesser between the duration of supply and the useful life of the asset.

This interpretation was applied as from 1 January 2010 to transactions carried out as from 1 July 2009. Its application has leaded to the recognition of extra revenues in 2010 for 42 EUR million, as well as the redetermination of equity at 31 December 2009 in the amount of the contributions received in the second half of 2009, net of the associated tax effect, totaling EUR 22 million.

4.2. Standards not yet adopted and not yet applicable

In 2010, the European Commission endorsed the following new accounting standards and interpretations, which were not yet applicable as of 31 December 2010:

- "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 1 January 2011. The Group is evaluating the impacts arising from its application;

- "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 1 January 2011. The Group is evaluating the impacts arising from its application;

- "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 be retrospectively applicable. The Group is evaluating the impacts arising from its application;

  Eventhough such change was issued in 2009, it hasn't been applicabile since january 1, 2011, yet.

- "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 Group has been evaluating the impacts arising from its application.

During 2009 and 2010, the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) published new standards and interpretations that, on 31 December 2010 are not yet approved by the European Commission. Here follows the most significant ones:

- "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 1 January 2013.

- "Amendments to IFRS 7 – Financial Instruments: Disclosures", issued in october 2010; The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The new standard introduces new disclosure requirements, to be included in the notes, in relation to financial assets transferred which have not been derecognised and those transferred assets in which the entity has kept a continuing involvement at the balance sheet date. The amendments to IFRS 7 will be applied prospectively, upon approval, for accounting periods beginning on or after 1 January 2012.

Moreover "Improvements to IFRS" were issued in May 2010. They dealt with certain amendments to improve the existing principles. The most significant are the following:

– IFRS 3 - Business Combinations, as revised in 2008, specifies that the minority interests in the acquired company are interests in the current ownership that provide the right, in the event of liquidation, for a proportional share of its net assets. They must be measured or at fair value or in proportion to its share in the amount recognized the net identifiable assets of the acquiree. All other elements classified as minority interests but do not have the characteristics described above (for example, share options, preferred stock, etc..) must be measured at their fair value at the acquisition date except if other measurement criteria are provided under international accounting standards. These changes are applicable to accounting periods beginning on 1 July 2010 or later.

– IFRS 7 - Financial Instruments: Disclosures: it clarifies the disclosures required in case of renegotiated financial assets, and the information necessary to represent the credit risk. These changes are applicable for accounting periods beginning on or after 1 January 2011.

- IAS 1 - Presentation of Financial Statements: it is required that the reconciliation between the carrying amount at the beginning and the end of the period for each component of "other comprehensive income" (OCI) can be presented either on the face of changes in equity or in the notes. It is recalled here that, as "IAS 27 revised - consolidated and separate financial statements" currently states, the said reconciliation has to be included in the statement of changes in equity. The changes introduced in May 2010 are applicable for accounting periods beginning on or after 1 January 2011.

- IAS 34 - Interim Financial Reporting: This principle has been amended to expand the disclosure required in the preparation of interim financial statements with reference in particular to financial assets / liabilities. For instance, it requires to indicate the changes in the business or economic conditions that have impacted on the fair value of financial assets / liabilities at fair value or the amortized cost method. These changes are applicable for accounting periods beginning on or after 1 January 2011.

5. Determination of fair values

5.1. General

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.2. Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values.

5.3. Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

5.4. Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5.5. Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

5.6. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

6. Financial risk management

The Company has exposure to the following risks arising from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment of the Company's risk management framework and it is also responsible for developing and monitoring the Company's risk management policies.

The company risk management policies are established to identify and analyse the risk faced by the company to set appropriate risk limits and control, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regulary to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and contructive control environment in which all employees understand their roles and obligations.

6.1.Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Millions of euro		Carrying amount	
	note	**31 Dec. 2010**	31 Dec. 2009
Equity investments available for sale	22	531	169
Non-current financial assets	23	916	802
Other non-current assets	24	21	61
Current financial assets	27	28	315
Trade and other receivables	26,27,29	511	519
Cash and cash equivalents	30	776	974
TOTAL		**2.783**	**2.840**

Enel Investment Holding B.V. 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. Most of the counterparties are located in Europe and Russia, which is in line with the realisation of revenues as explained in note 9.

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

With respect to the credit risk on non-current financial assets, we refer to note 23. The amounts are receivable mainly from the parent company Enel Spa and from EDF, the State-owned French electricity company.

The current financial assets mainly consist of receivables from the parent company (see note 28).

6.2.Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel SpA, which ensures adequate coverage of cash needs (using credit lines and the issu of either bonds or commercial papers) and appropriate management of any excess of liquidity.

The financial crisis originally triggered by the crisis in US subprime mortgages, which then continued with the problems at and rescues/acquisitions of leading banks and insurance companies, which has caused credit conditions to tighten.

Despite this turbulence, the Enel Group continued to have access to the bank credit and commercial paper markets. Any difficulties in raising funds have been overcome through careful financial planning and funding policies.

An additional deterioration in the credit market could nevertheless increase liquidity risk for Enel. In any event, a variety of options are under study to strengthen the financial structure of the Group even further.

Millions of euro		**31 Dec. 2010**		31 Dec. 2009	
	note	Carrying amount	Nominal value	Carrying Amount	Nominal value
Long-term loans	34	1.203	1.219	1.342	1.369
Other non-current liabilities	38	160	160	202	202
Other non-current financial liabilities		6	6	18	18
Short-term loans	39	821	821	1.325	1.325
Current portion long-term loans assets	34	135	135	248	248
Trade and other payables	40,41,42	1.312	1.312	1.112	1.112
TOTAL		**3.637**	**3.653**	**4.247**	**4.274**

We refer to note 34 for information about the expected cash flows of the long-term loans. The current liabilities are all expected to be paid within the next 12 months.

6.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to exchange rates risks and marginally to interest rates. In order to hedge these exposures, the Company employs financial derivative instruments such as currency forwards and cross currency swaps, that are negotiated directly on the market.

Transactions that, in compliance with risk management policies, qualify for hedge accounting are designated as hedging transactions, while those that do not qualify for hedge accounting are classified as trading transactions.

The 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 financial year (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 period-end exchange rates provided by the European Central Bank.

The financial assets and liabilities associated with derivative instruments are classified as:

- cash flow hedges, mainly related to hedging the risk of changes in the cash flows associated with a number of long-term floating-rate loans;
- trading derivatives, related to hedging interest and exchange rate risk and commodity risk but which do not qualify for recognition under IAS 39 as hedges of specific assets, liabilities, commitments or future transactions.

The notional value of a derivative is the contractual amount on the basis of which differences are exchanged. Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance-sheet date.

6.3.1. Interest rate risk

Interest rate risk is the risk arising from an interest-bearing financial instrument due to variability of interest rates. The optimal debt structure results from the trade off between reducing the interest rate exposure and minimizing the average cost of debt. Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results.

To this end, various types of derivatives are used, including interest rate swaps and interest rate collars. All these contracts are agreed with a notional amount and expiry date lower than or equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows is offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position. Accordingly, the fair value of the financial derivatives generally reflects the estimated amount that Enel would have to pay or receive in order to terminate the contracts at the balance-sheet date. After the reclassification of an Enel Maritza East 3 AD floating-rate loan and its connected interest rate swap hedging derivative to liabilities held for sale, there are no interest rate derivatives included in the continuing assets and liabilities at 31 December 2010.

The floating-rate debt that is not hedged against interest rate risk is the main risk factor that could impact the Group income statement in the event of an increase in market interest rates.

However at 31 December 2010, excluding financial debt towards related parties amounting to EUR 531 million, only a 15% share of long-term debt was set at floating rates and it was almost fully hedged by financial derivative transactions Cross Currency Interest Swap designated as cash flow hedge, disclosed in the next paragraph (see note 6.3.2).

6.3.2. Exchange rate risk

Exchange rate risk is mainly generated by 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 investments in foreign currency, dividends from unconsolidated foreign associates or the purchase or sale of equity investments.

Exchange rate risk is a type of risk that arises from the change in price of one currency against another. Enel Investment Holding BV exposure to such risk is mainly due to foreign currency denominated flows, originated by financial liabilities.

In order to reduce the exchange rate risk on these exposures, the Group uses foreign exchange forward and option contracts in order to hedge cash flows in currencies other than the functional currencies of the various Group entities.

These contracts are also normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows of these contracts stemming from a potential appreciation or depreciation of the domestic currency against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position.

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2010 and 31 December 2009.

Exchange rate derivatives - Asset / Liabilities

Millions of euro	Notional value		*Fair value*	
	at 31.12.2010	at 31.12.2009	**at 31.12.2010**	at 31.12.2009
Cash Flow Hedge derivatives:	278	-	(6)	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	278	-	(6)	-
Fair Value Hedge derivatives:	-	-	-	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Trading derivatives:	161	-	(8)	-
Forward	161	-	(8)	-
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Totale Forward	**161**	**-**	**(8)**	**-**
Totale Option	**-**	**-**	**-**	**-**
Totale Cross currency interest rate swap	**278**	**-**	**(6)**	**-**
TOTAL	**439**	**-**	**(14)**	**-**

The following table reports expected cash flows related to derivative instruments for the coming years:

Expected cash flows from exchange rate derivatives

Millions of euro	*Fair value*	Stratification of expected cash flows					
CFH on exchange rates	**at 31.12.2010**	2011	2012	2013	2014	2015	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(6)	(7)	(7)	(6)	(5)	(271)	-
FVH on exchange derivatives	**at 31.12.2010**	2011	2012	2013	2014	2015	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on exchange rates	**at 31.12.2010**	2011	2012	2013	2014	2015	Beyond
Positive fair value	-	-	-	-	-	-	-
Negative fair value	(8)	(9)	-	-	-	-	-

As regards the potential impact on equity of a change in foreign exchange rates as of 31 December 2010, assuming a 10% depreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately Euro 15,2 million higher as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of Euro against Russian ruble, all other variables being equal, equity would have been approximately Euro 18,6 million lower as a result of the decrease of the fair value of Cash Flow Hedge derivatives.

6.4.Capital management

The board policy of the Group is to maintain a strong capital base so as to maintain creditor and market confidence and so sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantanges and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

7. Changes in the scope of consolidation

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

2010

- the management is committed to the sale of both Bulgarian operating companies through the sale of their Dutch holding companies (Maritza East III Power Holding B.V and Maritza O&M Netherlands B.V.). They are expected to be sold within one year, therefore, according to IFRS 5, those equity investments have been classified as assets and liabilities held for sale.

There have been no changes in the scope of consolidation in 2010 apart from the fact that, at income statement level, the following companies, purchased at the end of year 2009, have been consolidated on a line-by-line basis since 1 January 2010:

- Maritza East III Power Holding B.V.
- Enel Maritza East 3 AD
- Maritza O&M Netherlands B.V.
- Enel Operations Bulgaria
- Enel Distributie Dobrogea S.A.
- Enel Distributie Banat S.A
- Enel Energie S.A.
- Enel Romania S.r.l.
- Enel Distributie Muntenia S.A.
- Enel Energie Muntenia S.A.

2009

- the disposal at the book value, on 1 January 2009, of the entire capital of the Dutch company Enel Green Power International B.V. to Enel Green Power S.p.A., which is in turn organized under the Italian laws and wholly owned by Enel S.p.A. Enel Green Power International B.V. now hold, directly and indirectly, the following shareholdings:
  - ELA B.V.,
  - Enel Latin America Llc.,
  - Americas Generation Corporation,
  - Inelec Srl de cv,
  - Blue Line S.r.l.,
  - Enel Green Power Bulgaria EAD,
  - Enel North America Inc.,
  - Hydro Constructional S.A.,
  - International Wind Parks of Crete S.A.,
  - International Wind Parks of Thrace S.A,

- International Wind Power S.A.,
- Wind Parks of Thrace S.A.;

- the acquisition, on 21 May 2009, of a further 15% stake in Enel Productie S.r.l. from Romelecrto and Global International 2000: as from that date Enel Productie S.r.l. is fully consolidated with no minorities reported;
- the disposal, on 23 September 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 the Group to exercise a significant influence over the company through Artic Russia, as from that date SeverEnergia keeps on being accounted for using the equity method with a lower share equal to 19,6%;
- the disposal, on 30 October 2009 of the entire capital of the French company Enel Erelis S.a.s. to Enel Green Power International B.V.. Further to this disinvestment, carried out at the book value, the Group will no longer operate in the renewable business;
- the contribution against book value, on 29 December 2009, as voluntary non-cash share premium contribution by and between Enel S.p.A. and the Company of:
  - a 80% stake in Enel Romania S.r.l. which provides management services for all other Romanian companies within Enel Group;
  - a 64,43% stake in Enel Distributie Muntenia S.A. which performs distribution of electricity in Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 23,57% and Fondul Proprietatea for the 12%. As from 29 December 2009 the company is fully consolidated on a line-by-line basis, taking also account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6%, with separate reporting of the minority interest of 12%;
  - a 64,43% stake in Enel Energie Muntenia S.A. which performs the supply of electricity in Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 23,57% and Fondul Proprietatea for the 12%. As from 29 December 2009 the company is fully consolidated on a line-by-line basis, taking also account of the shareholding covered by the put option granted to Electrica at the time of the sale, equal to 23.6% with separate reporting of the minority interest of 12%.
- the acquisition at fair value, on 29 December 2009, from the affiliated company Enel Distribuzione Spa of:
  - a 51% stake in Enel Distributie Dobrogea S.A. which operates in the distribution of electricity in the Eastern part of Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,90% and Fondul Proprietatea for the 24,09%. As from 29 December 2009 Enel Distributie Dobrogea S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;
  - a 51% stake of Enel Distributie Banat S.A which operates in the distribution of electricity in the Western part of Romania. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,86% and Fondul Proprietatea for the 24,12%. As from 29 December 2009 Enel Distributie Banat S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;

- a 51% stake of Enel Energie S.A. which performs the supply of electricity to Romanian end users. The remaining share capital is owned by two Romanian shareholders: Electrica for the 24,86% and Fondul Proprietatea for the 24,12%. As from 29 December 2009 Enel Energie S.A. is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 49%;.

➢ the acquisition at fair value, on 29 December 2009, from the affiliated company Enel Produzione Spa of:

- a 100% stake in Maritza East III Power Holding B.V. a Dutch holding company, which in turn holds a 73% stake in Enel Maritza East 3 AD, a Bulgarian generation company. The remaining 27% of Enel Maritza East 3 AD is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). As from 29 December 2009 this company is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 27%;

- a 100% stake in Maritza O&M Netherlands B.V. a Dutch holding company which in turn holds a 73% stake in Enel Operations Bulgaria, a Bulgarian company responsible for maintaining Enel Maritza East 3 plant. The remaining 27% of Enel Operations Bulgaria is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). As from 29 December 2009 this company is fully consolidated on a line-by-line basis with separate reporting of the minority interests of 27%.

8. Segment information

All subsidiaries of Enel Investment Holding B.V. are part of the *"International Division"* and therefore no separate segment reporting has been disclosed since all information included in these consolidated financial statement relates to the International Division.

Information on the Consolidated Income Statement

9. **Revenues** - EUR 2.989 million

Millions of euro

	2010	2009	2010-2009
Electricity sales	2.713	1.283	1.430
Revenues from premium reassurance provided	44	42	2
Electricity transport	58	1	57
Other sales and services	174	74	100
Total	**2.989**	**1.400**	**1.589**

"Revenues from the electricity sale" amounted to EUR 2.713 million, up EUR 1.430 million on 2009. They include revenues performed by Enel France (EUR 425 million), Enel OGK5 (EUR 1.226 million), Romanian companies (EUR 831 million) and Enel Maritza East 3 AD (EUR 230 million).

The variance of the income statement items for the year 2010 in comparison to the previous year is mainly due to the Romanian and Bulgarian companies that have been consolidated line-by-line only since 1 January 2010, as they have been purchased at the end of December 2009 (EUR 831 million and EUR 230 million respectively). The rise in revenues from electricity sales in Central Europe made by Enel France on the previous year (up EUR 66 million) is attributable to the increase of the anticipated capacity agreement with Edf while the increase of Enel OGK5 (up EUR 316 million) instead refers to higher volumes of electricity sold in 2010.

"Revenues from premium reassurance provided" refers exclusively to the activity of Enel Re. Ltd.

"Other sales and services" came to EUR 174 million with an increase of EUR 100 million on the corresponding period of 2009. The 2010 balance is mainly attributable to the application of IFRIC 18 as described in the notes related to connection fees gained by Romanian companies acting in the electricity distribution sector (EUR 42 million) and also to heating service revenues performed by Enel OGK5 (EUR 76 million).

The table below gives a breakdown of revenues from sales and services by geographical area:

Millions of euro

	2010	2009	2010-2009
European Market	1.675	299	1.376
Russia	1.314	984	330
Total	**2.989**	**1.283**	**1.706**

10. **Raw material and consumables** - EUR 1.835 million

Millions of euro

	2010	2009	2010-2009
Electricity purchases	909	359	550
Fuel purchases for electricity production	802	512	290
Materials	124	19	105
Total	**1.835**	**890**	**945**

"Electricity purchases" refer to costs incurred in 2010 by Enel France (EUR 349 million), Enel OGK5 (EUR 77 million) and the Romanian companies (EUR 482 million) in connection with their activities related to the sale of electricity on free and regulated markets.

"Fuel purchases for electricity production" includes natural gas purchases for EUR 445 million and other fuel purchases for EUR 357 million, the majority of which is attributable to Enel OGK5 for its electricity generation.

11. **Services** – EUR 315 million

Millions of euro

	2010	2009	2010-2009
Maintenance and repairs	61	27	34
Services connected with electricity systems	104	17	87
Building costs	12	6	6
Insurance costs	18	20	(2)
Leases and rentals	12	5	7
Other	108	37	71
Total	**315**	**112**	**203**

12. **Personnel** – EUR 183 million

Millions of euro

	2010	**2009**	2010-2009
Wages and salaries	143	60	83
Social security contributions	31	11	20
Employee leaving incentives	3	2	1
Other costs	6	6	-
Total	**183**	**79**	**104**

Personnel costs rose by EUR 104 million to EUR 183 million.

The variance in comparison to the previous year is mainly due to the Romanian and Bulgarian companies (respectively EUR 81 million and EUR 11 million) that have been consolidated line-by-line only since 1 January 2010 and to higher payroll costs incurred by Enel OGK5 (EUR 13 million).

13. **Depreciation, amortization and impairment losses** – EUR 297 million

Millions of euro

	2010	2009	2010-2009
Depreciation	203	107	96
Amortization	13	2	11
Impairment losses	81	26	55
Total	**297**	**135**	**162**

"Depreciation" of tangible assets rose to EUR 203 million, up EUR 96 million compared to 2009. It mainly refers to the change in scope of consolidation regarding the Romanian and Bulgarian companies (EUR 102 million) and depreciation of Enel OGK-5 (EUR 101 million).

"Impairment losses" totaled EUR 81 million, up EUR 55 million over 2009 and they primarily include:

- the impairment of Artic Russia BV goodwill (EUR 9 million) following the downsizing of the development plans of the business of gas trading in Russia now performed by Enel Group through other companies;
- the write-off of advance payments (EUR 16 million) previously made by Enel OGK 5 to its supplier ROSpostavka, since construction works of Reftinskaya Dry-Ash Removal haven't been done by that supplier;
- write-off of trade receivables referring to Romanian companies (EUR 49 million) and Enel OGK5 (EUR 3 million).

14. **Other operating expenses** – EUR 55 million

Millions of euro

	2010	2009	2010-2009
Provision for risks and charges	(46)	30	(76)
Taxes and duties	39	28	11
Other expenses	62	10	53
Total	**55**	**68**	**(12)**

The decrease of EUR 76 million in "Provision for risks and charges" was essentially due to the release of provisions credited to the income statement by Enel OGK5 related to provisions for *Watertax* rights previously recognized at the acquisition date following the purchase price allocation process (EUR 98 million), partially compensated by the accrual recorded by Enel.re (EUR 32 million) and by the Romanian companies (EUR 20 million) during 2010.

15. **Capitalized costs**– EUR 106 million

Capitalized costs (Eur 106 million) consisted of EUR 22 million in personnel costs and EUR 84 million in materials costs (compared with EUR 6 million related to personnel costs in 2009).

16. **Financial income / (expense)** - EUR (61) million

Millions of euro

	2010	2009	2010-2009
Interest and other income from financial assets (current and non-current):			
-interest income at effective rate on non-current securities and recivables	31	30	1
-interest income at effective rate on short -term financial investments	25	4	21
Total interest and other income from financial assets	**56**	**34**	**22**
Foreign exchange gains	226	141	85
Income from derivative instruments	-	-	-
Other interest and income	27	2	25
Total	**309**	**177**	**132**

"Financial income" stood at EUR 309 million, up EUR 132 million on the previous year.

The rise is mainly attributable to higher foreign exchange gains of Enel OGK5 (EUR 46 million) and to the change in scope of consolidation resulting in exchange rate gains of Enel Distributie Muntenia (EUR 31 million) and interest income from financial assets gained by the Romanian companies (EUR 24 million).

Millions of euro

	2010	2009	2010-2009
Interest expense and other charges on financial debt (current and non-current):			
-interest expense on bank loans	38	16	22
-interest expense on bonds	47	36	11
-interest expense on other loans	25	24	1
Total interest and other income from financial assets	**110**	**76**	**34**
Financial charges from securities	**-**	-	-
Foreign exchange losses	201	139	62
Expense from derivative instruments	50	-	50
Charges from equity investments	-	-	-
Accretion of employee benefits and other provisions	10	6	5
Other interest expense and financial charges	-	1	(1)
Total	**370**	**222**	**149**

"Financial expense" totaled EUR 370 million, an increase of EUR 149 million compared to 2009. The variation is mainly due to higher foreign exchange losses incurred by Enel OGK5 (EUR 26 million) and Enel Distributie Muntenia consolidated as from 1 January 2010 (EUR 28 million) as well as expenses from derivative instruments (EUR 50 million) attributable to:

- the Company (EUR 32 million) arising from the financial derivative set up for hedging the exchange rate risk related to the collection of the second instalment in USD after the sale of 51% stake in Severenergia;
- Enel OGK-5 (EUR 18 million) coming from derivatives aimed at hedging its liabilities denominated in currencies other than its functional currency (Russian Rouble).

17. Share of income/(expense) from equity investments accounted for using the equity method - EUR 107 million

Millions of euro

	2010	2009	2010-2009
Income from associates	113	106	7
Expense from associates	(6)	(8)	2
Total	**107**	**98**	**9**

The balance at 31 December 2010 mainly reflects the exchange rate gains realized by the associated company Artic Russia after its collection of the second instalment in USD connected to the sale of 51% stake in Severnergia (EUR 36 million) as well as the share of net income of the Russian associated company Rusenergosbyt LLC (EUR 74 million).

18. Income taxes – EUR 96 million

Millions of euro			
	2010	2009	2010-2009
Current taxes	77	37	40
Deferred tax liabilities	10	(62)	72
Deferred tax assets	9	15	(6)
Total	**96**	**(10)**	**106**

The current taxation came to EUR 77 million (EUR 37 million in 2009), up EUR 40 million on 2009. The variance in comparison with the prior year is mainly due to the Romanian and Bulgarian companies consolidated as from 1 January 2010 (EUR 40 million) and to higher current taxes of Enel OGK5 further to its raised margins in 2010 (EUR 12 million), partially offset by lower current taxation of Enel France (EUR – 12 million).

Deferred taxation accounted for in 2010 essentially reflects the accruals of the period (EUR 10 million) as well as the reversal to income statement of deferred tax assets related to provision for risks and charges (EUR 9 million). The change over the prior year is primarily due to the recognition in the 2009 income statement of EUR 59 million in deferred tax liabilities related to the allocation of OGK5 acquisition costs to tangible assets.

The following table reconciles the theoretical tax rate with the effective rate:

Millions of euro				
	2010		2009	
Income before taxes	456		175	
Theoretical tax	116	25,5%	45	25,5%
Permanent differences and minor items	(20)	-4,4%	(55)	-31,4%
Total	**96**	**21,1%**	**(10)**	**-5,7%**

Information on the Consolidated Balance Sheet

Non-current assets

19. Property, plant and equipment - EUR 4.143 million

Millions of euro	Land	Buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance at 31 Dec. 2008	**18**	**611**	**2.080**	**1**	**52**	**725**	**3.487**
Investments	1	0	2	0	0	474	**477**
Depreciation	0	(20)	(87)	0	0	0	**(107)**
Assets entering service	0	2	75	0	1	(78)	**0**
Change in scope of consolidation	10	269	(398)	12	(32)	(129)	**(268)**
Exchange rate differences	0	(22)	(29)	0	(1)	(10)	**(62)**
Disposals and other changes	0	136	330	0	3	6	**475**
Total changes	**11**	**365**	**(107)**	**12**	**(29)**	**263**	**515**
Cost	29	1.015	2.285	13	30	988	**4.360**
Accumulated depreciation	0	(39)	(312)	0	(7)	0	**(358)**
Balance at 31 Dec. 2009	**29**	**976**	**1.973**	**13**	**23**	**988**	**4.002**
Investments	1	0	59	1	4	631	**696**
Depreciation	0	(35)	(127)	0	(3)	0	**(165)**
Assets entering service	0	12	375	0	1	(388)	**0**
Reclassified to assets HFS	(7)	(61)	(388)	0	(1)	(64)	**(521)**
Impairment	0	0	1	0	(2)	(18)	**(19)**
Exchange rate differences	0	39	56	0	1	33	**129**
Disposals and other changes	0	163	(156)	0	(1)	(27)	**(21)**
Total changes	**(6)**	**118**	**(180)**	**1**	**(1)**	**167**	**99**
Cost	23	842	2.544	14	34	1.209	**4.666**
Accumulated depreciation	0	(74)	(439)	0	(10)	0	**(523)**
Balance at 31 Dec. 2010	**23**	**768**	**2.105**	**14**	**24**	**1.209**	**4.143**

"Investments" in 2010 totaling EUR 696 million (EUR 477 million as of 31 December 2009) essentially refer to assets under construction (EUR 631 million) of which:

- EUR 311 million are connected to OGK-5 costs for the ongoing construction of the two CCGT units at Sredneuralskaya GRES and Nevinnomysskaya GRES as well as the capital expenditure of a new dry ash removal system in Reftinskaya GRES;
- EUR 220 million are related to the Romanian subsidiaries for the construction of electricity distribution grids;
- EUR 100 million are referred to the capital expenditure for the construction of CCGT units in Belgium (Marcinelle Energie) and Greece (Enelco) for EUR 82 million and EUR 18 million respectively.

The amount "Reclassified to assets HFS" for 2010 refers to the reclassification of tangible assets pertaining to Bulgarian subsidiaries to assets held for sale (EUR 521 million) in view of the status of negotiations of their disposal to non-Group counterparties.

20. Intangible assets - EUR 2.093 million

Changes in intangible assets between 2010 and 2009 are set out in the table below:

Millions of euro	Development costs	Patents and intellectual property rights	Conc.,licences,trademarks & sim.rights	Customer List	Other intangibles	Assets under construction	Goodwill	Total
Balance at 31 Dec. 2008	**-**	**2**	**71**	**-**	**121**	**1**	**1.720**	**1.915**
Investments	-	5	-	-	-	-	-	5
Change in scope of consolidation	27	(1)	120	81	(118)	6	34	149
Exchange rate differences	-	-	-	-	-	-	(53)	(53)
Amortization	-	(2)	-	-	-	-	-	(2)
Impairment losses	-	-	(18)	-	-	-	(8)	(26)
Other changes	-	2	64	-	-	-	(194)	(128)
Total changes	**27**	**4**	**166**	**81**	**(118)**	**6**	**(221)**	**(55)**
Historical Cost	27	8	268	81	36	7	1.507	1.934
Accumulated amortization	-	(2)	(11)	-	(33)	-	-	(46)
Accumulated impairment losses	-	-	(20)	-	-	-	(8)	(28)
Balance at 31 Dec. 2009	**27**	**6**	**237**	**81**	**3**	**7**	**1.499**	**1.860**
Investments	-	9	1	-	4	1	-	15
Reclassified to assets in use	-	-	-	-	3	(3)	-	-
Exchange rate differences	-	-	(1)	-	-	-	66	65
Change in scope of consolidation	-	-	-	-	-	-	-	-
Amortization	-	(1)	(5)	(3)	(2)	-	-	(11)
Other changes	-	-	-	-	-	(1)	208	207
Reclassified to assets HFS	(27)	-	-	-	-	-	(16)	(43)
Total changes	**(27)**	**8**	**(5)**	**(3)**	**5**	**(3)**	**258**	**233**
Historical Cost	-	17	268	81	43	4	1.765	2.178
Accumulated amortization	-	(3)	(16)	(3)	(35)	-	-	(57)
Accumulated impairment losses	-	-	(20)	-	-	-	(8)	(28)
Balance at 31 Dec. 2010	**-**	**14**	**232**	**78**	**8**	**4**	**1.757**	**2.093**

There were no significant changes occurred in 2010 with the exception of the reclassification of EUR 27 million of "development costs" attributable to the Bulgarian companies to assets held for sale as well as their goodwill (EUR 16 million).

"Goodwill" came to EUR 1.757 million, an increase of EUR 258 million over the corresponding period of 2009. The following table sets out main changes of goodwill over 2010.

Millions of euro

	31 Dec. 2009	Change in scope of consolidation	Translation differences	Reclassification to assets held for sale	Other changes	**31 Dec. 2010**
Enel OGK-5	1.177	-	67		(2)	1.242
Marcinelle Energie	20	-	-	-	-	20
Enel Distributie Muntenia	228	-	(1)	-	179	406
Enel Energie Muntenia	58	-	-	-	31	89
Enel Maritza East 3 AD	13	-	-	(13)	-	-
Enel Operations Bulgaria AD	3	-	-	(3)	-	-
Total	**1.499**	**-**	**66**	**(16)**	**208**	**1.757**

The positive exchange rate differences relate almost exclusively to Enel OGK5 goodwill (EUR 67 million) while "Other changes" reflect a greater fair value of put option payables for the acquisition of a further stake in Enel Distributie Muntenia and Enel Energie Muntenia (EUR 210 million) contributing to an increase of goodwill at 2010 year ended.

"Reclassified to assets HFS" for 2010 consists of the reclassification of Bulgarian operating subsidiaries goodwill totalling EUR 16 million in view of the status of negotiations for their disposal to non-Group counterparties.

The recoverable value of the goodwill recognized was estimated by calculating the value in use of the underlying cash generating unit 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.

Millions of euro	Amount	Tax rate	Growth rate (1)	Discount rate WACC (2)	Explicit period of cash flows	Terminal Value (3)
	at 31 Dec. 2010					
Enel OGK-5	1.242	20%	1,40%	9,80%	10 years	*Perpetuity*
Enel Romania (4)	495	16%	3,00%	8,30%	10 years	*Perpetuity*
Marcinelle Energie	20	34%	1,40%	5,30%	10 years	16

(1) perpetual growth rate of cash flows after explicit period.
(2) WACC represents the withed average cost of capital.
(3) The terminal value has been estimated on the basis of a perpetuity or an expceted annuity with a rising yield for the years set out in the column.
(4) It refers to all Romanian companies.

21. **Equity investments accounted for using the equity method** - EUR 457 million

Equity investments in associated companies accounted for using the equity method are as follows:

Millions of euro

	31 Dec. 2009	%	Change in scope of consolidation	Capital repayments	Income effect	Other changes	**31 Dec. 2010**	%
Artic Russia	675	40%	-	(354)	21	16	358	40%
Enel Green Power International Sarl	9	33%	(9)	-	-	-	-	-
Res Holdings	70	50%	-	(42)	75	(4)	99	50%
Total	**754**		**(9)**	**(396)**	**96**	**12**	**457**	

The decrease of EUR 297 million in equity investments accounted for using the equity method for the year is essentially related to the following factors:

- a net decrease of EUR 317 million of equity investment in Artic Russia BV mainly due to the share capital repayment made by the associated to the Company (EUR 354 million) following the sale of 51% stake in Severnergia, partially made up for the income effect of 2010 (EUR 21 million) and the increase in the OCI equity reserve (EUR 16 million);
- a net rise of EUR 29 million of equity investment in Res Holding BV thanks to the income effect (EUR 75 million) partially offset by dividends received by the Company amounting to EUR 42 million.

The main income statement and balance sheet data for the equity investments in associates are reported in the following table:

Millions of euro

	Assets	Liabilities	Revenues	Net income	Assets	Liabilities	Revenues	Net income
	31 Dec. 2010				31 Dec. 2009			
Artic Russia[1]	927	69	-	79	1.661	46	216	179
Enel Green Power International Sarl	-	-	-	-	29	-	-	-
Res Holdings[1]	177	83	2.307	152	99	65	1.567	16

[1] Including its subsidiaries and associated

22. **Equity investments in other companies** - EUR 538 million

As regards "Equity investments in other companies", the fair value of listed companies was determined with reference to the market value of their shares at the end of the year, whereas the fair value of unlisted companies was calculated with reference to a reliable valuation of their significant balance sheet items.

22.1. **Equity investment available for sale** - EUR 531 million

Millions of euro		% holding		% holding	
	31 Dec. 2010		31 Dec. 2009		2010 - 2009
PT Bayan Resources	500	10,0%	138	10,0%	362
Echelon	23	7,4%	24	7,4%	(1)
Others	8		7		1
Total	**531**		**169**		**362**

PT Bayan Resources – EUR 500 million

PT Bayan Resources T.b.k., listed on the Indonesian Stock Exchange, produces coal in Indonesia with integrated coal mining, processing and logistic operations. The company is primarily engaged in the business of surface open cut mining of thermal coal and has a diversified product portfolio that ranges from bituminous coal, with high calorific content, to sub-bituminous and semi-soft coking coal.

The 10% stake in the corporate capital of PT Bayan Resources T.b.k. acquired in August 2008, is measured at fair value with changes recognized in shareholders equity.

At the end of 2010 the fair value of PT Bayan Resources T.b.k. rose to EUR 500 million with an increase of EUR 362 million over the corresponding period of the last year thanks to a rise in the share price and to a revaluation of Indonesian currency against Euro.

Echelon – EUR 23 million

Echelon, listed on the NASDAQ market in the USA, is engaged in the field of control networking technology for automation systems.

The stake in the corporate capital of Echelon acquired in December 2005, is measured at fair value with changes recognized in shareholders equity.

At the end of 2010 the fair value of Echelon amounted to EUR 23 million (EUR 24 million at 31 December 2009).

22.2. **Other investments** - EUR 7 million

The equity investments in other investments at 31 December 2010 are mainly referred to the purchase of the 9,15% stake in the share capital of the Romanian company EnergoNuclear SA whose corporate purpose is to develop, finance, construct and operate two nuclear units of Cernavoda power plant. The total acquisition cost included in the cost price as per 31 December 2010 amounts to EUR 4 million.

23. **Non-current financial assets** - EUR 916 million

Non current financial assets can be specified as follows:

Millions of euro	**31 Dec. 2010**	31 Dec. 2009	2010-2009
Bond issued by Enel S.p.A.	30	30	0
Other securities designated at fair value through profit and loss	104	108	(4)
Medium Long Term Financial receivables	453	346	107
Medium Long Term Financial receivables for Leasing Agreements	32	21	11
Loans due from shareholder	297	297	0
TOTAL	**916**	**802**	**114**

The "Bond issued by Enel S.p.A." is held by Enel.re for an amount of EUR 30 million as of 31 December 2010 with no change over 31 December 2009. Moreover at 2010 year end "Other securities designated at fair value through profit and loss" essentially consist of investments in bonds, government securities and long-term deposits owned by Enel.re.

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**
	31 Dec. 2010			
Equity investments in other companies	531	523	-	8
Other securities designated at fair value through profit or loss	104	104	-	-

The following table shows changes in equity investments measured using level 3 inputs:

Millions of euro	
Balance at 1 January 2010	**7**
Net income/loss in income statement	1
Acquisitions	-
Balance at 31 December 2010	**8**

The "Medium Long Term Financial receivables" essentially refer to the financial receivable related to the capitalization of the costs following the Cooperation Agreement "EPR Flamanville 3" between Enel France S.a.s. and EDF (EUR 447 million).

"Loans due from shareholder" relate to the assumption of the issued bonds by Enel S.p.A. Based on this agreement, Enel S.p.A. undertakes to the Company to assume all the obligations of payment of the Company under the notes. Therefore, any differences identified between book value and fair value do not have impact on Enel Investment Holding B.V. The non current portion amounting to EUR 297 million and maturing in 2023, relates to a 5,25% fixed rate bond installment.

24. Other non-current assets - EUR 21 million

Other non currents assets primarily refer to Advances paid to suppliers (EUR 12 million) and to other sundry receivables (EUR 9 million).

Current assets

25. Inventories – EUR 87 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Raw materials, consumables and supplies:			
- fuel	31	35	(4)
- materials, equipment and other inventories	33	45	(12)
Total	**64**	**80**	**(16)**
Advances	23	0	23
TOTAL	**87**	**80**	**7**

The "Raw materials, consumables and supplies" consist of fuel inventories for covering the requirements of the generation companies and trading activities, as well as materials and equipment for plant operation, maintenance and construction.

26. Trade receivables - EUR 386 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
-sale and transport of electricity	367	392	(25)
-reinsurance operations (Enel.Re Ltd.)	19	8	11
-other trade receivables	-	1	(1)
Total	**386**	**401**	**(15)**

"Trade receivables", detailed in the table above, are equal to EUR 386 million at the end of 2010 with a decrease of EUR 15 million over 31 December 2009. The decrease in "Sale and transport of electricity" (EUR 25 million) is caused by lower sales of Romanian companies further to a slight drop in energy consumption.

"Reinsurance operations (Enel.Re Ltd.)" totaled EUR 19 million with an increase of EUR 11 million over 31 December 2009.

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled EUR 191 million at the end of 2010, as detailed in the table below.

Millions of euro

Total at 31 Dec. 2009	**140**
Accruals	55
Other changes	(4)
Total at 31 Dec. 2010	**191**

27. Tax receivables - EUR 3 million

"Tax receivables" totaled EUR 3 million as of 31 December 2010 and they are essentially attributable to Enel OGK5.

28. **Current financial assets** - EUR 28 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Intercompany Current Account	15	73	(59)
Other securities designated at fair value through profit or loss	-	5	(5)
Short-term portion of long-term financial receivables	7	225	(218)
Other	6	12	(6)
Total	**28**	**315**	**(287)**

The item "Intercompany Current Account" as of 31 December 2010 is a receivable from the shareholder Enel S.p.A. held by the following subsidiaries:

- Enel Re for EUR 10 million;
- Pragma Energy for EUR 5 million.

The "Short-term portion of long term financial receivables" was equal to EUR 7 million at the end of 2010, down EUR 218 million over 31 December 2009, being the change connected to the collection of the receivable from Enel Spa as a consequence of the reimbursement of the correspondent bonds in the liability side of balance sheet during 2010.

"Other Securities" refer to securities measured at fair value through profit and loss held by Enel Re and canceled out at the end of 2010.

29. **Other current assets** – EUR 122 million

Millions of euro

	31 Dec. 2010	31 Dec.2009	2010-2009
Vat receivables	51	52	(1)
Advanced paid to suppliers	11	30	(19)
Operational prepayments and accrued income	7	5	2
Sundry receivables	42	24	18
Other	11	3	8
Total	**122**	**114**	**8**

30. **Cash and cash equivalents** – EUR 776 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Bank and post office deposits - free	764	816	(52)
Bank and post office deposits - tied up	12	158	(146)
Total	**776**	**974**	**(198)**

Cash and cash equivalents, detailed in the table above, are equal to EUR 776 million at the end of 2010 with a decrease of EUR 198 million over 31 December 2009. The fall is mainly due to the return of Escrow Account related to the acquisition of Bayan Resources T.b.K (EUR 148 million) as well as the reclassification to assets held for sale of the cash and cash equivalents attributable to Bulgarian companies (EUR 52 million).

31. **Assets held for sale** – EUR 760 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Property, plant and equipment	490	-	490
Intangible assets	26	-	26
Goodwill	16	-	16
Deferred tax assets	3	-	3
Inventories	13	-	13
Trade receivables	52	-	52
Cash and cash equivalents	56	-	56
Current financial assets	102	-	102
Other current assets	2	-	2
Total	**760**	-	**760**

"Assets held for sale", detailed in the table above, are equal to EUR 760 million at the end of 2010 and they relate to assets held by the Maritza East III Power Holding BV, Enel Maritza East 3 AD, Enel Maritza Operation&Maintenance and Enel Operations Bulgaria subsidiaries.

Liabilities and shareholders' equity

32. **Group Net Equity** – EUR 4.170 million

Share capital – EUR 1.593 million

The authorized share capital of Enel Investment Holding B.V. amounts to EUR 7.500 million, divided into 750.000 thousand ordinary shares of EUR 10 each, of which 159.305 thousand ordinary shares have been issued and fully paid up.

Share premium reserve – EUR 2.410 million

This reserve did not change over 2010.

Fair value reserve and sundry reserves – EUR 465 million

This item mainly includes net cumulative and unrealized gains/(losses) recognized directly in equity resulting from the measurement at fair value of cash flow hedge derivatives (EUR -18 million) as well as the measurement at fair value of available-for-sale financial assets mainly referring to the investments in Bayan Resources T.b.K and Echelon Corporation (EUR 483 million).

Reserve for equity investments accounted for using equity method – EUR (58) million

This reserve includes the Company's share of the equity movements of equity accounted investees other than those recorded in the investees' income statement. The current year increase EUR 26 million) is primarily due to the net depreciation of the Group functional currency against the Russian rouble used by the Russian associated companies Severnerngia and Rusenergosbyt.

Retained earnings – EUR (228) million

In 2010, the item showed an increase of EUR 172 million, attributable to the last year profit appropriation (EUR 154 million) and to the effect of the retrospective application of IFRIC 18 (EUR 18 million) referring to Romanian companies Enel Distributie Banat, Enel Distributie Dobrogea and Enel Distributie Muntenia.

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, 2009	Gains/(Loses) recognized in equity for the year	Released to income statement	Change in scope of consolidation	Tax effects	**at Dec. 31, 2010**	Of which: comprehensive income related to assets held for sale
Gains/(Loses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	(18)	(26)	18	-	2	(24)	(27)
OCI of companies accounted for using equity method	(84)	17	9	-	-	(58)	-
Reserve for fair value of financial investments available for sale	122	359	-	-	-	481	-
Exchange rate differences	(548)	163	-	-	-	(386)	-
Total gains/(losses) recognized in equity	**(529)**	**513**	**27**	**0**	**2**	**14**	**(27)**

Non-current liabilities

33. Long-term loans (including the portion falling due within 12 months) - EUR 1.338 million

This aggregate includes long-term payables related to 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 31 December 2010 compared to 31 December 2009, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Portion falling due at more than 12 months	Current portion	Maturing in				
		31 Dec. 2010	**31 Dec. 2010**	31 Dec. 2009		2011	2012	2013	2014	2015	Beyond
Bonds:											
- listed, fixed rate	2010-2023	518	521	513	395	123		98			297
- listed, floating rate	2014	-	-	100	-	-	-	-	-	-	-
- unlisted, fixed rate		-	-	-	-	-	-	-	-	-	-
- unlisted, floating rate	2010	-	-	25	-	-	-	-	-	-	-
Total		**518**	**521**	**638**	**395**	**123**	-	**98**	-	-	**297**
Bank loans:											
- fixed rate	2026	171	181	127	171	-	-	-	-	-	171
- floating rate	2021	117	120	526	117	-	-	-	-	-	117
Total		**288**	**301**	**653**	**288**	-	-	-	-	-	**288**
Non-bank loans:											
- with related parties		531	531	272	531	-	531	-	-	-	-
- fixed rate		-	-	-	-	-	-	-	-	-	-
- floating rate		1	1	28	1	-	-	-	-	-	1
Total		**532**	**532**	**300**	**532**	**-**	**531**	**-**	**-**	**-**	**1**
TOTAL		**1.338**	**1.354**	**1.591**	**1.215**	**123**	**531**	**98**	-	-	**586**

The table below reports long-term financial debt by currency and interest rate:

Millions of euro	Balance	Nominal Value	Balance	Current average interest rate	Current effective interest rate
	31 Dec. 2010		31 Dec.2009	**31 Dec. 2010**	
Euro	1.117	1.133	1.475	5,1%	5,2%
Russian Ruble	221	221	116	8,5%	9,9%
Total	**1.338**	**1.354**	**1.591**		

The following chart shows changes in the nominal value of long-term debt:

Millions of euro	Nominal value	Repayments	New financing	Exchange rate differences	Transfer to Assets/Liabilities held for sale	Nominal value
	31 Dec. 2009					**31 Dec. 2010**
Bonds	641	(225)	105	(1)	-	521
Bank loans	676	(35)	75	-	(415)	301
Intercompany Loan	272	-	259	-	-	531
Other loans	28	(27)	-	-	-	1
Total financial debt	**1.617**	**(287)**	**439**	**(1)**	**(415)**	**1.354**

The nominal value of long-term debt at 31 December 2010 decreased by EUR 263 million over 2009, being the variation the net effect of EUR 287 million in repayments, EUR 439 million in new financing, EUR 1 million in exchange rate gains and EUR 415 million in transfer to assets/liabilities held for sale.

The new financing transactions in 2010 refer to new bonds and new bank loans borrowed by Enel OGK5 (EUR 105 million and EUR 75 million respectively) while the change in the intercompany loan is related to Enel France and Marcinelle Energie further to their increased needs of funding related to the activities performed in 2010.

The following table compares the carrying amount with the fair value of long-term debt, including the portion falling due within twelve months, with the exception of intercompany loans amounting to EUR 531 million which are not disclosed. For listed debt instruments, the fair value is taken from official prices, while 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.

Millions of euro	Carrying amount	Fair value	Carrying amount	Fair value
	31 Dec. 2010		31 Dec. 2009	
Bonds:				
- fixed rate	518	547	513	547
- floating rate	-	-	125	125
Total	**518**	**547**	**638**	**672**
Bank loans:				
- fixed rate	171	180	127	145
- floating rate	117	137	526	610
Total	**288**	**317**	**653**	**755**
Non-bank loans:				
- fixed rate	-	-	-	-
- floating rate	1	1	28	28
Total	**1**	**1**	**28**	**28**
TOTAL	**807**	**865**	**1.319**	**1.455**

The following tables show the changes in long-term loans for the year, distinguishing current from non-corrent portions.

LONG-TERM LOANS (EXCLUDING CURRENT PORTION)

Millions of euro	Carrying amount		
	31 Dec. 2010	31 Dec. 2009	2010-2009
Bonds:			
- fixed rate	395	413	(18)
- floating rate	-	-	-
Total	**395**	**413**	**(18)**
Bank loans:			
- fixed rate	171	127	44
- floating rate	117	502	(385)
Total	**288**	**629**	**(341)**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	1	28	(27)
Total	**1**	**28**	(27)
TOTAL	**684**	**1.070**	**(386)**

CURRENT PORTION OF LONG-TERM LOANS

Millions of euro	Carrying amount		
	31 Dec. 2010	31 Dec. 2009	2010-2009
Bonds:			
- fixed rate	123	100	23
- floating rate	-	125	(125)
Total	**123**	**225**	**(102)**
Bank loans:			
- fixed rate	-	-	-
- floating rate	-	24	(24)
Total	**-**	**24**	**(24)**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	**-**
TOTAL	**123**	**249**	**(126)**

33.1. **Bonds issued** – EUR 518 million

The EUR 518 million at 31 December 2010 refers to bonds issued by Enel Investment Holding B.V. (EUR 297 million) and Enel OGK-5 (EUR 221 million).

In June 2006 the Company signed an agreement with the parent company for the assumption of Debt with its shareholder Enel S.p.A. Based on this agreement Enel S.p.A. undertook to the Company to assume all the obligations of payment of the Company is respect of the mentioned bonds. The bonds, listed on the Luxembourg Stock Exchange, have been issued by Enel Investment Holding BV in five different installments for a nominal value of EUR 525 million. During 2010 a significant stake of this bond amounting to EUR 225 million has been reimbursed. The maturity of the outstanding Enel Investment Holding BV bond is set in 2023 as specified in the following chart:

Millions of euro	Year maturing	Balance	Nominal Value	Balance
		31 Dec. 2010	**31 Dec. 2010**	31 Dec. 2009
Bond, fixed rate 5,25%	2023	297	300	297
Bond, fixed rate 4,125%	2010	-	-	100
Bond, floating rate Euribor 6m +0,50%	2010	-	-	50
Bond, interest linked to UE C.P.I.	2010	-	-	50
Bond, interest linked to UE C.P.I.	2010	-	-	25
Total		**297**	**300**	**522**

Enel OGK-5 on 5 October 2006 completed a public offering of interest bearing non-convertible bonds, with a mandatory centralized custody. The number of issued bonds was 5.000.000 with a nominal value of Russian Ruble 1.000 per each bond, with maturity of 1.820 days from the date of the issue. During 2010 this bond has been reclassified within current liabilities for an amount equal to EUR 122 million at 2010 year ended.

The fair value of fixed-rate bonds amounted to EUR 547 million at 31 December 2010.

33.2. **Bank Loans** – EUR 288 million

The Bank Loans at 31 December 2010 relate exclusively to Enel OGK5 with the following breakdown:

- a fixed rate bank loan maturing in 2022 (EUR 137 million);
- a long-term loan granted by European Investment Bank for financing Enel OGK5 capex program with the floating part maturing in 2021 (EUR 117 million) and the fixed part maturing in 2026 (EUR 34 million).

During 2010 a floating rate loan maturing in 2023 of Enel Maritza East 3 AD has been reclassified to liabilities held for sale; its carrying amount at 2009 year ended was EUR 436 million.

33.3. **Non-bank Loans** – EUR 532 million

The non-bank Loans with related parties total EUR 531 million with the following breakdown:

- a loan lent by Enel Finance International NV to Enel France S.A.S. amounting to EUR 413 million at 31 December 2010 for financing Flamanville 3 project;
- a loan granted by Enel Finance International NV to Marcinelle Energie totaling EUR 118 million at 31 December 2010 aimed at supporting the construction of a CCGT power plant in Belgium.

34. **Post-employment and other employee benefits** – EUR 56 million

The item "Post-employment and other employee benefits" regards estimated accruals made to cover benefits due at the time the employment relationship is terminated and other long-term benefits to which employees have a statutory or contractual right.

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 31 December 2010 and 31 December 2009.

Millions of euro	Benefits due upon termination of employment and other long-term benefits	
	2010	2009
Changes in actuarial liabilities:		
Actuarial liabilities at the beginning of the year	**52**	**36**
Service cost	3	2
Interest cost	5	3
Benefits paid	(7)	(12)
Other changes	(1)	(4)
Changes in scope of consolidation	-	21
Actuarial (gains)/losses	11	8
Foreign exchange (gains)/losses	2	(2)
Actuarial liability at the end of the year	**65**	**52**
Changes in plan assets	-	-
Reconciliation with carrying amount:		
Net actuarial liabilities at the end of the year	**65**	**52**
Unrecognized (gains)/losses	9	(2)
Carrying amount of liabilities at the end of the year	**56**	**54**

The main actuarial assumptions used to calculate the liabilities in respect of employee benefits are set out in the following table.

Country	Year End 2010				Year End 2009			
	Discount rate	Long term salary increase	Long term inflation rate	Long Term return On Assets	Discount rate	Long term salary increase	Long term inflation rate	Long Term return On Assets
Bulgaria	6.5%	3.8%	2.8%	N/A	7.0%	4.1%	2.1%	N/A
Romania	7.15%	7.5%	4.0%	N/A	8.5%	7.5%	4.0%	N/A
Russia	7.75%	7.0%	6.0%	N/A	9.75%	8.8%	6.5%	N/A

35. Provision for risks and charges (including the portion falling within 12 months) - EUR 229 million

Millions of euro	31 Dec. 2009	Reclassified to assets HFS	Accruals	Released to income statement	Utilization and other changes	**31 Dec. 2010**	*of which short term*
Provision for risks and charges:							
- insurance indemnification	106	-	32	-	(20)	118	25
- production order charges	4	-	12	-	(3)	13	2
- termination incentive	20	-	4	-	(1)	23	7
- other taxes and levies	111	-	1	(98)	8	22	22
- other	21	(5)	39	-	(2)	53	52
Total	**262**	**(5)**	**88**	**(98)**	**(18)**	**229**	**108**

The "Provision for insurance indemnifications" relates to Enel.re activity (EUR 118 million). Full provision is made for estimated cost of all claims notified but not settled at the balance sheet date, less insurance recoveries, using the best information available at that time. Provision is also made for estimated cost of claims incurred but not reported at the balance sheet date. Any differences between original claims provisions and subsequent settlements are reflected in the underwriting results of the year in which the claims are settled.

The "provision for termination incentive" includes the estimated charges related to binding agreements for the voluntary termination of employment contracts in response to organizational needs. The item, amounting to EUR 23 million as of 31 December 2010, refers to Enel OGK-5 (EUR 15 million) and to the Romanian companies (EUR 8 million).

"Other taxes and levies" mainly refer to the provision recognized by Enel OGK5 at its acquisition date regarding watertax rights which has been released into income statement in 2010 for an amount of EUR 98 million.

36. **Deferred tax assets and liabilities** – EUR 30 million and EUR 428 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.

Millions of euro	31 Dec. 2009	Increase/(Decrease) taken to income statement	Exchange Difference	Other changes	Change in scope of consolidation	**31 Dec. 2010**
Deferred tax assets:						
- differences on non-current assets	-	-	-	-	-	-
- financial derivative instruments	2	-	-	-	-	2
- other items	36	(9)	2	(1)	-	28
Total	**38**	**(9)**	**2**	**(1)**	**-**	**30**
Deferred tax liabilities:						
- differences on non-current assets	7	7	-	(5)	-	9
- allocation of excess costs to assets	290	(3)	15	3	-	305
- write-down of receivables	2	1	-	-	-	3
- other items	103	5	-	3	-	111
Total	**402**	**10**	**15**	**1**	-	**428**

As of 31 December 2010, deferred tax assets decreased by EUR 8 million primarily after the reversal to income statement of deferred tax assets previously recognized about provisions for risks and charges (EUR 9 million).

No deferred tax assets were recorded in relation to prior tax losses in the amount of EUR 609 million, of which EUR 602 million pertaining to the holding companies located in the Netherlands, because the tax laws in force in this country do not treat the expected income (dividends) of the companies as taxable. At 31 December 2009, the unrecorded cumulative tax asset related to prior tax losses was EUR 578 million.

At 2010 year ended deferred tax liabilities raised to EUR 428 million, up EUR 26 million as a results of accruals recorded in 2010 (EUR 10 million) and of negative exchange rate differences concerning Enel OGK5's liabilities (EUR 15 million).

37. **Other non-current liabilities** - EUR 160 million

Millions of euro

	31 Dec.2010	31 Dec.2009	2010-2009
Other non-current payables	10	22	(12)
Non-current operative deferred revenues	150	180	(30)
Total	**160**	**202**	**(42)**

Current liabilities

38. **Short-term loans** - EUR 821 million

At 31 December 2010, short-term loans amounted to EUR 821 million as detailed below.

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Enel S.p.A - IC loan account	819	1.119	(300)
Other short term loans - Group	-	113	(113)
Short term bank loans - secured	2	-	2
Commercial papers	-	93	(93)
Total	**821**	**1.325**	**(504)**

The intercompany loan account is between Enel Investment Holding B.V. and the Parent Company Enel Spa; it bears interest at one month Euribor plus a spread of 100 basis points.

"Other short term loans - Group" amounting to EUR 113 million at the end of 2009, and referring to Revolving Credit Facilities granted by Enel Finance International N.V. to the Company, have been entirely paid back in 2010.

39. **Trade payables** - EUR 424 million

This item came to EUR 424 million, an increase of EUR 116 million compared with 31 December 2009. It includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services, and also payables for contract work in progress (EUR 39 million).

40. **Current financial liabilities** - EUR 33 million

Millions of euro

	31 Dec. 2010	31 Dec.2009	2010-2009
Accrued expenses from shareholder:			
- Enel SpA - interest and credit fees on IC current account	6	2	4
- Enel SpA - guarantee fees	-	1	(1)
Financial derivatives	8	9	(1)
Financial accruals - Third parties	19	30	(11)
Total	**33**	**42**	**(9)**

41. **Other current liabilities** - EUR 849 million

Millions of euro

	31Dec 2010	31 Dec 2009	2010-2009
Payables to related parties	1	1	-
Payables to third parties:			
- Acquisition of equity investments	651	429	222
- Current operational deferred revenue	38	20	18
- Other tax payable	50	29	21
- Liability to sellers of PT Bayan Resources Indonesia	-	148	(148)
- Other sundry payables	109	113	(4)
Total	**849**	**740**	**109**

At 31 December 2010 "Other current liabilities" rose to EUR 849 million, up EUR 109 million on 2009 with the variation essentially due to:

- the rise of payables for the acquisition of equity investments primarily related to options granted to minority shareholders of already controlled entities for purchasing a further 20 % stake in Marcinelle Energie (EUR 21 million) as well as an additional 23,6% stake of Enel Distributie Muntenia (EUR 179 million) and Enel Energie Muntenia (EUR 31 million);
- the drop of "liability to sellers of PT Bayan Resources Indonesia" after the reimbursement in February 2010 of the Escrow Account totaling EUR 148 million at 2009 year ended.

42. **Liabilities held for sale** - EUR 485 million

Millions of euro

	31 Dec. 2010	31 Dec. 2009	2010-2009
Long-term loans	388	-	388
Provisions for risks and charges	4	-	4
Deferred tax liabilities	3	-	3
Other non-current liabilities	32	-	32
Short-term loans	25	-	25
Trade payables	20	-	20
Other current liabilities	13	-	13
Total	**485**	-	**485**

"Liabilities held for sale", detailed in the table above, totaled EUR 485 million as of 31 December 2010 and it relates to Maritza East III Power Holding BV, Enel Maritza East III AD, Enel Maritza Operation&Maintenance and Enel Operation Bulgaria.

43. Related parties

In compliance with the Enel Group's rules of corporate governance, transactions with related parties are carried out in accordance with criteria of procedural and substantive propriety.

Transactions between Enel Investment Holding B.V. and other companies of the Enel Group involve the exchange of goods, provision of services, financing and treasury management. These transactions are part of the ordinary operations of the company and are settled on the basis of standard intra-Group contracts at market prices.

The following table summarizes the financial relationships between the Company and related parties.

	Balance Sheet		Income Statement	
	Receivables	Payables	Cost	Income
	31 dec 2010	31 dec 2010	2010	2010
Shareholder				
Enel Spa	327	848	29	22
Associated Company				
Artic Russia	-	-	-	-
Res Holding	-	-	-	-
Enel Green Power Holding Sarl	-	-	-	-
Rusenergosbyt LLC	-	-	-	22
Other Affilied Companies				
Enel Produzione	-	4	2	0
Enel Trade	8	4	22	81
Enel Ingegneria	-	33	5	1
Enel Finance International	-	532	10	0
Enel Servizi	0	7	1	0
Enel Distribuzione	-	22	2	0
Enel Energia	-	5	0	0
Enel Servizio Elettrico	-	-	-	-
Enel Rus	-	-	-	-
Enel Erelis	35	-	-	2
Enel Trade Romania	-	3	21	-
	370	1.458	92	128

	Balance Sheet		Income Statement	
	Receivables	Payables	Cost	Income
	31 dec 2009	31 dec 2009	2009	2009
Shareholder				
Enel Spa	623	1.161	17	23
Associated Company				
Artic Russia	-	-	-	-
Res Holding	-	-	-	21
Enel Green Power Holding Sarl	-	-	-	-
Other Affilied Companies				
Enel Produzione	1	5	2	-
Enel Trade	12	14	1	148
Enel Ingegneria	1	22	9	1
Enel Finance International	-	272	12	-
Enel Servizi	-	8	1	-
Enel Distribuzione	-	9	2	-
Enel Energia	-	4	-	-
Enel Servizio Elettrico	-	2	-	-
Enel Rus	-	-	2	-
	637	1.496	46	193

Compensation of directors

The compensation paid to directors of the Company is summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec 2010**	31 Dec 2009
Mr. A.J.M. Nieuwenhuizen	**20**	20
Mr. F. Mauritz	**15**	15
Mr. H. Marseille	**15**	15
Mr. K.J. Schell	**15**	15
Mr. A. Brentan	**-**	-
Mr. C. Machetti	**-**	-
Mr. C. Palasciano Villamagna	**-**	-
Mr. C. Tamburi	**-**	-
Mr. L. Ferraris	**-**	-
	65	65

The remuneration paid to Mr. A.J.M. Nieuwenhuizen includes an amount of EUR 5 thousand related to his activity as director of Res Holding B.V.

44. Contractual commitments and guarantees

The contractual commitments and guarantees as per 31 December 2010 can be specified as follows:

- during 2008 Enelco S.A. was awarded the tender offer for the construction of a combined cycle gas plant of 430 MW at Livadia in central Greece. In this respect the Company has approved, to support Enelco with an equity investment for a total amount of up to EUR 100 million approximately. In order to cover the financial need of Enelco relating to the project described, during 2008, the Company has subscribed a share capital increase in favour of Enelco, for a total amount up to EUR 36 million, of which 75% (EUR 29 million) has to be paid by the Company. The amount of EUR 21 million was paid by the Company in December 2008 while the remaining EUR 8 million was paid in March 2009. Moreover in February 2009, the Company subscribed a new share capital increase in favour of the Greek vehicle for a total commitment of EUR 13 million of which 75%, equal to EUR 10 million, was paid by the Company in May 2009.
- in respect of a guarantee issued by MCC S.p.A. for contracts signed by Enelco, Enel S.p.A. has issued, on behalf of the Company, a comfort letter in favour of MCC S.p.A. in the amount of EUR 10 million;
- in June 2008 the Company has acquired from Duferco Diversification (DD), the 80% of the share capital of the Belgium company Marcinelle Energie S.A. (ME), being the remaining 20% still held by DD. ME is a special purpose vehicle incorporated for the construction of a CCGT power plant in Marcinelle Belgium. For the above mentioned acquisition the Company paid an initial amount of EUR 19,2 million, postponing the payment of additional sums amounting as a whole to EUR 12,8 million, until the completion of some construction works. Pursuant to the sale and purchase agreement executed between the parties, in order to guarantee the payment of the above mentioned remaining amount of EUR 12,8 million, Enel S.p.A, as the parent company, issued two parent company guarantees, on behalf of the Company, of EUR 4,8 million and of EUR 8 million. Furthermore, as provided by the sale and purchase agreement executed between the parties, Enel S.p.A., issued on behalf of the Company, a parent company guarantee, in order to counter guarantee the 80% of an agreement already executed by Marcinelle Energie with Fluxis S.A. for the connection to the natural gas grid, for an mount equal to EUR 11,4 million. Moreover, the Company granted to Duferco a "put option" for the remaining 20% of the shares to be exercised within 72 months after 12 months from the "provisional acceptance" ;
- during 2007 Enel participated to a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) having as object the selection of strategic investors for development, financing, construction and operation of two nuclear units, of 720 MW each, to Cernavoda power plant, a nuclear power plant in Romania owned by Nuclearelectrica. In this respect, in December 2008, the Company signed an Investment Agreement based on which the Company has the right to own a participation equal to 9,15% of the Romanian Project Company, EnergoNuclear, and has the obligation to fund 9,15% of the subscribed share capital of EnergoNuclear and of the development costs for a maximum amount equal to EUR 4 million. Should the project be deemed by the Company no more interesting, the Company will have the right to exit from the PCO in any time paying, as penalty, an amount equal to its quota of the development costs (maximum approximately EUR 4 million). According to the Investment Agreement, in March 2009 the Company subscribed the 9,15% of the Romanian Project

Company EnergoNuclear share capital, upon its incorporation, for a total amount of RON 1,8 million and in the meantime, paid EUR 1,1 million as cost and expenses reimbursement to Nuclearelectrica. Moreover the Company paid a further capital increase for EUR 1,4 million in March 2010;

- in December 2009 the Company subscribed with its parent company Enel S.p.A. a share premium contribution agreement and with Enel Distribuzione S.p.A. a share sale and purchase agreement relating to the several Romanian companies. More specifically Enel S.p.A. contributed to the Company the 80% of Enel Romania S.r.l., the 64,43% of Enel Distributie Muntenia S.A. and the 64,43% of Enel Energie Muntenia S.A., through a voluntary non-cash share premium contribution; while the Company acquired from Enel Distribuzione S.p.A. the 51% of Enel Distributie Dobrogea S.A. for EUR 160 million, the 51% of Enel Distributie Banat S.A. for EUR 220 million, the 51% of Enel Energie S.A. for EUR 80 million and the 20% of Enel Romania S.r.l. for EUR thousand. According to the Privatization Agreement (initially signed between Enel S.p.A. and the Rumanian S.C. Electrica SA), S.C. Electrica S.A. has the right (Put Option) to require during the period between 1 July and 31 December in each of 2008, 2009, 2010 and 2011 to the Company and the Company has the obligation to purchase the remaining 23,6% partecipation still held by S.C. Electrica S.A. in Enel Distributie Muntenia S.A. and Enel Energie Muntenia S.A. at a price equal to a) the Adjusted Purchase Price divided by the number of Sale Shares or b) a multiple of the Adjusted Purchase Price dividend by the number of Sale Shares (equal to the Adjusted Purchase Price divided by the number of Sale Shares * RAB on 1 January in the year in which the put option is exercised). Only at information level at time of publication of this document, the option value has been estimated at EUR 601 million as of 31 December 2010;
- the Company has also commitments with regard to rental obligations as follows:
    - rental contract signed on 1 December 2010 for the new office of the Company at the Gouden Bocht Complex, Herengracht 471 in Amsterdam, 3rd floor. The four-year and one month contract will be effective until 31 December 2014 for a yearly rental (VAT included) of EUR 0,09 million;
    - two contracts related to furnished flats rented to Company staff with a cumulative annual rentals amounting to EUR 0,05 million.

45. Post balance sheet events

On 15 March 2011 the Group announced that it has reached an agreement with ContourGlobal LP for the sale of the entire share capital of the Netherlands-registered companies Maritza East III Power Holding BV and Maritza O&M Holding Netherlands BV, which own, respectively, 73% of the share capital of the Bulgarian company Maritza East 3 AD, which in turn is the owner of a lignite-fired power station with an installed capacity of 908 MW ("Maritza"), and 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, which is responsible for operating and maintaining the Maritza plant. The transaction is expected to close by July 2011 and is subject to obtaining the necessary authorisations from the relevant authorities.

Enel Investment Holding B.V.

**Non-consolidated Financial Statements
Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union
for the year ended 31 December 2010**

Enel Investment Holding BV non-consolidated income statement for the year ended 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

Millions of Euro	*Notes*	**2010**	2009
Revenues			
Revenues from services	*47*	-	-
	[Subtotal]	-	-
Costs			
Depreciation, amortization and impairment losses	*50*	3	18
Other operating expenses	*49*	1	1
	[Subtotal]	*4*	*19*
Total operating result		**(4)**	**(19)**
Financial income	*51*	23	25
Financial expenses	*52*	(71)	(44)
Net financial expenses	*[Subtotal]*	**(48)**	**(19)**
Results from equity investments	*53*	94	8
Income before taxes		**42**	**(30)**
Income taxes		-	-
Net income for the year (attributable to the shareholders)		**42**	**(30)**

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Enel Investment Holding BV non-consolidated statement of comprehensive income for the year ended 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

Millions of euro	*Notes*		
		2010	2009
Net income for the period		**42**	(30)
Other components of comprehensive income:			
- Change in the fair value of financial investments available for sale		360	124
- Change in the fair value of Cash Flow Hedge Derivatives		10	(10)
Income (loss) recognized directly in equity		**370**	114
Comprehensive income for the period	**59**	**412**	84
Attributable to:			
- Equity holders of the Company		412	84

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

(Before appropriation of result)

Millions of Euro	*Notes*		
ASSETS		**31 Dec.2010**	31 Dec.2009
Non-current assets			
Equity investment in subsidiaries	*54*	4.789	5.127
Equity investment available for sale	*55*	523	162
Other Non-current financial assets	*56*	297	297
	[Total]	**5.609**	**5.586**
Current assets			
Tax receivables		-	-
Current financial assets	*56*	8	342
Account receivables	*57*	10	-
Cash and cash equivalents	*58*	-	152
	[Total]	**18**	**494**
Assets held for sale		212	-
TOTAL ASSETS		**5.839**	**6.080**

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Enel Investment Holding B.V. non-consolidated statement of financial position as at 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

(Before appropriation of result)

Millions of Euro	*Notes*		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec.2010**	31 Dec.2009
Equity attributable to the shareholders of the Parent Company	***59***		
Share capital		1.593	1.593
Share Premium		2.410	2.410
Fair value reserve AFS		482	122
Cash Flow Hedge derivatives reserve		-	(10)
Retained earning (losses)		(198)	(168)
Profit (Loss) for the year		42	(30)
TOTAL SHAREHOLDERS' EQUITY		**4.329**	**3.917**
Non-current liabilities			
Loans and borrowings	*60*	297	297
Other non-current liabilities	*61*	8	20
	[Total]	**305**	**317**
Current liabilities			
Loans and borrowings	60	4	342
Other payables	61	1.187	1.492
Other current liabilities	62	14	12
	[Total]	**1.205**	**1.846**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5.839**	**6.080**

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Enel Investment Holding BV non-consolidated Statement of changes in Shareholders' equity for the year ended 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

Millions of euro

	Share capital	Share premium reserve	FV reserves AFS	FV reserves CFH derivatives	Retained earnings	Profit for the year	**Total shareholders' equity**
Balance at 31 December 2008	**1.593**	**1.541**	**(2)**	-	**62**	**(230)**	**2.964**
Profit appropriation	-	-	-	-	(230)	230	-
Share premium contribution	-	869	-	-	-	-	**869**
Net income/(loss) for the period recognized in equity	-	-	124	(10)	-	-	**114**
Net income/(loss) for the period	-	-	-	-	-	(30)	**(30)**
2009 movements	**-**	**869**	**124**	**(10)**	**(230)**	**200**	**953**
Balance at 31 December 2009	**1.593**	**2.410**	**122**	**(10)**	**(168)**	**(30)**	**3.917**
Profit appropriation	-	-	-	-	(30)	30	-
Share premium contribution	-	-	-	-	-	-	**-**
Net income/(loss) for the period recognized in equity	-	-	360	10	-	-	**370**
Net income/(loss) for the period	-	-	-	-	-	42	**42**
2010 movements	**-**	**-**	**360**	**10**	**(30)**	**72**	**412**
Balance at 31 December 2010	**1.593**	**2.410**	**482**	**-**	**(198)**	**42**	**4.329**

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Enel Investment Holding BV non-consolidated cash flow statement for the year ended 31 December 2010

Prepared in accordance with IFRS as adopted by European Union

Millions of euro

	2010	2009
Net Income for the year	**42**	**(30)**
Adjustments for:		
Depreciation and impairment losses of property, plant and equipment	-	-
Interest income	(23)	(24)
Interest expenses	37	35
Impairment loss	3	18
Result equity investments	(94)	(8)
Subtotal	(35)	(9)
Changes in working capital:		
Account receivable	(1)	2
Account payable	1	(18)
Other current liabilities	(1)	(6)
Subtotal	(36)	(31)
Interest paid	(35)	(86)
Cash flows from operating activities (a)	**(71)**	**(117)**
Interest received	24	25
Dividend received	94	74
Investments equity investments	(257)	(1.592)
Disinvestments equity investment	361	1.789
Movements financial and other assets	333	(95)
Cash flows from investing/disinvesting activities (b)	**555**	**201**
Loan and borrowings (borrowed)	-	95
Loan and borrowings (repayments)	(336)	-
Movements IC loan account shareholder	(300)	(1.048)
Share premium contribution	-	868
Cash flows from financing activities (c)	**(636)**	**(85)**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	**(152)**	**(1)**
Cash and cash equivalents at the beginning of the year	**152**	**153**
Cash and cash equivalents at the end of the year	**-**	**152**

The Notes on pages 102 to 131 are an integral part of these non-consolidated Financial Statements

Notes to the Enel Investment Holding B.V. non-consolidated financial statements as per 31 December 2010

Form and content of the financial statements

Relationship with parent Company and principal activities

Enel Investment Holding B.V. (hereafter: the "Company") is a private limited liability Company, where 100% of the shares are held by Enel S.p.A., the ultimate parent company, having its statutory seat in Rome Italy.

Enel Investment Holding B.V., having its statutory seat at Herengracht 471 in Amsterdam, The Netherlands, was incorporated on 15 December 2000 under the Dutch Law.

The purpose of the Company is to carry on activities and to invest directly or indirectly in companies or ventures that conduct their business:

- in the electricity industry, including all the activities of production, distribution and sale, as well as transmission;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as water sector;
- in the communications, telematics, information-technology industries and those of multimedia and interactive services;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) on those which, in any case, provide urban services;
- in other sectors in any way related or connected with the activities carried out in the sectors mentioned above.

Going concern

On 14 February 2011 Enel S.p.A., the parent company, has issued a letter of support as per 31 December 2010 with respect to the Company, guaranteeing its continuous financial support to meet the Company's liabilities.

Statement of compliance

These non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The non-consolidated financial statements also comply with the requirements of Book 2 Title 9 of the Netherlands' Civil Code.

These non-consolidated financial statements were approved by the board of directors and authorized for issue effective on 22 March 2011.

Basis of preparation

These non-consolidated financial statements consist of the non-consolidated income statement, the non-consolidated statement of recognized income and expenses, the non-consolidated balance sheet, the non-consolidated statement of changes in shareholder's equity and cash flows and the related notes.

The non-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 assets and liabilities reported in the non-consolidated balance sheet are classified on a "current/non-current basis". 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.

Non-curernt assets (or disposal groups) whose carrying amount will be mainly recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from other balcen sheet assets and liabilities.

The non-consolidated financial statements have been prepared on the historical cost basis, with the exception of items that are measured at fair value, as specified in the measurement policies for the individual items, which are the following:

- derivative financial instruments;
- available-for-sale financial assets;
- other financial instruments (put/call options).

Functional and presentation currency

These non-consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information is presented in millions of Euro unless stated otherwise.

Summary of significant accounting policies

Please see page 35 to 48 of the notes to consolidated financial statements for a description of the significant accounting principles.

The following IFRS accounting principle (IAS 27) has been used only in drawing up Enel Investment Holding non-consolidated financial statements as of 31 December 2010 for evaluating the equity investment in subsidiaries, associated and joint ventures:

- "Subsidiaries comprise those entities for which the Company has the direct or indirect power to determine their financial and operating policies for the purposes of obtaining the benefits of their activities. Associated companies comprise those entities in which the Company has a significant influence. Joint ventures are enterprises in which the Company exercises joint control with other entities. In assessing the existence of a situation of control, significant influence and joint control, account is also taken of potential voting rights that are effectively exercisable or convertible. These equity investments are measured at cost. The cost can also include as additional charge any put option granted to former shareholders of an acquired entity when the Company is obliged to acquire additional stakes of the entity. Put options are valued at each balance sheet date at their fair value and their subsequent re-measurements are recognized against the equity investment previously recorded. Cost is adjusted for any impairment losses. Adjustments for impairment losses are reversed where the reasons for their recognition no longer obtain. The reversal may not exceed the original cost."

Please see pages 49 to 54 of the notes to consolidated financial statements for a description of the new IFRS standards and interpretations.

Use of estimates

Preparing the financial statements under IFRS-EU requires management to make judgments, the use of estimates and assumptions that impact the application of accounting policies, 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 are used to recognize provisions for doubtful accounts, depreciation and amortization, impairment losses, liabilities in respect of employee benefits, taxes and other provisions. 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.

Segment reporting

The Company is the Holding Company of the Group. According to IFRS 8, segment reporting is disclosed in note 8 of the notes to the consolidated financial statements.

46. Risk management

The Company has exposure to the following risks arising from its activities:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

46.1. 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 arising from payments for goods already delivered and services rendered as well as payments of the expected cash flows under financial derivatives contracts.

Enel Investment Holding B.V. 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.

46.2. Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel SpA, which ensures adequate coverage of cash needs (using lines of credit and issues of bonds and commercial paper) and appropriate management of any excess liquidity.

Despite the recent turbulence of international financial markets, the Enel Group kept on having access to the bank credit and commercial paper markets. Any difficulties in raising funds have been overcome through careful financial planning and funding policies.

The repayment of bonds issued by the Company according to GMTN Program is guaranteed by Parent Company Enel Spa and therefore there is no impact on the Group liquidity risk.

46.3. Market risk

As part of its operations, the Company may be exposed to different market risks, notably the risk of changes in interest rates and exchange rates.

Aiming at containing this exposure within the limits set at the start of the year as part of its risk management policies, Enel enters into derivative contracts using instruments available on the market.

Transactions that, in compliance with risk management policies, qualify for hedge accounting are designated as hedging transactions, while those that do not qualify for hedge accounting are classified as trading transactions.

The 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 financial year (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 period-end exchange rates provided by the European Central Bank.

The financial assets and liabilities associated with derivative instruments are classified as:

- cash flow hedges derivatives, mainly related to hedging the exchange rate risk in the cash flows associated with transactions in currencies other than euro;
- trading derivatives, related to hedging interest and exchange rate risk and commodity risk but which do not qualify for recognition under IAS 39 as hedges of specific assets, liabilities, commitments or future transactions as well as proprietary trading activities.

The notional value of a derivative is the contractual amount on the basis of which differences are exchanged. Amounts denominated in currencies other than the euro are converted into euro at the exchange rate prevailing at the balance-sheet date.

46.3.1. Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, reducing the amount of debt exposed to interest rate fluctuations and minimizing borrowing costs over time, limiting the volatility of results. To this end, various types of derivatives are used, including interest rate swaps and interest rate collars.

All these contracts are agreed with a notional amount and expiry date lower than or equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows is offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position. Accordingly, the fair value of the financial derivatives generally reflects the estimated amount that Enel would have to pay or receive in order to terminate the contracts at the balance-sheet date.

At balance sheet date there are no outstanding interest rate derivatives. Floating-rate interests charged in the income statement of the Company connected to GMTN bond are entirely mirrored by floating-rate interests credited to the income statement related to the loan due from shareholder Enel SpA which the Parent Company has assumed; in fact based on this agreement Enel SpA undertakes to the Company to assume all obligations of payment of the Company under the notes.

46.3.2. 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 investments in foreign currency, dividends from unconsolidated foreign associates or the purchase or sale of equity investments.

In order to reduce the exchange rate risk on these exposures, Enel uses foreign exchange forward and option contracts in order to hedge cash flows in currencies other than the functional currencies of the various Group entities.

These contracts are also normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or expected future cash flows of these contracts stemming from a potential appreciation or depreciation of the domestic currency against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position. At balance sheet date there are no outstanding exchange rate derivatives.

The following table reports the notional amount and fair value of exchange rate derivatives at 31 December 2010 and 31 December 2009:

Millions of euro	Notional		Fair value		Fair value assets		Fair value liabilities	
	31 Dec. 2010	31 Dec. 2009	**31 Dec. 2010**	31 Dec. 2009	**31 Dec. 2010**	31 Dec. 2009	**31 Dec. 2010**	31 Dec. 2009
Cash Flow Hedge derivatives:								
- forwards	-	319	-	(10)	-	-	-	(10)
TOTAL EXCHANGE RATE DERIVATIVES	**-**	**319**	**-**	**(10)**	**-**	**-**	**-**	**(10)**

46.4. Capital management

The board policy of the Group is to maintain a strong capital base so as to maintain creditor and market confidence and so sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Information on non-consolidated income statement

47. Revenues from services

The service fee to Group companies (EUR 0,4 million) relates to the recharge of operating expenses based on the service agreement signed in 2010 by and between the Company and other Enel Group's Dutch companies.

48. Personnel

As per 31 December 2010 the Company had, other than the nine directors, three staff members employed. Personnel expenses include an amount of EUR 0,43 million of salaries and EUR 0,02 million for social security compensations.

49. Other operating expenses

Millions of Euro	**2010**	2009
Other expenses	**1**	1
	1	1

Other operating expenses mainly relates to housing and utilities as well as professional fees. As from 2010 a share of these expenses has been recharged to other Enel group's Dutch companies.

50. Depreciation, amortization and impairment losses

Millions of Euro	**2010**	2009
Impairment loss in equity investment: Enelco	**-**	18
Partial divestment: Artic Russia	**3**	-
	3	18

The loss on partial divestment in Artic Russia refers to the income effect of the share premium repayment made by Artic Russia B.V to the Company in 2010. This negative impact is caused by the foreign currency difference between the average rate applicable to all prior share premium repayments or contributions and the spot rate experienced at the collection date (31 March 2010) of the share premium repayment .

51. Financial income

Millions of Euro	**2010**	2009
Financial income from related parties		
• Enel S.p.A. – interest	**21**	23
• Marcinelle – interest	**2**	1
Financial income from third parties		

Millions of Euro	**2010**	2009
Exchange rate differences	**0**	1
	23	25

Financial income (EUR 23 million at 31 December 2010) showed a decrease of EUR 2 million over 2009, that is mainly due to repayment in 2010 of a part of the loans due from shareholder in respect of the assumption of the issued bonds by Enel S.p.A.

52. Financial expenses

Millions of Euro	**2010**	2009
Financial expenses from related parties		
• Enel S.p.A. – interest and credit fees	**14**	11
• Enel S.p.A. – guarantee fees	**0**	1
• Enel S.p.A. – expense on derivative instruments	**32**	0
• Enel S.p.A. – other	**0**	0
• Enel Finance International S.A. – interest	**2**	1
Financial expenses from third parties		
Interest bonds	**21**	23
Guarantee fees	**-**	-
Exchange rate differences	**2**	8
	71	44

Financial expenses (EUR 71 million at 31 December 2010) rose by EUR 27 million over 2009 because of the following factors:

- higher interest expenses of EUR 3 million caused by the increase of the IC loan account payable due to the shareholder;
- realized expense on derivative instrument (EUR 32 million) entered into by the shareholder on behalf of the Company aimed for hedging the exchange rate risk connected to above mentioned share premium repayment made in USD from Artic Russia BV to the Company.

53. Results from equity investments

Millions of Euro	**2010**	2009
Dividend income Res Holdings B.V.	**42**	8
Dividend income Enel France SAS	**52**	-
Dividend income Latin America Energy Holding B.V.	**-**	62
Write-off of equity investment in Latin America Energy Holding B.V.	**-**	(62)
	94	8

Results from equity investments (EUR 94 million at 31 December 2010) reported an increase of EUR 86 million over 2009 as a result of the rise of dividend income received from Res Holding BV (EUR 34 million), as well as dividend income received only in 2010 from France Sas (EUR 52 million).

Information on the statement of financial position

54. Equity investments

Investments in equity accounted investments

The following table shows the changes during the year and for each investment the corresponding balances at the beginning and end of the year, as well as the list of investments held in subsidiaries, associates, joint ventures and other companies occurred during 2010:

Millions of Euro	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding	Reclas as held for sale	Purchase / sale	Capital grants and loss coverage	Other changes	Adjustment of value of *put option*	Net change	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding
	At 31 Dec. 2009				**Changes 2010**						**At 31 Dec. 2010**			
A) Subsidiaries														
Enel.Re Ltd.	21,3	-	21,3	100,0%						-	21,3	-	**21,3**	100,0%
Pragma Energy S.A.	6,5	-	6,5	100,0%						-	6,5	-	**6,5**	100,0%
Enelco S.A.	60,4	(17,8)	42,6	75,0%						-	60,4	(17,8)	**42,6**	75,0%
Enel France SAS	34,9	-	34,9	100,0%						-	34,9	-	**34,9**	100,0%
OGK 5	2.499,0	-	2.499,0	56,8%				(1,4)		(1,4)	2.497,6	-	**2.497,6**	56,4%
Enel Rus LLC	9,1	-	9,1	100,0%						-	9,1	-	**9,1**	100,0%
Enel Productie SRL (GPI)	4,8	-	4,8	100,0%						-	4,8	-	**4,8**	100,0%
Marcinelle Energie SA	49,0	-	49,0	80,0%			85,6		21,0	106,6	155,6	-	**155,6**	80,0%
Enel Albania SHPK	0,6	-	0,6	100,0%			0,9			0,9	1,5	-	**1,5**	100,0%
Linea Albania-Italia SHPK	0,2	-	0,2	100,0%						-	0,2	-	**0,2**	100,0%
Enel Operations Belgium S.A.	0,2	-	0,2	100,0%		(0,2)				(0,2)	-	-	-	100,0%
Maritza East III Power Holding B.V.	204,0	-	204,0	100,0%	(204,0)					(204,0)	-	-	-	100,0%
Maritza O&M Holding Netherlands B.V.	8,0	-	8,0	100,0%	(8,0)					(8,0)	-	-	-	100,0%
Enel Romania SRL	0,1	-	0,1	99,9%						-	0,1	-	**0,1**	99,9%
Enel Distributie Muntenia S.A.	890,5	-	890,5	64,4%					119,0	119,0	1.009,5	-	**1.009,5**	64,4%
Enel Energie Muntenia S.A.	157,1	-	157,1	64,4%					21,0	21,0	178,1	-	**178,1**	64,4%
Enel Distributie Dobrogea S.A.	160,0	-	160,0	51,0%						-	160,0	-	**160,0**	51,0%
Enel Distributie Banat S.A.	220,0	-	220,0	51,0%						-	220,0	-	**220,0**	51,0%
Enel Energie S.A.	80,0	-	80,0	51,0%						-	80,0	-	**80,0**	51,0%
Latin America Energy Holding B.V., in liquidation	83,6	(83,4)	0,2	100,0%				(0,2)		(0,2)	-	-	-	100,0%
Total subsidiaries	**4.489,3**	**(101,2)**	**4.388,1**		**(212,0)**	**(0,2)**	**86,5**	**(1,6)**	**161,0**	**33,7**	**4.439,6**	**(17,8)**	**4.421,8**	
B) associated companies														
Enel Green Power Holding sarl.	69,6	(60,3)	9,3	32,9%				(9,3)		(9,3)	-	-	-	-
Res Holdings B.V. (49,5%)	84,1	-	84,1	49,5%						-	84,1	-	**84,1**	49,5%
Artic Russia B.V. (40%)	641,9	-	641,9	40,0%				(363,2)		(363,2)	278,7	-	**278,7**	40,0%
Total associated companies	**795,6**	**(60,3)**	**735,3**		**-**	**-**	-	**(372,5)**	-	**(372,5)**	**362,8**	-	**362,8**	
C) other equity investments														
Energo Nuclear S.A.	3,1	-	3,1	9,2%			1,3			1,3	4,4	-	**4,4**	9,2%
Total other equity investments	**3,1**	-	**3,1**		-	-	**1,3**	-	-	**1,3**	**4,4**	-	**4,4**	
Total	**5.288,0**	**(161,5)**	**5.126,5**		**(212,0)**	**(0,2)**	**87,8**	**(374,1)**	**161,0**	**(337,5)**	**4.806,8**	**(17,8)**	**4.789,0**	

The following table lists equity investments in subsidiaries, joint ventures, associates at 31 December 2010:

	Currency	Share capital	Shareholders'equity (€ millions)	Prior year income/(loss) (€ millions)	% holding	Carrying amount (€ millions)
A) Subsidiaries						
Enel.Re Ltd.	EUR	3.000.000	64,1	3,59	100,0	21,3
Pragma Energy S.A.	CHF	4.000.000	3,6	(0,1)	100,0	6,5
Enelco S.A.	EUR	36.961.629	63,2	(3,9)	75,0	42,6
Enel France SAS	EUR	34.937.000	93,2	33,9	100,0	34,9
OGK 5	RUB	35.371.898.370	2.037,4	130,3	56,0	2.497,6
Enel Rus LLC	RUB	350.000	4,6	0,4	100,0	9,1
Enel Productie Srl (GPI)	RON	19.910.200	2,6	(0,7)	100,0	4,8
Marcinelle Energie SA	EUR	107.000.000	133,9	(3,1)	80,0	155,6
Enel Albania Shpk	ALL	73.230.000	0,5	(0,1)	100,0	1,5
Linea Albania-Italia Shpk	ALL	27.460.000	0,2	(0,0)	100,0	0,2
Enel Romania Srl	RON	200.000	(0,1)	0,1	100,0	0,1
Enel Distributie Muntenia S.A.	RON	271.635.250	899,2	28,7	64,0	1.009,5
Enel Energie Muntenia S.A.	RON	37.004.350	137,9	(2,0)	64,0	178,1
Enel Distributie Dobrogea S.A.	RON	280.285.560	223,6	40,5	51,0	160,0
Enel Distributie Banat S.A.	RON	382.158.580	304,6	41,5	51,0	220,0
Enel Energie S.A.	RON	140.000.000	37,5	(9,1)	51,0	80,0
B) Associated companies						
Res Holdings B.V.	EUR	18.000	48,0	128,8	49,5	84,1
Artic Russia B.V.	EUR	100.000	914,6	91,0	40,0	278,7

With regard to the investments in Enel OGK5, Marcinelle, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Energie, Enel Distributie Banat, Enel Distributie Dobrogea their carrying amounts are deemed to be recoverable, even though it exceeds total equity of the shareholding as at 31 December 2010, based on estimates of expected future performance or the greater value of their holdings in subsidiaries that is not reflected in book equity.

54.1. Investments in subsidiaries

54.1.1. Enel.re. Ltd

In order to put in place a reorganization of Enel's foreign subsidiaries and ensure a more efficient Enel's presence outside Italy, on 22 September 2004 the Board of Directors of the Company has resolved to wind up the subsidiary Enel Holding Luxembourg S.A., a Luxembourg company incorporated as an holding company carrying out financial activities for the Enel Group, which became inoperative.

As a result of the liquidation, the Company has absorbed all assets and liabilities of Enel Holding Luxembourg S.A.. The assets of Enel Holding Luxembourg S.A., which were transferred, included a 99,99% participation in Enel.Re Limited, a reinsurance company existing under the laws of Ireland.

Following the acquisition of one share from an individual person in 2005, the Company holds directly 100% of the share capital of Enel Re. Ltd. as of 31 December 2005.

54.1.2. Pragma Energy S.A.

In March 2005 the Company bought 100% of Pragma Energy S.A. shares from Enel Trade S.p.A. for an amount of EUR 6 million (equivalent to about USD 8 million). Pragma Energy S.A., existing under the laws of Switzerland, is engaged in the coal trading business on the international market and was the owner of 90,89% of the shares of Carbones Colombianos del Cerrejon S.A., a Colombian company, owner of a coalmine in Colombia. The shares in Carbones Colombianos del Cerrejon S.A. were sold in February 2006 for an amount of EUR 3 million (equivalent to about USD 4 million).

54.1.3. Enelco S.A.

In November 2006 the Company bought 50% of the shares in Enelco S.A. from the affiliated company Enelpower S.p.A. for an amount of EUR 8 million.

In December 2006 the Company bought additional 25% of the shares in Enelco S.A. from a third party for an amount of EUR 10 million (EUR 4 million was paid in 2006, EUR 2 million was paid in 2007 and EUR 4 million was paid in 2008).

In July 2007 the Company paid to Enelco S.A. an amount of EUR 3 million for share premium.

During 2008 Enelco S.A. was awarded the tender offer for the construction of a combined cycle gas plant of 430 MW at Livadia in Central Greece. In this respect the Company has approved, to support Enelco with an equity investment in the overall amount of up to EUR 100 million. During 2008, for the finance of the project. the Company has subscribed to an equity increase in Enelco, for an aggregate amount up to EUR 37 million, 75% this amount being EUR 29 million has been paid by the Company.

In February 2009 the Company has subscribed to an additional equity increase in Enelco, for an aggregate amount up to EUR 13 million and 75% of this amount (EUR 10 million) was paid by the Company in May 2009. However after encountering a few new constraints set by the Greek government regarding the Livadia project, the Company has decided in 2009 to account for an impairment loss of its equity investment in Enelco for an amount of EUR 18 million approximately equal to the licensing right and the connected implicit goodwill of the Livadia Project.

54.1.4. Enel France SAS

Enel France SAS was incorporated under French Law, by the Company in January 2007. It operates as a holding company under which all initiatives of Enel Group in various areas of business in France, including energy trading, are concentrated.

In February 2007 the Company increased the share capital of Enel France SAS for an amount of EUR 21 million. A share of this amount was used by Enel France SAS to purchase the shares in Erelis SAS. In December 2007 the Company increased the share capital of Enel France SAS with an amount of EUR 14 million.

During 2009 Enel France SAS has disposed of its entire equity investment in Enel Erelis SAS for a total consideration of EUR 28 million equal to its book value at the disposal date.

54.1.5. Enel OGK-5

Established in 2004 as part of the industry reform, Enel OGK-5 is one of six thermal wholesale generation companies in Russia, with assets strategically located in some of the most developed and fastest growing regions of the country.

During 2008 the Company has signed 121 Share Sale and Purchase Agreements involving Enel OGK-5 directors (3) and employees (118) through the participation in the Enel OGK-5 stock option program. According to this agreement the Company was obliged to purchase a determined amount of Enel OGK-5 shares.

According to the aforementioned agreement as per 31 December 2008 the Company acquired 54.869.719 shares for a total amount of RUB 243 million (equal to EUR 6 million).

According to the aforementioned agreement as per 31 December 2009, based on information received from Enel OGK-5 legal department, the Company recorded as per 31 December 2009 the acquisition of 214.947.516 shares (equal to EUR 22 million). Based on the actual amount of shares acquired by the Company in 2010 being 201.255.428 shares (equal to EUR 21 million) the original cost price of the shares was adjusted in 2010 with a slight decrease amounting to EUR 1 million.

As a result of the above mentioned events, the equity investment in Enel OGK-5 stood at EUR 2.498 million as of 31 December 2010, with a 56,43% stake in its share capital.

54.1.6. Enel Rus Llc.

Enel Rus Llc. was incorporated by the Company in February 2008 to support the integration of the Enel participated companies and future controlled companies in Russia. The amount paid for 99% of the shares issued by Enel Rus Llc. is RUB 0,3 million (equal to EUR 10 thousand).

During 2009 the Company recapitalized Enel Rus Llc. for an amount of RUB 400 million (approximately equal to EUR 9 million).

54.1.7. Enel Productie Srl

In respect of the joint development of the construction of a coal power plant in the Free Trade Zone of the city of Galati (the Project), the Company acquired on 5 March 2008, in line with the Cooperation Agreement signed with Global International 2000 and Romelectro, 85% of the shares of Enel Productie Srl. (previously called Global Power Investment Srl.), minus one share for a amount of RON 0,8 million thousand (EUR 0,2 million). In May 2009 the Company acquired the remaining 15% of the corporate capital of Enel Productie Srl. from Global International 2000 (10%) and Romelectro (5%) for a total amount of EUR 30 thousand. One remaining share is held by Mr. Luigi Ferraris, a Director of the Company.

During 2009 the Company also recapitalized Enel Productie Srl. for an amount of RON 19 million (equal to EUR 4,5 million).

54.1.8. Marcinelle Energie S.A.

In June 2008 the Company acquired 80% of the corporate capital of the Belgian special purpose company Marcinelle Energie S.A. for a total amount of EUR 37 million. A part of the purchase price amounting to EUR 13 million will be paid after the completion of certain agreed events, which is expected to be completed in 2011.

Marcinelle Energie S.A. was incorporated for the construction of a CCGT power plant in the Wallonia region Marcinelle in Belgium.

The Company also granted Duferco, the former owner of Marcinelle, a "put option" for the remaining 20% of the shares (considered as a further element of the acquisition price) to be exercised within 72 months and after 12 months from the "provisional acceptance". The value of this option as per 31 December 2010 is recognized as current liability amounting to EUR 33 million (EUR 12 million at 31 December 2009).

During 2010 the Company recapitalized Marcinelle Energie S.A. for an amount of EUR 86 million by converting an existing financial receivable into a new equity investment increase.

54.1.9. Enel Albania SHPK

Enel Albania SHPK was incorporated by the Company in June 2008 to realize one or two coal power plants each of them with a power of 800MW in Albania.

The subscribed share capital of Enel Albania SHPK is LEK 73 million (equivalent to about EUR 0,6 million).

During 2010 the Company recapitalized Enel Albania SHPK for an amount of LEK 122 million (EUR 1 million) and paid back the unpaid part of the issued capital for LEK 27 million (EUR 0,2 million).

54.1.10. Linea Albania-Italia SHPK

Linea Albania-Italia SHPK was incorporated by the Company in June 2008 to develop a merchant line for the connection between Albania and Italia in connection with Enel Albania SHPK.

During 2010 the Company paid back the share capital not yet paid for an amount of LEK 27 million (EUR 0,2 million).

54.1.11. Enel Operations Belgium S.A.

Enel Operations Belgium S.A. was incorporated, under Belgium Law, by the Company in October 2009. This company acts as a holding and service company for the investments in Belgium.

The value of the shares issued and fully paid-up is EUR 0,20 million. This amount was paid by the Company in two installments in October and December 2009 respectively.

In 2010 Enel Investment Holding BV sold Enel Operations Belgium S.A. to Marcinelle Energie SA for an amount of EUR 0,16 million resulting in an operating loss totaling EUR 0,04 million.

54.1.12. Maritza East III Power Holding B.V.

On 29 December 2009 the Company purchased 100% of the corporate capital of the Dutch company Maritza East III Power Holding B.V. from Enel Produzione S.p.A. for an amount of EUR 204 million.

Maritza East III Power Holding B.V. holds 73% of the share capital of the Bulgarian company Enel Maritza East 3 AD, while the remaining 26% is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). Enel Maritza East 3 AD owns the thermal power plant Maritza located in Stara Zagora.

Because the Company is in process of selling Maritza East III Power Holding B.V. to non-Group counterparties the equity investment in this company as per 31 December 2010 is separately classified as an asset held for sale.

54.1.13. Maritza O&M Holding Netherlands B.V.

On 29 December 2009 the Company purchased 100% of the corporate capital of the Dutch company Maritza O&M Holding Netherlands B.V. from Enel Produzione S.p.A. for an amount of EUR 8 million.

Maritza O&M Holding Netherlands B.V. holds 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, while the remaining 26% is held by the Bulgarian state utility company Nationalna Elektricheska Kompania (NEK). Enel Operations Bulgaria AD's scope of business consists of operation and maintenance activities for the Maritza power plant located in Stara Zagora.

Because the Company is in process of selling Maritza East III Power Holding B.V. to non-Group counterparties the equity investment in this company as per 31 December 2010 is separately classified as an asset held for sale.

54.1.14. Enel Romania Srl

In December 2009 Enel Spa contributed 80% of the shares held in the Romanian company Enel Romania Srl as a voluntary non-cash share premium contribution.

The contribution was for EUR 42 thousand equal to the book value of Enel S.p.A.

The 20% of the shares in Enel Romania Srl. were purchased in December 2009 from Enel Distribuzione S.p.A. for an amount of EUR 11 thousand. One remaining share is held by Mr. Luigi Ferraris, a Director of the Company.

Enel Romania Srl. provides management services for all the other companies within Enel Group in Romania.

54.1.15. Enel Distributie Muntenia S.A.

In December 2009 Enel Spa contributed 64,43% of the shares held in the Romanian company Enel Distributie Muntenia S.A. as a voluntary non-cash share premium contribution for EUR 738 million.

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to request the Company to purchase a further 23,57% of the shares in Enel Distributie Muntenia S.A. The value of this put option as per 31 December 2010 is determined as a current liability of EUR 272 million (EUR 153 million at 31 December 2009).

Enel Distributie Muntenia S.A. performs the distribution of electricity in Bucharest and Ilfov and Giurgiu counties.

54.1.16. Enel Energie Muntenia S.A.

In December 2009 Enel Spa contributed 64,43% of the shares held in the Romanian company Enel Energie Muntenia S.A. as a voluntary non-cash share premium contribution for EUR 130 million.

Following the contribution of shares, Enel S.p.A. also transferred to the Company all rights and obligations included in the Privatization Agreement signed by and between Enel S.p.A. and the Romanian company Electrica S.A. on 11 June 2007. Under the Privatization Agreement Electrica S.A. has the right to request the Company to purchase a further 23,57% of the shares in Enel Energie Muntenia S.A. The value of this put option as per 31 December 2010 is determined as a current liability of EUR 48 million (EUR 27 million at 31 December 2009).

Enel Energie Muntenia S.A. performs the supply of the captive consumers whose consumption places are in the premises determined by the distribution license of Enel Distributie Muntenia S.A.

54.1.17. Enel Distributie Dobrogea S.A.

In December 2009 the Company purchased from Enel Distribuzione Spa the 51,003% of the shares held by the seller in the Romanian company Enel Distributie Dobrogea S.A. for an amount of EUR 160 million.

Enel Distributie Dobrogea S.A. performs the distribution of electricity in the counties Constanta, Tulcea, Calarasi and Ialomita in the eastern part of Romania.

54.1.18. Enel Distributie Banat S.A.

In December 2009 the Company purchased from Enel Distribuzione Spa the 51,003% of the shares held by the seller in the Romanian company Enel Distributie Banat S.A. for an amount of EUR 220 million.

Enel Distributie Banat S.A. performs the distribution of electricity in the counties Timisoara, Arad, Hunedoara and Caras-Serverin in the western part of Romania.

54.1.19. Enel Energie S.A.

In December 2009 the Company purchased from Enel Distribuzione Spa the 51,003% of the shares held by the seller in the Romanian company Enel Energie S.A. for an amount of EUR 80 million.

Enel Energie S.A. performs the supply of electricity to captive consumers, whose consumption places are in the premises determined by the distribution licenses of Enel Distributie Dobrogea S.A. and Enel Distributie Banat S.A, as well as the electricity supply to free market consumers.

54.1.20. Latin America Energy Holding B.V.

Latin America Energy Holding B.V. a company existing under the laws of The Netherlands, was the owner of the following companies:

- Hydromac Energy B.V.
- SLAP B.V.
- Maya Energy B.V.

In December 2008 the three 100% subsidiaries of Latin America Energy Holding B.V. sold 70% of the corporate capital in Inelec to Enel Latin America B.V., for a total amount of EUR 83,6 million.

On 31 December 2008 Latin America Energy Holding B.V. sold Hydromac Energy B.V. to Enel Latin America LLC. for an amount of EUR 27,9 million, which was equal to the net asset value.

During 2009 both SLAP B.V. and Maya Energy B.V. were liquidated, whereby all assets of these companies were distributed to Latin America Energy Holding B.V.

In September 2009 Latin America Energy Holding B.V. made a distribution from its share premium reserve in the amount of EUR 22 million which was deducted by the Company from the cost price. In addition Latin America Energy Holding B.V. distributed in September 2009 from their retained earnings a dividend totaling EUR 62 million. The receipt of the dividend in the amount of EUR 62 million was recorded as an income by the Company in 2009 and, at the same time, the Company recorded an impairment loss in 2009 of the cost price for the same amount.

The company was liquidated in April 2010 with a final liquidation installment equal to EUR 0,4 million.

54.2. Associated companies

54.2.1. Enel Green Power Holding Sarl

The Company was the holder of 32,89% of the shares in Enel Green Power Holding Sarl. (previously named Enel Green Power International S.A.), a company which exists under the laws of Luxembourg; the remaining 67,11% stake is held by Enel Produzione S.p.A..

In order to be consistent with the expected cash estimated from the liquidation process, the Company recorded in 2008 income statement an EUR 60 million impairment loss.

The company was liquidated in November 2010. The final liquidation proceeds amount to EUR 9,2 million, resulting in an operating loss recorded in the income statement 2010 of EUR 0,1 million.

54.2.2. Res Holdings B.V.

In June 2006 the Company bought 49,5% of the shares in Res Holdings B.V. for an amount of EUR 83 million (equal to USD 105 million) from a third party. Ancillary costs included in the cost price totaled EUR 1 million.

Res Holdings B.V., a company existing under the laws of The Netherlands, is the owner of 100% of the shares of the Russian electricity trading company, Rusenergosbyt Llc.

54.2.3. Artic Russia B.V.

In March 2007 the Company bought 40% of the shares in Artic Russia B.V. (previously called Eni Russia B.V.), a private liability company under Dutch law, for an amount of EUR 15,2 million (USD 20,6 million). A part of the total purchase price amounting to USD 10 million has not been paid yet and it is classified as per 31 December 2009 under the non-current liabilities.

Based on the call option granted by Artic Russia B.V. to Gazprom in 2007 and the subsequent agreements made in 2008, Gazprom purchased from Artic Russia B.V. in September 2009 the

51% of the corporate capital of the Russian company SeverEnergia LLC for an amount of USD 1.566 million. This consideration has to be paid to Artic Russia B.V. in two installments: the first USD 384 million installment has already been paid in September 2009, the second tranche of USD 1.184 million was paid on April 1, 2010. As regards Enel portion of the first collected tranche (USD 153,6 million) Artic Russia B.V. has used it to reimburse the outstanding loan from Enel Finance International SA. and to distribute a USD 102,8 million share premium repayment to the Company.

After the collection of the second installment from Gazprom on 1 April 2010, Artic Russia B.V. made a further share premium repayment to the Company amounting to USD 473 million which have been consequently deducted from the equity investments. Moreover in order to hedge the exchange rate risk related to the above mentioned second installment, the Company had entered in 2009 a financial derivative instrument with Enel S.p.A. that was designed as a Cash Flow Hedge derivative at 2009 year ended. The realized result of this financial instrument, resulting into a financial loss of EUR 32 million, was recorded in the income statement 2010 while the correspondent positive exchange rate realized has contributed to an higher amount collected as share premium repayment.

54.3. Other investments

54.3.1. Energo Nuclear S.A.

During 2008 Enel participated to a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) having as object the selection of strategic investors for development, financing, construction and operation of two nuclear units, each of 720 MW each, to Cernavoda power plant, a nuclear power plant in Romania owned by Nuclearelectrica. In this respect the Company has signed an investment agreement based on which the Company has the right to own a participation equal to 9,15% of the Romanian Project Company and has the obligation to fund 9,15% of the subscribed share capital of the PCO and of the development cost for a maximum amount equal to EUR 4 million. The 9,15% interest was acquired in March 2009 in the new incorporated Romanian company Societatea Comercială EnergoNuclear S.A., through a subscription of new issued shares with an overall exposure of RON 1,8 million (EUR 0,4 million).

During 2010 the Company recapitalized Energo Nuclear S.A. for an amount of RON 5,6 million (EUR 1,4 million). The total acquisition cost included in the cost price as per 31 December 2010 amounts to EUR 4 million.

55. Equity investments available-for-sale

The following table lists equity investments classified as available for sale at 31 December 2010 and 31 December 2009.

Millions of Euro	31 December 2010					31 December 2009				
Name	Cost Price	Results recognized In equity	Impair-ment In P&L	Fair Value	% held	Cost Price	Results recognized In equity	Impair-ment In P&L	Fair Value	% held
Echelon	20	3	-	23	7,9	20	4	-	24	7,9
PT Bayan Resources T.b.k.	138	480	(118)	500	10	138	118	(118)	138	10
	158	**483**	**(118)**	**523**		**158**	**122**	**(118)**	**162**	

55.1. Echelon

The 7,9% stake in corporate capital of Echelon was bought in December 2005 from Enel S.p.A. for an amount of USD 25 million (EUR 20 million). Echelon is listed on the NASDAQ stock market in the USA and it is engaged in the field of control networking technology for automation systems.

The shares in Echelon are recognized at fair value with any gains or losses recognized directly in equity.

55.2. PT Bayan Resources T.b.k.

The 10% stake in corporate capital of PT Bayan Resources T.b.k. was acquired in August 2008 for a total consideration of IDR 1.933 billion (EUR 136 million). The shares were acquired via Bayan's initial public offering on the Indonesian Stock Exchange, through the implementation of an agreement with Bayan and its shareholders. The acquisition cost paid and added to the cost price amounts to EUR 2 million.

The shares acquired by the Company are subject to a lock-up period of 18 months from the closing date of the IPO. In this respect the amount kept as per 31 December 2009 by the Company on a blocked bank account amounts to USD 213 million, corresponding to a counter value at 31 December 2009 exchange rate of EUR 148 million. In 2010 the amount was paid to the sellers.

PT Bayan Resources T.b.k., listed on the Indonesian Stock Exchange, produces coal in Indonesia with integrated coal mining, processing and logistic operations. The company is primarily engaged in the business of surface open cut mining of thermal coal and has a diversified product portfolio that ranges from bituminous coal, with high calorific content, to sub-bituminous and semi-soft coking coal.

The shares in PT Bayan Resources T.b.k. are recognized at fair value since share price decreased continuously by 80% since acquisition. The impairment recorded in 2008 amounting to EUR 118 million was recorded through the 2008 income statement.

At the end of 2010 the fair value of PT Bayan Resources T.b.k. totalled EUR 500 million with an increase of EUR 362 million over the corresponding period of the last year thanks to a rise in the share price and to a revaluation of Indonesian currency against Euro.

The following table shows a detail of financial asset valued at fair value as required from IFRS 7 in its latest amended version:

Millions of euro	**Fair value at 31 December 2010**	Level 1	Level 2	Level 3
Equity investment AFS Bayan Resources	**500**	500	-	-
Equity investment AFS - Echelon	**23**	23	-	-

56. Financial assets

The financial assets can be specified as follows:

Millions of Euro	**31 Dec. 2010 Current**	**31 Dec. 2010 Non-Current**	31 Dec. 2009 Current	31 Dec. 2009 Non-Current
Loans held to maturity:				
• due from shareholder	**-**	**297**	225	297
• due from subsidiaries	**4**	**-**	111	-
Accrued interest receivables:				
• due from shareholder	**4**	**-**	6	-
• due from subsidiaries	**-**	**-**	-	-
	8	**297**	342	297

56.1. Loan due from shareholder

The loans due from shareholder relate to the assumption of the issued bonds by Enel S.p.A. Based on this agreement Enel S.p.A. undertakes to the Company to assume all the obligations of payment of the Company under the notes.

The obligations assumed can be specified as follows:

Millions of Euro	**Year maturing**	**Balance 31 Dec. 2010**	**Nominal Value 31 Dec. 2010**	Balance 31 Dec. 2009
Loan shareholder, fixed rate 5,25%	**2023**	**297**	**300**	297
Loan shareholder, fixed rate 4,125%	**2010**	**-**	**-**	100
Loan shareholder, floating Euribor 6m +0,50%	**2010**	**-**	**-**	50
Loan shareholder, interest linked to UE C.P.I.	**2010**	**-**	**-**	50
Loan shareholder, interest linked to UE C.P.I.	**2010**	**-**	**-**	25
		297	**300**	522

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Loan shareholder, fixed rate 5,25%	**-**	**297**	-	297
Loan shareholder, fixed rate 4,125%	**-**	**-**	100	-
Loan shareholder, floating Euribor 6m +0,50%	**-**	**-**	50	-
Loan shareholder, interest linked to UE C.P.I.	**-**	**-**	50	-
Loan shareholder, interest linked to UE C.P.I.	**-**	**-**	25	-
	-	**297**	225	297

The interest receivables on the loan due from shareholder amounted to EUR 4 million in 2010 (EUR 6 million in 2009).

56.2. Loans due from subsidiaries

The obligations assumed can be specified as follows:

Millions of Euro	**Balance 31 Dec. 2010**	**Nominal Value 31 Dec. 2010**	Balance 31 Dec. 2009
Loan Marcinelle Energie S.A.	**4**	4	111

Loans due from subsidiaries dropped by EUR 107 million to EUR 4 million, mainly as a result of the conversion of a share of the receivable towards Marcinelle (EUR 86 million) into new equity investments further to the decision of the Company to recapitalize Marcinelle for financing its capital expenditure (please see also note 54.1.8).

57. Accounts receivables

Millions of Euro	**31 Dec. 2010**	31 Dec. 2009
Receivables from related parties		
• Enel Spa	**9**	-
• Debtors group – service fees	**1**	-
	10	0

58. Cash and cash equivalents

Millions of Euro	**31 Dec. 2010**	31 Dec. 2009
Deutsche Bank - EUR current Account	**-**	4
Citibank Milan - USD escrow account re. Bayan Resources	**-**	148
	0	152

The liquidity has been reduced after the repayment of the escrow account due to Bayan Resources sellers amounting to EUR 148 million as of 31 december 2009.

59. Shareholders' equity

59.1. Share capital

The authorized share capital of Enel Investment Holding B.V. amounts to EUR 7.500 million, divided into 750.000 thousand ordinary shares of EUR 10,- each, of which 159.305 thousand ordinary shares have been issued and fully paid up.

59.2. Share premium reserve

In December 2009, Enel S.p.A. contributed to the Company, as a voluntary non-cash share premium contribution, 80% of the shares in Enel Romania S.r.l., 64,43% of the shares in Enel Distributie Muntenia S.A. and 64,43% of the shares in Enel Energie Muntenia S.A.. Total contribution was valued at EUR 869 million.

59.3. Fair value reserve AFS

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets as long as the investment is held by the Company.

59.4. Fair value change Cash Flow Hedge derivatives

The account includes cumulated gains and losses related to the effective fair value portion on Cash Flow Hedge financial instruments. The amounts recorded in this equity reserve are reversed to the income statement when the underlying hedged item also affects in its turn the income statement.

59.5. Reconciliation of non-consolidated equity to consolidated equity

Millions of Euro

	31 dic 2010	31 dic 2009
STAND-ALONE NET EQUITY	**4.329**	**3.917**
Impact due to subsidiaries acquisition	238	238
Gain/loss from disinvestment under common control	(65)	(65)
Impact due to common control company acquisition	(404)	(404)
Translation reserve and OIC reserves effect	(321)	(455)
Cash flow hedge of the bulgarian companies	(17)	(13)
Retain earnings of consolidated companies - 2009	184	184
Adjusted results of consolidated companies - 2010	209	-
Impact of IFRIC 18	18	-
CONSOLIDATED NET EQUITY	**4.170**	**3.402**

	2010	2009
STAND-ALONE NET RESULTS	**42**	**(30)**
Results of subsidiaries	200	87
Intergroup dividends	(94)	(8)
Equity investments accounted for by using the equity method	109	98
Impairment adjustments	(6)	(3)
Consolidation difference at consolidation level		10
GROUP NET RESULTS	**251**	**154**
Total Minority interests	**109**	**31**
CONSOLIDATED NET RESULTS	**360**	**185**

60. Loans and borrowings

As at 31 December 2010 the loans and borrowings can be specified as follows:

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Bonds issued	**-**	**297**	225	297
Loans from affiliated companies	**-**	**-**	111	-
Other payables (interest payable)	**4**	**-**	6	-
	4	**297**	342	297

60.1. Bonds issued

At 31 December 2010 the Company has outstanding issued bonds, listed on the Luxembourg stock exchange, in five different installments for a total nominal value of EUR 300 million. The maturity of the outstanding bond is set in 2023.

Millions of Euro	**Year maturing**	**Balance 31 Dec. 2010**	**Nominal Value 31 Dec. 2010**	Balance 31 Dec. 2009
Bond, fixed rate 5,25%	**2023**	**297**	**300**	297
Bond, fixed rate 4,125%	**2010**	**-**	**-**	100
Bond, floating Euribor 6m +0,50%	**2010**	**-**	**-**	50
Bond, interest linked to UE C.P.I.	**2010**	**-**	**-**	50
Bond, interest linked to UE C.P.I.	**2010**	**-**	**-**	25
		297	**300**	522

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Bond, fixed rate 5,25%	**-**	**297**	-	297
Bond, fixed rate 4,125%	**-**	**-**	100	-
Bond, floating Euribor 6m +0,50%	**-**	**-**	50	-
Bond, interest linked to UE C.P.I.	**-**	**-**	50	-
Bond, interest linked to UE C.P.I.	**-**	**-**	25	-
	-	**297**	225	297

The interest payables on the bonds issued amounted to EUR 4 million (EUR 6 million in 2009).

In June 2006 the Company signed an agreement for the assumption of debt with its shareholder Enel S.p.A.. Based on this agreement Enel S.p.A. undertook to the Company to assume all the obligations of payment of the Company is respect of the above-mentioned bonds.

The fair value of bonds totals EUR 297 million as of 31 December 2010.

60.2. Loans

The Company had signed with Enel Finance International S.A, a Revolving Credit Facility which could be specified as follows:

- a loan for an aggregate amount up to EUR 88 million. It bears interest at EURIBOR 3 months plus a spread of 0,45%. The initial term was extended to 31 December 2010. The amount drawn was equal to EUR 88 million as at 31 December 2009 (EUR 17 million at 31 December 2008);
- a loan for an aggregate amount up to EUR 56 million. It bears interest at EURIBOR 3 months plus a spread of 1,2%. The termination date is set on September 28, 2010. The amount drawn amounted to EUR 23 million as at 31 December 2009.

Both loans have been fully repaid in 2010.

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Payables to related parties				
Loan Enel Finance International S.A.	**-**	**-**	111	-
	-	**-**	111	-

60.3. Other payables on loans and borrowings

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Interest on Bonds Issued	**4**	**-**	6	-
	4	**-**	6	-

61. Other payables

Millions of Euro	**Current portion < 12 months 31 Dec. 2010**	**Portion maturing > 12 months 31 Dec. 2010**	Current portion < 12 months 31 Dec. 2009	Portion maturing > 12 months 31 Dec. 2009
Payables to shareholder				
• Enel S.p.A. - IC loan account	**820**	-	1.119	-
• Enel S.p.A. - outstanding invoices	**1**	-	1	-
• Enel S.p.A. – Cash Flow Hedge derivatives	**-**	-	10	-
Payables to third parties				
Long-term payable re. acquisition Marcinelle Energie S.A.	**13**	**-**	-	13
• Other payable for the acquisition of Artic Russia	**-**	**8**	-	7
• Invoices payable	**-**	**-**	-	-
• Put-option liability – value option Marcinelle Energie S.A.	**33**	**-**	12	-
• Liability to sellers of PT Bayan Resources Indonesia	**-**	**-**	148	-
• Put-option liability – value option Enel Distributie Muntenia S.A.	**272**	**-**	153	-
• Put-option liability – value option Enel Energie Muntenia S.A.	**48**	**-**	27	-
• Other payable for the acquisition of additional shares in OGK-5	**-**	**-**	22	-
	1.187	**8**	1.492	20

Upon receiving the repayment of share premium from Artic Russia, the intercompany loan account held with ENEL SpA decreased accordingly, ending with a negative balance of EUR 820 million as at 31 December 2010.

The following table shows a detail of financial liabilities valued at fair value as required from IFRS 7 in its latest amended version:

Millions of euro	**Fair value at 31 December 2010**	Level 1	Level 2	Level 3
Enel S.p.A. – Cash Flow Hedge derivatives	**-**	-	-	-
Put-option liability – value option Enel Distributie Muntenia S.A.	**272**	-	-	272
Put-option liability – value option Enel Energie Muntenia S.A.	**48**	-	-	48
Put-option liability – value option Marcinelle Energie S.A.	**33**	-	-	33

More specifically the table below sets forth 2010 movements with regard to the above mentioned financial liabilities valued at fair value and classified level 3 according to IFRS 7:

Millions of euro	
1 January 2010	**192**
Fair value variance - Put Option Marcinelle Energie S.A.	21
Non-cash share premium contribution - Put option Enel Distributie Muntenia S.A.	119
Non-cash share premium contribution - Put option Enel Energie Muntenia S.A.	21
31 December 2010	**353**

62. Other current liabilities

Millions of Euro	**31 Dec. 2010**	31 Dec. 2009
Accrued expenses from related parties		
• Enel S.p.A. – interest and credit fees	**14**	11
• Enel S.p.A. – guarantee fees	**-**	1
• Enel S.p.A. – other	**-**	-
Other current assets - third parties		
• Other accrued expenses	**-**	-
	14	12

63. Related parties

Related parties have been identified on the basis of the provisions of international accounting standards.

The following table summarizes the financial relationships between the Company and its related parties at 2010 and 2009 year ended respectively.

Millions of Euro	**Receivables 31 Dec. 2010**	**Payables 31 Dec. 2010**	**Cost 2010**	**Income 2010**	**Dividends 2010**
Shareholder					
• Enel S.p.A.	**311**	**835**	**47**	**21**	**-**
Subsidiaries					
• Marcinelle Energie S.A.	**3**	**-**	**-**	**2**	**-**
• Enel France SAS	**-**	**-**	**-**	**-**	**52**
Associated companies					
• Res Holdings B.V.	**-**	**-**	**-**	**-**	**42**
Other affiliated companies					
• Enel Finance International S.A.	**-**	**-**	**2**	**-**	**-**
	314	**835**	**49**	**23**	**94**

Millions of Euro	**Receivables 31 Dec. 2009**	**Payables 31 Dec. 2009**	**Cost 2009**	**Income 2009**	**Dividends 2009**
Shareholder					
• Enel S.p.A.	**528**	**1.142**	**12**	**23**	**-**
Subsidiaries					
• Marcinelle Energie S.A.	**111**	**-**	**-**	**1**	**-**
Associated companies					
• Res Holdings B.V.	**-**	**-**	**-**	**-**	**8**
Other affiliated companies					
• Enel Finance International S.A.	**-**	**111**	**1**	**-**	**-**
	639	**1.253**	**13**	**24**	**8**

During 2010, the following transactions, classified under common control transactions, were realized:

- the sale at net asset value, amounting to EUR 0,16 million of 100% of the shares in Enel Operation Belgium SA to Marcinelle Energie SA.

Compensation of Directors

The emoluments as intended in Section 2:383 (1) of the Netherlands Civil Code, which were charged in the financial year to the company, amounted to EUR 65 thousand (EUR 65 thousand in 2009) for directors of the Company.

The compensations paid to directors of the Company is summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec 2010**	31 Dec 2009
Mr. A.J.M. Nieuwenhuizen	**20**	20
Mr. F. Mauritz	**15**	15
Mr. H. Marseille	**15**	15
Mr. K.J. Schell	**15**	15
Mr. A. Brentan	**-**	-
Mr. C. Machetti	**-**	-
Mr. C. Palasciano Villamagna	**-**	-
Mr. C. Tamburi	**-**	-
Mr. L. Ferraris	**-**	-
	65	65

The remuneration paid to Mr. A.J.M. Nieuwenhuizen comprises an amount of EUR 5 thousand related to his activity as director of Res Holding B.V.

Auditors remuneration

With reference to Section 2:382 a (1) and (2) of the Netherlands Civil Code, audit fees are included in the relevant disclosure in the Consolidated Financial Statement of the ultimate Parent Enel S.p.A.

Post balance sheet events

On 15 March 2011 the Group announced that it has reached an agreement with ContourGlobal LP for the sale of the entire share capital of the Netherlands-registered companies Maritza East III Power Holding BV and Maritza O&M Holding Netherlands BV, which own, respectively, 73% of the share capital of the Bulgarian company Maritza East 3 AD, which in turn is the owner of a lignite-fired power station with an installed capacity of 908 MW ("Maritza"), and 73% of the share capital of the Bulgarian company Enel Operations Bulgaria AD, which is responsible for operating and maintaining the Maritza plant. The transaction is expected to close by July 2011 and is subject to obtaining the necessary authorisations from the relevant authorities.

Amsterdam, 22 March 2011

The Board of Directors:

L. Ferraris

A. Brentan

C. Machetti

C. Tamburi

C. Palasciano

H. Marseille

F. Mauritz

A.J.M. Nieuwenhuizen

K. Schell

Other information

Provisions in the articles of association governing the appropriation of profit

Under article 14 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate that profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Proposal for profit appropriation

The Executive Board proposes to allocate the net profit of the year to the Company retained earnings.

Auditor's report

The auditor's report is included in page 135.

KPMG Audit
P.O. Box 74500
1070 DB Amsterdam
The Netherlands

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1186 DS Amstelveen
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Fax +31 (0)20 656 7700

Private and confidential
To the Board of Directors and Shareholder of Enel
Investments Holding B.V.
Herengracht 471
1017 BS AMSTERDAM

Amstelveen, 23 March 2011

Dear Sirs,

Financial statements for the year 2010

We hereby confirm that we agree to the inclusion of the below auditor's report in the 'Other Information' accompanying the Director's Report and financial statements for the year ended 31 December 2010. The Director's Report and financial statements should be issued in accordance with the final draft presented to us, of which an initialed copy is enclosed.

"Independent auditor's report

To the Board of Directors and Shareholder of Enel Investment Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2010 of Enel Investments Holding B.V., Amsterdam, which comprise the consolidated and company statement of financial position as at 31 December 2010, the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Enel Investments Holding B.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 22 March 2011

KPMG ACCOUNTANTS N.V.

L.M.A. van Opzeeland RA"

Annex

Subsidiaries and associted companies of Enel Investment Holding BV at 31 December 2010

A list of subsidiaries and associates of Enel Investment Holding B.V. at 31 December 2010. The Company 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 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2010				
Parent company:								
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1.593.050.000	EUR	Enel SpA	100,00%	100,00%
Subsidiaries:								
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	194.977.000	ALL	Enel Investment Holding BV	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 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 France Sas	Paris	France	Electricty trading	34.937.000	EUR	Enel Investment Holding BV	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 OGK-5 OJSC (formerly OGK-5 OJSC)	Ekaterinburg	Russian Federation	Electricity generation	35.371.898.370	RUB	Enel Investment Holding BV	56,43%	56,43%
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 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 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.Re Ltd	Dublin	Ireland	Reinsurance	3.000.000	EUR	Enel Investment Holding BV	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%

Subsidiaries consolidated on a line-by-line basis at 31 December 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% Holding	Group % holding
				31 Dec. 2010				
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	107.000.000	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%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10.000.000	RUB	Enel OGK-5 OJSC	100,00%	55,98%
Pragma Energy SA	Lugano	Switzerland	Coal trading	4.000.000	CHF	Enel Investment Holding BV	100,00%	100,00%
Teploprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128.000.000	RUB	OGK-5 Finance LLC	60,00%	33,59%

Associated companies accounted for using the equity method at 31 December 2010

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2010				
Parent company:								
Artic Russia BV	Amsterdam	Netherlands	Holding company	100.000	EUR	Enel Investment Holding BV	40,00%	40,00%
Associates of Artic Russia BV:								
SeverEnergia	Moscow	Russian Federation	Holding company	1.000.000	RUB	Artic Russia BV	49,00%	19,60%
Parent company:								
Res Holdings BV	Amsterdam	Netherlands	Holding company	18,000	EUR	Enel Investment Holding BV	49,50%	49,50%
Subsidiaries of Res Holding BV:								
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%