Enel Investment Holding B.V.

Annual report 2011

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Director’s Report

General Information

Management of the Enel Investment Holding B.V. (hereafter: the "Company") hereby presents its financial statements for the financial year up to and including 31 December 2011.

The Company is a private limited liability company wholly owned by Enel S.p.A, the ultimate Parent Company, which has its registered office in Rome (Italy). Enel Investment Holding B.V. has its registered office at Herengracht 471 in Amsterdam (The Netherlands) and 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 operating:

- in the electricity industry, including all generation, distribution, sale and transmission activities;
- in the energy industry in general, including fuels, and in the field of environmental protection, as well as the water sector;
- in the communications, information-technology and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in sectors 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

At 2011 year-end the Group structure is as follows:

Group Holding Company

Enel Investment Holding B.V.

International Division

-Marcinelle Energie SA - *Belgium*	80%
-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%
-Pragma Energy SA - *Switzerland*	100%

(*) Shares listed on the Russian Stock Exchange

Introduction

In 2011 the priorities of the Company were focused on operational excellence and the consolidation and integration of the new scope of operations. This is underlined by the fact that, following a cycle of international expansion completed in 2008 by the Parent Company Enel S.p.A., the Company now 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 Russia, Enel OGK-5 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. The main drivers of the company's success were cost cutting and improvements in plant availability. Enel OGK-5 made considerable investments during 2011 in the construction of combined cycle power plants and in the Dry-Ash Removal system.

In Romania, following the acquisition of the Muntenia companies in 2009, the Company is pursuing its plans to exploit the synergies arising from integration, optimization and consolidation with the other Romanian subsidiaries, 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 enable the integration of the distribution and sales companies.

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. The French electricity market changed significantly in 2011. In July, the ARENH ("*Accès Régulée à l'Electricité Nucléaire Historique"*) system replaced the TARTAM ("*Tarif réglementé transitoire d'ajustement du marché*), allowing electricity suppliers to be provided with electricity at a regulated sourcing price. The regulatory changes occurred during May has obliged Enel France to adapt its commercial strategy in order to satisfy EdF's anticipated capacity and ARENH destination clauses.

Moreover the construction of the CCGT plant in Belgium has continued. It is likely to start providing services by 2012.

In order to reorganize the Enel Group's activities in the reinsurance business, the Company established a new Dutch company named Enel.re NV jointly with the Spanish affiliated Endesa SA in which all equity investments in the existing reinsurance companies (Enel.re ltd was previously wholly owned by the Company and Compostilla Re SA was previously owned entirely by Endesa SA) have been transferred in order to take advantage of all synergies involved in the project.

Significant events in 2011

Sale of Bulgarian companies to ContourGlobal LP

The Company has executed the agreement reached in March 2011 with ContourGlobal LP ("ContourGlobal") relating to the transaction for the sale to ContourGlobal of the entire share capital of the Dutch–registered companies Maritza East III Power Holding B.V. and Enel Maritza O&M Holding Netherland B.V.. These companies own respectively 73% of the share capital of the Bulgarian company Maritza East 3 AD, owner of a lignite-fuelled power plant 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 the operation and maintenance of the Maritza plant.

Located in the south-east of Bulgaria, Maritza accounts for approximately 10% of the country's total installed capacity. In 2010 it posted revenues of approximately 231 million euros and EBIT of approximately EUR 69 million.

The Group disposed of the companies to ContourGlobal for a total consideration of EUR 230 million resulting in a consolidated capital gain of EUR 13 million and the deconsolidation of net financial debt (EUR 265 million as of 31 December 2010). The transaction has been closed upon completion of all necessary authorizations from the relevant authorities.

Relocation of power train from Enelco to Enel OGK5

In 2011 after the cancellation of the Livadia project in Greece previously performed through Greek subsidiary Enelco, its Power Train (tangible asset under construction) previously intended to be employed in a CCGT power plant in Greece has been relocated to Enel OGK5 for being employed in an another existing CCGT power plant in Russia. Further to this decision all non-recoverable costs of the movement (i.e. site preparation, penalties, etc) have been recorded as a consolidated impairment loss for EUR 11 million.

Reorganization of reinsurance companies

On 29 September 2011 the Board of Directors of Enel Investment Holding B.V. resolved to approve the general terms of a reorganization project of the captives operating in the reinsurance business within Enel Group: that is Enel.Re Ltd., previously wholly owned by the Company, and Compostilla Re SA previously wholly owned by Endesa S.A.

The aim of the project is to achieve a corporate and logistical reorganization in order to optimize reinsurance captive activities through their integration into a single company which could also act in direct insurance activities.

The reorganization took place in the following stages:

- establishment, on 4 August 2011, of a Dutch newco named Enel.re N.V. initially wholly owned by the Company with a share capital equal to EUR 50.000, whose goal is to act as sole reinsurer within Enel Group;
- transfer to Endesa S.A. of 50% of the share capital of Enel.RE N.V. amounting to EUR 25.000;
- contribution in kind from the Company and from Endesa S.A. to Enel.Re N.V. of their entire equity investments held respectively in Enel.Re Ltd. (EUR 78 million) and in Compostilla Re SA (EUR 69 million) valued at book values as of 30 November 2011 that resulted broadly

comparable with their consolidated figures with reference to each own parent companies Enel Investment Holding B.V. and Endesa S.A. respectively (both entities are part of Enel S.p.A. Group and therefore being a common control transaction no effects, accordingly, on consolidated income statement and consolidated net equity have been accounted for);

- additional cash-contribution of EUR 8 million made by Endesa SA in order to compensate its lower contribution in kind to Enel.re NV.

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

2011

• the disposal, on 28 June 2011, of the entire share capital of the Dutch companies Maritza East III Power Holding B.V. and Enel Maritza O&M Holding Netherland B.V. which own respectively 73% of the share capital of the Bulgarian company Maritza East 3 AD, owner of a lignite-fuelled power plant 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 the operation and maintenance of the Maritza plant;

• the establishment, on 5 August 2011, of Enel re NV, a newco jointly controlled entity by the Company (50% stake) and by Endesa SA (50% stake). As of 30 November 2011 Enel.re NV wholly owns the former Company's subsidiary Enel.re Ltd and the Compostilla Re SA (formerly fully owned by Endesa SA); consequently all these three reinsurance companies are jointly controlled entities and they are accounted for using the equity method as from 30 November 2011.

2010

• management was committed to selling 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.) and accordingly their consolidated values were reclassified to net assets held for sale in accordance with IFRS 5 as of 30 June 2010.

Group performance on income statement

Millions of euro

	2011	2010	Change
Revenues	3.450	2.989	461
Costs	2.750	2.282	468
Gross operating income	**700**	**707**	**(7)**
Depreciation, amortization and impairment losses	361	297	64
Operating Income	**339**	**410**	**(71)**
Financial income	256	309	(53)
Financial expense	(350)	(370)	20
Total Financial Income/(Expense)	**(94)**	**(61)**	**(33)**
Share of gains/(losses) on investments accounted for using the equity method	**109**	**107**	**2**
Profit/(Loss) before taxes	**354**	**456**	**(102)**
Income taxes	68	96	(28)
Profit from continuing operations	**286**	**360**	**(74)**
Profit from discontinued operations	**-**	**-**	**-**
Net Profit (Group and minority interests)	**286**	**360**	**(74)**
Minority Interests	94	109	(15)
Group Net Profit	**192**	**251**	**(59)**

Revenues

Millions of euro

	2011	2010	Change
Electricity sales	3.115	2.713	402
Electricity transport	90	58	32
Revenues from premium reassurance provided	49	44	5
Capital gain on net assets disposal	13	-	13
Other sales and services	183	174	9
Total	**3.450**	**2.989**	**461**

In 2011 **revenues** amounted to EUR 3.450 million, up EUR 461 million over 2010.

Revenues from the sale of electricity grew thanks to Enel OGK-5 (EUR 169 million) and Enel France (EUR 376 million) following higher volumes of energy sold in 2011 due to increased electricity demand in Russia and a rise in the anticipated capacity agreement between Enel France and Edf in France. These effects were partially offset by lower revenues from Bulgarian companies deconsolidated as at 28 June 2011 (EUR – 113 million).

Revenues from electricity transport (EUR 90 million in 2011) are mainly attributable to Romanian companies acting in the electricity distribution network (Enel Distributie Muntenia, Enel Distributie Banat and Enel Distributie Dobrogea) which have reported higher revenues thanks to greater volumes of electricity transported on Enel’s distribution network.

Revenues from premium reassurance provided refer exclusively to Enel.re Ltd which was deconsolidated as of 30 November 2011 further to the undertaken reinsurance business reorganization.

Capital gain on net assets disposal relates to the consolidated gain further to the disposal of Bulgarian companies (EUR 13 million).

Costs

Millions of euro

	2011	2010	Change
Electricity purchases	1.313	909	404
Consumption of fuel for electricity generation	873	802	71
Raw materials and consumables	72	124	(52)
Services	321	315	6
Personnel	186	183	3
Other operating expenses	65	55	10
Capitalized costs	(80)	(106)	26
Total	**2.750**	**2.282**	**468**

Costs for **electricity purchases** increased by EUR 404 million in 2011 to EUR 1.313 million, with the change mainly attributable to the greater volumes of electricity purchased by Enel France from EDF and from the market (EUR 342 million), along with higher costs incurred by Enel OGK-5 (EUR 30 million).

Consumption of fuel for electricity generation showed a rise of EUR 71 million driven by higher fuel prices experienced by Enel OGK-5 (EUR 102 million), partially made up for by lower costs at Enel Maritza East 3 AD (EUR – 31 million), deconsolidated as from 28 June 2011.

Services costs totaled EUR 321 million in 2011, up EUR 6 million over 2010 with no significant change reported.

Personnel costs for 2011 amounted to EUR 186 million, an increase of EUR 3 million over 2010. The variation is mainly connected to Enel OGK-5 (EUR 6 million), following greater wage related social contributions and salary indexation, net of lower labour costs of Bulgarian companies sold in June 2011 (EUR – 4 million).

Capitalized costs decreased by EUR 26 million to EUR 80 million as a result of the lower capital expenditure (personnel and materials capitalization) carried out in 2011 by Romanian companies to improve the electricity distribution network.

Depreciation, amortization and impairment losses rose by EUR 64 million to EUR 361 million mainly because of the impairment losses recorded on tangible assets and on goodwill of Marcinelle (EUR 26 million) and the Bulgarian companies before their disposal (EUR 16 million). Meanwhile, depreciation and amortization remained substantially unchanged throughout the two reporting periods.

Operating income fell to EUR 339 million in 2011, a drop of EUR 71 million on 2010 mainly attributable to the deconsolidation of Bulgarian companies (EUR -39 million) along with higher impairment losses accounted for (EUR -64 million), whose effects have been partially offset by the capital gain on net assets disposal (EUR 13 million).

Net financial expense worsened by EUR 33 million in 2011 to EUR -94 million (EUR -61 million in 2010). The rise in net financial charges is primarily connected to higher financial charges on long-term debt, mainly attributable to Enel OGK-5 (EUR 7 million) and Enel France (EUR 8 million), as well as to greater exchange rate losses (EUR 40 million); these effects were partially offset by lower financial charges borne by Enel Maritza East 3 AD after its deconsolidation (EUR 9 million) and by higher realized income from financial derivatives.

The **share of gains/(losses) from equity investments accounted for using the equity method** showed a net gain of EUR 109 million, up EUR 2 million on 2010 with no significant change reported.

Income taxes fell by EUR 28 million to EUR 68 million in 2011. The variation is primarily due to lower operating performance of the Romanian companies and Enel OGK-5 resulting in income-tax falls of EUR 10 million and EUR 8 million respectively.

Analysis of the Group financial position

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Net non-current assets:			
Property, plant and equipment and intangible assets	4.810	4.479	331
Goodwill	1.881	1.757	124
Equity investments accounted for using the equity method	527	457	70
Other net non-current assets/(liabilities)	355	392	(37)
Total	**7.573**	**7.085**	**488**
Net current assets:			
Trade receivables	415	386	29
Inventories	89	87	2
Other net current assets/(liabilities)	(952)	(756)	(196)
Trade payables	(486)	(424)	(62)
Total	**(934)**	**(707)**	**(227)**
Gross capital employed	**6.639**	**6.378**	**261**
Provisions:			
Post-employment and other employee benefits	(52)	(56)	4
Provisions for risks and charges	(61)	(229)	168
Net deferred taxes	(405)	(398)	(7)
Total	**(518)**	**(683)**	**165**
Net assets held for sale	**-**	**275**	**(275)**
Net Capital Employed	**6.121**	**5.970**	**151**
Total Shareholders' Equity	**5.630**	**5.525**	**105**
Net Financial Debt	**491**	**445**	**46**

The **net non-current assets**, as at 31 December 2011, rose by EUR 488 million compared to 31 December 2010 with the following breakdown:

• **Property, plant and equipment and intangible assets** came to EUR 4.810 million, an increase of EUR 331 million essentially attributable to capital expenditure for the period (EUR 648 million), net of negative exchange rate effects (EUR 90 million) and depreciation, amortization and impairment losses (EUR 233 million).

• **Goodwill** increased by EUR 124 million to EUR 1.881 million mainly due to the updated measurement of the liability associated with the possible exercise of the put options granted to minority shareholders in Marcinelle, Enel Distributie Muntenia and Enel Energie Muntenia (EUR 182 million), partially offset by negative exchange rate differences (EUR 32 million) and the impairment of Marcinelle goodwill (EUR 26 million).

• **Equity investments accounted for using the equity method** amounted to EUR 527 million, up EUR 70 million on the previous year. The rise is primarily connected to the share of income from associated companies (EUR 109 million) along with the change in the scope of consolidation regarding Enel.re NV (EUR 78 million), net of dividends paid by the associated company Res Holding BV to the Company totaling EUR 120 million.

Net current assets came to a negative EUR 934 million, a decrease of EUR 227 million compared to 31 December 2010. This change stems mainly from the following factors:

• a EUR 62 million rise in trade payables primarily attributable to Enel France due to both higher volumes and prices of energy purchased;

• a rise of EUR 196 million in other net current liabilities amounting to a negative EUR 952 million as of 31 December 2011 due to higher payables associated with the possible exercise of the put options granted to minority shareholders in Marcinelle, Enel Distributie Muntenia and Enel Energie Muntenia (EUR 182 million) along with lower sundry receivables realized by Enel OGK-5 (EUR 35 million).

Provisions amounted to EUR 518 million, down EUR 165 million mainly due to the drop in provision for risks and charges after the release to income statement of provisions recognized in prior years by Enel OGK-5 (EUR 27 million) and by the Romanian companies (EUR 16 million) as well as the deconsolidation of the provision pertaining to Enel.re Ltd amounting to EUR 94 million at 2010 year-end.

Net assets held for sale was nil as of 31 December 2011 after the sale of the Bulgarian companies in June 2011 which were classified as assets held for sale in 2010.

Net capital employed came to EUR 6.121 million at 31 December 2011, up EUR 151 million in comparison with 31 December 2010. It is funded by shareholders' equity attributable to the Group and non-controlling interests in the amount of EUR 5.630 million and by net financial debt totaling EUR 491 million. The debt-to-equity ratio at 31 December 2011 came to 9% (8% as of 31 December 2010).

Analysis of the financial structure

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Long Term Debt:			
Bank loans	525	276	249
Bonds	513	395	118
Other loans from third parties	2	2	-
Other loans from Enel Group's Companies	611	532	79
Long-term debt	1.651	1.205	446
Long-term financial receivables and securities	(549)	(587)	38
Other m/l term financial receivables - Enel SpA	(327)	(329)	2
Net long-term debt	**775**	**289**	**486**
Short Term Debt:			
Short-term portion of long term bank debt	30	12	18
Other short-term bank debt	-	-	-
Short-term bank debt	30	12	18
Bonds (short-term portion)	-	123	(123)
Other loans form Third parties (short-term portion)	-	-	-
Intercompany current account - Enel SpA	472	819	(347)
Other short-term loans from Enel Group's Companies	-	-	-
Commercial Paper	-	-	-
Other short-term debt	472	942	(470)
Long term financial receivables (short-term portion)	(19)	(5)	(14)
Long-term financial receivables (short-term portion) Enel SpA and Enel Group	(8)	(17)	9
Cash and cash equivalents	(759)	(776)	17
Cash and cash equivalents and short-term financial receivables	(786)	(798)	12
Net short-term debt	**(284)**	**156**	**(440)**
NET FINANCIAL DEBT	**491**	**445**	**46**
NET FINANCIAL DEBT of "Assets held for sale"	**-**	**265**	**(265)**

Net financial debt showed a slight increase reaching EUR 491 million at 31 December 2011, up EUR 46 million over the corresponding period of last year.

Net long-term debt stood at EUR 775 million, up EUR 486 million, mainly as a result of higher bank loans raised by Enel OGK5 to finance its investments (EUR 261 million) and increased loans drawn on the Enel Group affiliated company Enel Finance International NV (EUR 79 million) by Marcinelle for its ongoing building of CCGT power plant in Belgium.

Net short-term debt decreased by EUR 440 million to a negative EUR 284 million mainly thanks to a significant reduction of the overdrawn intercompany current account held by the Company with Enel S.p.A. (EUR 347 million) which was boosted by net proceeds of the sale of the Bulgarian companies (EUR 218 million) and by dividends received from the associated company Res Holding BV (EUR 119 million).

Net financial debt of "Assets held for sale" which was EUR 265 million as of 31 December 2010 related to the Bulgarian companies sold in June 2011.

Cash flows

Millions of euro

	2011	2010	Change
Cash and cash equivalents at the start of the year	**832**	**974**	**(142)**
Cash flows from operating activities	651	595	56
Cash flows from investing/disinvesting activities	(639)	(333)	(306)
Cash flows from financing activities	(75)	(373)	298
Effect of exchange rate changes on cash and cash equivalents	(10)	(31)	21
Cash and cash equivalents at the end of the year	**759**	**832**	**(73)**

In 2011 cash and cash equivalents decreased by EUR 73 million.

Cash flows from operating activities rose to EUR 651 million, up EUR 56 million on the previous year. The change primarily reflects the improved operating performance arising from the Group monetary aggregates (EUR 67 million) even if net income dropped by EUR 74 million in 2011 compared to 2010 corresponding figures.

Net **cash disbursement from investing/disinvesting activities** absorbed cash in the amount of EUR 639 million mainly due to the investments in property, plant and equipment in the period (EUR 648 million), while **cash flows from financing activities** absorbed cash for EUR 75 million consisting in repayments and dividends paid (EUR 662 million) partially offset by new borrowings raised (EUR 587 million).

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 integration 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 makes it possible to set exposure limits for each counterparty, the appropriate guarantees required 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 S.p.A., 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 S.p.A. therefore there has 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 related to 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 relates to 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, with no difficulties encountered 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 into by the Group are intended for hedging and not for trading purposes.

Other risks

Breakdowns or accidents that temporarily interrupt operations at the 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 during the production and distribution of electricity.

Outlook

The Company will continue to hold the majority of the foreign subsidiaries of the Enel Group (excluding Endesa and the Renewable energy companies) operating in the traditional power sources field. It will also continue to support Enel Group in its presence in the international market.

The Group will focus on the further consolidation and integration of its various parts, with the aim to create 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 considerably affected by the international expansion policy pursued in recent years, will continue.

Research and Development

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

Personnel

As of 31 December 2011, the Group employed 8.029 people (9.071 at 31 December 2010). The decrease in the total number of employees compare to 31 December 2010 is mainly due to the Bulgarian companies after their deconsolidation as of 28 June 2011.

The changes in the total number of employees are below summarized:

Employees at 31 December 2010	**9.071**
Changes in the scope of consolidation	(502)
Hirings	345
Terminations	(885)
Employees at 31 December 2011	**8.029**

As of 31 December 2011 the Company employed nine directors and five staff members.

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,

- 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;
- the director's report gives a true and fair view of the Company's position as per 31 December 2011 and the developments during the financial year 2011 of Enel Investment Holding B.V. and its consolidated companies;
- the director's report describes the principal risks the issuer is facing.

This annual report is prepared according to International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and it is externally full audited by the Group Ernst & Young. The annual report furthermore complies with the EU Transparency Directive which was enacted in the Netherlands in 2008 and subsequently came into force from 1 January 2009. The Group's main obligations under the afore mentioned Transparency Directive can be summarized as follows:

- filing its annual financial statements electronically with the AFM (Autoriteit Financiele Markten) in the Netherlands as adopted by the Company's shareholders meeting within five days after their approval;
- making its annual financial report generally available to the public by posting it on Enel's official website within 4 months after the end of the 2011 fiscal year (by 30 April 2012);
- making its annual financial report generally available to the public by issuing an information notice on a financial newspaper or on a financial system at European level within 4 months after the end of the 2011 fiscal year (by 30 April 2012).

Amsterdam, 20 April 2012

The Board of Directors:

L. Ferraris
A. Brentan
C. Machetti
C. Tamburi
C. Palasciano
H. Marseille
F. Mauritz
A.J.M. Nieuwenhuizen
K. Schell

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 2011

Enel Investment Holding B.V. consolidated income statement for the year ended 31 December 2011

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

Milions of euro	*Notes*		
		2011	2010
Revenues			
Revenues from sales and services	*9.a*	3.386	2.957
Other revenues	*9.a*	64	32
	[Subtotal]	**3.450**	**2.989**
Costs			
Raw materials and consumables	*10.a*	2.257	1.835
Services	*10.b*	321	315
Personnel	*10.c*	186	183
Depreciation, amortization and impairment losses	*10.d*	362	297
Other operating expenses	*10.e*	65	55
Capitalized costs	*10.f*	(80)	(106)
	[Subtotal]	**3.111**	**2.579**
Operating Income		**339**	**410**
Financial Income	*11*	256	309
Financial expense	*11*	(350)	(370)
Share of gains/(losses) on investments accounted for using the equity method	*12*	109	107
	[Subtotal]	15	46
Income/(Loss) before taxes		**354**	**456**
Income Taxes	*13*	68	96
Net income for the year (shareholders of the Parent Company and minority interests)		**286**	**360**
Attributable to non-controlling interests		94	109
Attributable to shareholders of the Parent Company		192	251

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of other comprehensive income for the year ended 31 December 2011

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

Millions of euro	*Notes*		
		2011	2010
Net income for the period		**286**	**360**
Other components of comprehensive income:			
Effective portion of change in the fair value of cash flow hedges		23	(6)
OCI of associated companies accounted for using the equity method		3	26
Change in the fair value of financial investments available for sale		-	359
Sundry reserves		-	4
Exchange rate differences		(104)	160
Income/ (loss) recognized directly in other comprehensive income	*26*	**(78)**	**543**
Comprehensive income for the period		**208**	**903**
Attributable to:			
shareholders of the Parent Company		141	751
non-controlling interests		67	152

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2011

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

Millions of euro	*Notes*		
ASSETS		**31 Dec. 2011**	31 Dec. 2010
Non-current assets			
Property, plant and equipment	*14*	4.474	4.143
Intangible assets	*15*	2.217	2.093
Deferred tax assets	*30*	37	30
Equity investments accounted for using the equity method	*16*	527	457
Equity investments in other companies	*17*	528	538
Non-current financial assets	*18*	879	916
Other non-current assets	*19*	7	21
	(Total)	**8.669**	**8.198**
Current assets			
Inventories	*20*	89	87
Trade receivables	*21*	415	386
Tax receivables		14	3
Current financial assets	*22*	33	28
Other current assets	*23*	82	122
Cash and cash equivalents	*24*	759	776
	(Total)	**1.392**	**1.402**
Assets held for sale	*25*	**-**	**760**
TOTAL ASSETS		**10.061**	**10.360**

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of financial position as at 31 December 2011

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

(before the appropriation of the result)

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec. 2011**	31 Dec. 2010
Equity attributable to the shareholders of the Parent Company	*26*		
Share capital		1.593	1.593
Other reserves		2.503	2.554
Retained earnings (losses carried forward)		23	(228)
Net income for the period		192	251
	(Total)	**4.311**	**4.170**
Equity attributable to minority interests		1.319	1.355
TOTAL SHAREHOLDERS' EQUITY		**5.630**	**5.525**
Non-current liabilities			
Long-term loans	*27*	1.649	1.203
Post-employment and other employee benefits	*28*	52	56
Provisions for risks and charges	*29*	19	121
Deferred tax liabilities	*30*	442	428
Non-current financial liabilities	*31*	4	6
Other non-current liabilities	*32*	180	160
	(Total)	**2.346**	**1.974**
Current liabilities			
Short-term loans	*33*	472	821
Current portion of long-term loans	*27*	30	135
Current portion of provisions	*29*	43	108
Trade payables	*34*	486	424
Income tax payable		8	6
Current financial liabilities	*35*	23	33
Other current liabilities	*36*	1.023	849
	(Total)	**2.085**	**2.376**
Liabilities held for sale	*37*	**-**	**485**
TOTAL LIABILITIES		**4.431**	**4.835**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**10.061**	**10.360**

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated cash flow statement for the year ended 31 December 2011

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

Millions of euro

	2011	2010
Income for the year	**286**	**360**
Adjustments for:		
Amortization and impairment losses of intangible assets	56	14
Depreciation and impairment losses of property, plant and equipment	250	203
Accrual to provisions	40	(5)
Financial (income)/expense	94	62
Income taxes	68	96
(Gains)/Losses and other non-monetary items	7	(15)
Cash flow from operating activities before changes in net current assets	*801*	*714*
Increase/(Decrease) in provisions	(30)	(24)
(Increase)/Decrease in inventories	(2)	(20)
(Increase)/Decrease in trade receivables	(35)	(46)
(Increase)/Decrease in financial and non-financial assets/liabilities	(60)	(34)
Increase/(Decrease) in trade payables	57	129
Interest income and other financial income collected	178	243
Interest expense and other financial expense paid	(194)	(288)
Income taxes paid	(64)	(80)
Cash flows from operating activities (a)	**651**	**595**
Investments in property, plant and equipment	(629)	(696)
Investments in intangible assets	(19)	(13)
Investments in entities (or business units) less cash and cash equivalents acquired	-	-
Disposals of entities (or business units) less cash and cash equivalents sold	9	-
(Increase)/decrease in other investing activites	-	22
Repayment of share premium contribution	-	354
Cash flows from investing/disinvesting activities (b)	**(639)**	**(333)**
Financial debt (new long-term borrowing)	587	365
Financial debt (repayments and other changes)	(627)	(738)
Dividends and interim dividends paid	(35)	-
Cash flows from financing activities (c)	**(75)**	**(373)**
Impact of exchange rate fluctuations on cash and cash equivalents (d)	**(10)**	**(31)**
Increase/(Decrease) in cash and cash equivalents (a+b+c+d)	**(73)**	**(142)**
Cash and cash equivalents at the beginning of the year	832	974
Cash and cash equivalents at the end of the year	759	832
-of which peratining to held for sale companies	-	56

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Enel Investment Holding B.V. consolidated statement of changes in shareholders' equity at 31 December 2011

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	Net income for the period	Group Net Equity	Minority Interests	Total shareholders' equity
Balance at 31 December 2009	1.593	2.410	109	(380)	(84)	(400)	154	3.402	1.212	4.614
Opening balance adjustment (IFRIC 18)						18		18	4	22
Profit appropriation	-	-	-	-	-	154	(154)	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(13)	(13)
Change in scope of consolidation	-	-	(1)	-	-	-	-	(1)	-	(1)
Net income/(loss) for the period recognized in equity	-	-	365	117	26	-	-	508	46	554
Net income for the period 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
Profit appropriation	-	-	-	-	-	251	(251)	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(35)	(35)
Change in scope of consolidation	-	-	-	-	-	-	-	-	(68)	(68)
Net income/(loss) for the period recognized in equity	-	-	23	(77)	3	-	-	(51)	(27)	(78)
Net income for the period related to assets held for sale and recognized in equity	-	-	-	-	-	-	-	-	-	-
Net income/(loss) for the period	-	-	-	-	-	-	192	192	94	286
2011 movements	-	-	23	(77)	3	251	(59)	141	(36)	105
Balance at 31 December 2011	1.593	2.410	488	(340)	(55)	23	192	4.311	1.319	5.630

The Notes on pages 28 to 87 are an integral part of these Consolidated Financial Statements

Notes to the Enel Investment Holding B.V. consolidated financial statements for the year ended 31 December 2011

1. Form and content of the consolidated financial statements

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

Therefore, since financial year 2007, Enel Investment Holding B.V. 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 endorsed by the European Commission (hereinafter the "IFRS-EU").

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 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.

Relationship with Parent Company and principal activities

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

Enel Investment Holding B.V., which has its registered office 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 the water sector;
- in the communications, information technology industries and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in 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 24 February 2012 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2011 regarding the Company, guaranteeing its continuous financial support to meet the Company's liabilities.

2.Basis of preparation

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. The consolidated financial statements were approved by the Board of Directors on 1 March 2012.

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);
- financial assets available for sale (see note 3.16).

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.

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 affect that period alone. 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 considered particularly 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

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.

Pensions and other post-employment benefits

Some of the Group’s employees participate in pension plans offering benefits based on their wage history and years of service.

Certain employees are also eligible for other post-employment benefit schemes.

The expenses and liabilities of such plans are calculated on the basis of estimates carried out by consulting actuaries, who use a combination of statistical and actuarial elements in their calculations, including statistical data on past years and forecasts of future costs.

Other components of the estimation that are considered include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of wage increases and trends in the cost of medical care.

These estimates can differ significantly from actual developments owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in the effective cost of medical care.

Such differences can have a substantial impact on the quantification of pension costs and other related expenses.

Recoverability of non-current assets

The carrying amount of non-current assets is reviewed periodically and whenever circumstances or events suggest that more frequent reviews are 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.

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 applied to the income statement in the year they accrue.

Related parties

Definition

Related parties are mainly parties that have the same Parent Company as Enel SpA (the sole 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 Enel S.p.A.'s Compliance/Supervisory Board, Enel S.p.A. managers with strategic responsibilities, and their close relatives 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 defined as 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.

Transactions with related parties

Enel Investment Holding B.V. has adopted the policy defined by the Parent Company Enel S.p.A. with regard to transactions with related parties.

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. Transactions that present a low level of risk include 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, meaning: (i) atypical or unusual transactions; (ii) transactions with a value exceeding EUR 25 million (with the exception of the aforementioned low-risk transactions for Enel S.p.A. and the Group); and (iii) other transactions that the Internal Control Committee believes should be examined by the Board of Directors.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities for which the Company has the direct or indirect power to set their financial and operating policies in order to obtain the benefits of their activities. In assessing the existence of a situation of control, potential voting rights that are effectively exercisable or convertible are also taken into account. The figures of the subsidiaries are consolidated on a full line-by-line basis as from the date when 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.

Associated companies and Joint Ventures

Associates are those entities in which the Company has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting rights in 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.

Transactions under common control

Transactions under common control are defined as those operations arising from transfers of interests among the Company and all the other entities within Enel S.p.A.'s scope of consolidation.

When companies are acquired at fair values from affiliated companies or through a contribution in kind from the shareholder, these are considered transactions under common control. Therefore their values in the Company consolidated financial statement are consistent with their consolidated values in the last consolidated financial statement of the Parent Company Enel S.p.A.

Consequently the difference needed to align the value of the subsidiary in the Company's separate financial statement to its value in the last consolidated financial statement of Enel Spa's consolidated financial statement, has been filed as a difference in the consolidated net equity.

The acquisition is accounted for as of the date that control was established by the Company. Likewise the income statement is consolidated as of that time.

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

Consolidation procedures

The subsidiaries' financial statements used for drawing up the Company consolidated financial statements were prepared at 31 December 2011 and at 31 December 2010 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.

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.

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 assets and liabilities, including goodwill and consolidation adjustments, and by applying the average exchange rate for the period to the income statement items thereby, approximating the exchange rates prevailing at the date of the respective transactions.

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 upon disposal of the subsidiary.

Business combinations

At 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.

Business combination initiated before 1 January, 2010 and completed before that date, are recognized on the basis of IFRS 3 (2004). Such business combinations are recognized using the purchase method, where the purchase cost is equal to the consideration given either in terms of cash or assets exchanged in the transaction.

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 cost of the acquisition and the fair value 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. Within twelve months PPA is adjusted retrospectively and after twelve months any difference is recognized in income statement.

Business combinations carried out as from 1 January, 2010 are recognized on the basis of IFRS 3 (2008). More specifically, business combinations are recognized using the acquisition method, where the purchase cost is equal to the consideration given either in terms of cash or assets exchanged in the transaction. Costs directly attributable to the acquisition are recognized through profit or loss.

This cost is allocated by recognizing the assets, liabilities and identifiable contingent liabilities of the acquired date. Any positive difference between the price paid, measured at fair value as at the acquisition date, plus the value of the identifiable assets and liabilities of the acquiree measured at fair value is recognized as goodwill. Any negative difference is recognized in profit and loss.

The value of the non-controlling interests is determined either in proportion to the interest held by minority shareholders in the net identifiable assets of the acquiree or at their fair value as at the acquisition date.

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 value. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition, restating comparative figures.

In the case of business combinations achieved in stages, at the date of acquisition of control the holdings acquired previously are re-measured to fair value and any positive or negative difference is recognized in the income statement.

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 the 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)]	20-50 years
Geothermal power plants	10-40 years
Alternative Energy power plants	15-40 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	10-60 years

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

Lands are not depreciated as they have an indefinite useful life.

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

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. 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.

Impairment losses

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 regarding 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 concerning 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 Profit and Loss.

Any cumulative loss in terms of an available-for-sale financial asset previously recognized 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.

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 regarding 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 terms of goodwill is not reversed. Regarding 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.

Impairment of non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) 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 re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets or 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 re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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, cost to complete or, where applicable, replacement cost.

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.

Financial instruments

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.

These 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.

Trade receivables and other current assets

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

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 subject to insignificant risks 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.

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.

Trade payables

Trade payables are recognized at amortized cost.

Financial liabilities

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

Derivative financial instruments

Derivatives are recognized at 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 (which is assessed periodically) is high.

The manner in which the result of the 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.

Derecognition of financial assets and liabilities

Financial assets are derecognized whenever one of the following conditions is met:

- the contractual right to receive the cash flows associated with the asset expires;
- the Company has transferred substantially all the risks and rewards associated with the asset, transferring its rights to receive the cash flows of the asset or assuming a contractual obligation to pay such cash flows to one or more beneficiaries under a contract that meets the requirements envisaged under IAS 39 (the "pass through test");
- the Company has not transferred or retained substantially all the risks and rewards associated with the asset but has transferred control over the asset.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation has been discharged, cancelled or lapsed.

Fair Value hierarchy pursuant to IFRS 7

Assets and liabilities measured at fair value are classified in a three level hierarchy as described below, depending on the input used to determine the fair value.

In particular:

• level 1 includes financial assets or liabilities measured at fair value on the basis of quoted prices in active markets for such instruments (unadjusted);

• level 2 includes financial assets/liabilities measured at fair value on the basis of inputs other than those included in Level 1 that are observable either directly or indirectly on the markets;

- level 3 includes financial assets/liabilities whose fair value was calculated using inputs not based on observable market data.

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 any 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.

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.

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 re-measured in accordance with the Group's accounting policies. Thereafter the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a 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 initially classified as held for sale or distribution and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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 as provided for by the governments, government agencies and similar local, national or international authorities.

Grants received for specific expenditure or specific assets whose values are 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 when they satisfy the requirements for recognition.

Revenues

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

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

Financial income and expense

Financial income and expense is recognized on an accruals basis in line with interest accrued on the net carrying amount of the related financial assets and liabilities using the effective interest rate method.

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.

Financial 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.

Dividends

Dividends from equity investments are recognized when the shareholder’s right to receive them is established.

Dividends and interim dividends payable to third parties are recognized as changes in equity at the date they are approved by the Shareholders’ Meeting and the Board of Directors, respectively.

Income taxes

Current income taxes for the period, 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 related to 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

First-time adoption and applicable standards

The Group has adopted the following international accounting standards and interpretations taking effect as from 1 January 2011:

- "*Revised IAS 24 – Related parties disclosures*": 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 retrospective application of IAS 24 did not have an impact for the Group.
- "Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement": these changes clarify the accounting treatment to apply the rules related to the so called "asset ceiling", in the event prepayments relating to a minimum funding requirement (MFR) are foreseen. In particular, the modified interpretation foresees new rules to measure the available economic benefit deriving from a reduction of future contributions related to an MFR. The retrospective application of the amendments did not impact the Group.
- "IFRIC 19 – Extinguishing financial liabilities with equity instruments": 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 a creditor. In particular, the issued equity instruments 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 to the income statement. The retrospective application of IFRIC 19 did not impact the Group.
- "Amendment to IAS 32 – Financial instruments: Presentation": the amendment clarifies that rights, options or warrants that grant the right to purchase a fixed number of equity instruments of the same entity that issues those instruments for a fixed amount in any currency, have to be classified as equity instruments if, and only if, the entity offers these rights, options or warrants proportionally to all the holders of the same class of non-derivative equity instruments. The retrospective application of the amendment did not have an impact for the Group.
- "Improvements to IFRS": the changes regard improvements to existing accounting standards. The main developments regard:
  - *"IFRS 7 Financial instruments: Disclosures"* specifies that for every class of financial instruments, the disclosure on the entity's maximum exposure to credit risk is only mandatory if the book value of these instruments does not reelect such an exposure; it furthermore requires disclosure about the financial effect of collateral obtained and other credit enhancements (e.g. the amount the credit risk is reduced by due to the collateral received). The amendment also clarifies that the disclosure required on financial and non-financial assets acquired during the course of the financial year by holding collateral is only mandatory if these assets are still held at the end of the financial year. Lastly, it is no longer necessary to provide disclosure on the book value of the financial assets that would have been past-due or impaired if their terms had not been renegotiated, nor the

description and quantification of the fair value of the collateral obtained and other credit enhancements of financial instruments that are past due but not impaired. The retrospective application of the amendment did not have a significant impact for the Group.

- *"IAS 1 – Presentation of Financial Statements*" specifies that the reconciliation of the carrying amount at the start and end of the period for each element of "Other Comprehensive Income" (OCI) shall be presented either in the statement of changes in equity or in the notes to the financial statements. The retrospective application of amendment did not have a significant impact for the Group.
- "*IFRIC 13 – Customer Loyalty Programs*" relates to determining the fair value of award credits. It provides that when the fair value is determined by reference to the fair value of the awards which can be redeemed with the points, the amount of discounts or incentives that would be offered to customers that have not obtained award points from the sale (customers not participating in the program) must be taken into consideration. The previous version required the fair value to be reduced to take account of the awards that would be offered to the aforesaid customer category. The retrospective application of the amendment did not have an impact for the Group in these financial statements.

Standards not yet adopted and not yet applicable

During financial year 2011, the European Commission approved the following amendment, which is expected to be applied by the Group as from 1 January 2012:

• "Amendments to IFRS 7 – Financial instruments: Disclosures", issued in October 2010, introduces new disclosure requirements to help users of financial statements to assess risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. In particular, the amended standard requires a specific disclosure, to be included in a single note to the financial statements, referring to all transferred financial assets that are not derecognized and for any continuing involvement in a transferred asset at the reporting date. The Group is assessing the impacts of the future application of the new provisions.

During the years 2009, 2010 and 2011, the *International Accounting Standard Board* (IASB) and *the International Financial Reporting Interpretations Committee* (IFRIC) have published new standards and interpretations that, as of 31 December 2011, have not yet been approved by the European Commission. Descriptions of the new standards and interpretations that may have an impact on the Company's financial statements are set out below:

• "IFRS 9 – Financial Instruments", issued in November 2009 and revised in October 2010, is the first of the three stages of the plan to replace IAS 39. The new standard sets out the criteria for classifying financial assets and liabilities. Financial assets must be classified on the basis of the entity's "business model" and the characteristics of the related contractual cash flows. In terms of valuation criteria, the new standard provides that financial assets and liabilities ought initially to be valued at fair value, including any transaction costs which are directly associated with their receipt or issue. Thereafter, financial assets and liabilities can be valued at fair value or amortized cost, without prejudice to exercising the so-called 'fair value option'. In relation to valuation criteria for investments in equities not held for trading

purposes, it is possible to opt irrevocably to present variations in fair value among Other Comprehensive Income; the related dividends must, in any case, be allocated to profit and loss. The new standard, which was amended in terms of the date of first adoption in December 2011, will apply – subject to approval – from the financial year beginning 1 January 2015. The Group is assessing the impact of the future application of the new provisions.

- "*Amendments to IFRS 9 and IFRS 7 – Mandatory effective date and transition disclosure*", issued in December 2011, modifies "IFRS 9 – Financial Instruments", deferring the date of mandatory first adoption from 1 January 2013 to 1 January 2015 and setting out new rules on the transition from the application of IAS 39 to the application of IFRS 9. It also amends IFRS 7 Financial Instruments: Disclosures, introducing a new comparative disclosure, which may be mandatory or optional depending on the transition date to IFRS 9.

Specifically, the amendments in question provide that entities that are applying IFRS 9 to their financial statements for the first time continue to have the option of not providing the restatement of the preceding financial years. More precisely: entities that adopted IFRS 9 before 1 January 2012 do not have restatement obligations or additional disclosure obligations beyond those already provided for following the amendments made to IFRS 7 by the introduction of IFRS 9; entities that adopt IFRS 9 between 1 January 2012 and 31 December 2012 may choose whether to provide the restatement of preceding financial years or to provide the additional comparative disclosure in accordance with the changes made to IFRS 7; entities that adopt IFRS 9 between 1 January 2013 and 1 January 2015 are required to provide the additional comparative disclosure in accordance with the changes to IFRS 7, regardless of the decision made on the restatement, which is optional and not mandatory.

The amendments will be applicable, subject to approval, from the financial years beginning 1 January 2015 onwards. The Group is assessing the impact of the future application of the new provisions.

- "*IFRS 10 – Consolidated financial statements*", issued in May 2011, replaces "SIC 12 Consolidation – Special purpose entities" and, limited to the part relating to consolidated financial statements, "IAS 27 – Consolidated and Separate Financial Statements", which has been renamed "Separate Financial Statements". The standard introduces a new model for assessing the existence of control, leaving unchanged the consolidation techniques set out in the current IAS 27. This model must be applied indiscriminately to all investees, including the special purpose entities referred to in the new standard as "structured entities". While in the current accounting standards, if control does not derive from holding a majority of real or potential votes, prevalence is given to an analysis of the risks/benefits deriving from the interest in the investee, IFRS 10 focuses the decisions on three elements that must be considered in each assessment: power over the investee; exposure to the variability of returns deriving from the shareholding relationship; the relationship between the power and the returns, or the ability to influence the returns of the investee by exercising decision-making power over it. Following the application of the new model for analyzing the conditions of control, entities previously deemed to be subsidiaries could be classified as associates or joint ventures, and vice-versa. The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.

- "*IFRS 11 – Joint Arrangements*", issued in May 2011, replaces "*IAS 31 – Interests in Joint Ventures*" and "*SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers*". In contrast to IAS 31, which assesses Joint Arrangements on the basis of the

contractual form chosen, IFRS 11 assesses these agreements on the basis of the how the relevant rights and obligations and are attributed to the parties. Specifically, the new standard identifies two types of Joint Arrangement: Joint Operation, where the parties to the agreement have pro rata rights to the assets and pro rata responsibilities for the liabilities deriving from the agreement; and Joint Venture, when the parties are entitled to a share of the net assets or profit/loss resulting from the agreement.

In separate financial statements, participation in a Joint Operation means that assets/liabilities and costs/revenues relating to the agreement are recognized on the basis of the rights/obligations due to/from the parties, without any consideration to the stake held, and participation in a JV can no longer be recognized. Meanwhile, participation in a Joint Venture implies the recognition of a stake that is valued at cost or fair value, in line with current provisions.

The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.

- "*IFRS 13 – Fair value measurement*", issued in May 2011; represents a broad framework to refer to whenever other accounting standards require or allow the application of the fair value system. The standard provides a guide on how to determine fair value, while also introducing specific disclosure requirements. The new standard is expected to be applicable, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.
- "*IAS 27 – Separate financial statements*", issued in May 2011; at the same time as IFRS 10 and IFRS 12 were issued, the name and content of the current IAS 27 was also amended. All provisions relating to the drawing up of consolidated financial statements were removed, with all other provisions remaining unchanged. Following this amendment, the standard only provides criteria for recognizing and measuring accounts figures and the disclosures to be submitted for separate financial statements in relation to subsidiaries, Joint Ventures and associates. The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.
- "*IAS 28 – Investments in Associates and Joint Ventures*", issued in May 2011; at the same time as IFRS 11 and IFRS 12 were issued, the name and content of the current IAS 28 were amended. Specifically, the new standard – which also includes the provisions of "SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers" describes the application of the equity method, which is the method for assessing associates and joint ventures in a consolidated financial statement or in a financial statement drawn up by an entity that does not have interests in subsidiaries but has stakes in associates or joint ventures and satisfies specific requirements, in line with the provisions of the accounting standards in force. The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impacts of the future application of the new provisions.
- "*Amendment to IAS 1 – Presentation of items of other comprehensive income*", issued in June 2011, provides that the profit and loss statement and the aspects of "Other Comprehensive Income (OCI)" must be presented in two separate sections. Furthermore, the amended standard provides that the elements of OCI should be separated between those elements that will be reclassified ("recycled") to profit and loss and those that will never be reclassified to profit and loss. The new standard will apply retroactively, subject to approval,

from the financial years beginning 1 January 2013 onwards. The future application of the new provisions is not expected to have any significant impact.

- "*IAS 19 – Employee Benefits*", issued in June 2011, replaces the current version of IAS 19, the reference accounting standard for employee benefits. The most significant change to the standard relates to the obligation to recognize all actuarial gains and losses in OCI, thereby eliminating the so-called 'corridor approach'. The amended principle also introduces more stringent rules for the presentation of figures in the financial statements, separating costs into three components. The amended standard also eliminates the expected return on plan assets, disallows deferred recognition of past service cost, enhances the disclosure to be presented in the financial statements and introduces more detailed rules on the recognition of termination benefit. The new standard will apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.
- "*IFRIC 20 – Stripping costs in the production phase of a surface mine*", issued in October 2011, sets out the accounting treatment to apply to costs borne for the removal of waste materials in the production phase of mines, clarifying when they may be recognized as an asset. The interpretation will apply, subject to approval, from the financial years beginning 1 January 2013 onwards. In particular, the interpretation will apply to costs incurred from the first financial year presented in the financial statements at first-time adoption. The future application of the new provisions is not expected to have any significant impact.
- "*Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*", issued in December 2011. Whereas "*IAS 32 – Financial Instruments*" provides that financial assets and liabilities shall be offset and the relevant net amount reported in the balance sheet when, and only when, the entity:

a) currently has a legally-enforceable right to set-off the amounts recognized in the accounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The amendment to IAS 32 clarifies the necessary conditions for satisfying these two requirements. In relation to the first requirement, the amendment expands the explanation of the cases in which an entity "currently has a legally-enforceable right to set-off". In relation to the second requirement, the amendment clarifies that if the entity realizes financial assets and liabilities separately for the purposes of set-off, the credit or liquidity risk will be insignificant and hence explains the features that the gross settlement system must have. The changes to the standard apply retroactively, subject to approval, from the financial years beginning 1 January 2014 onwards. The Group is assessing the impact of the future application of the new provisions.

- "*Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities*", issued in December 2011, in parallel with the amendments to IAS 32, requires expanded disclosure on set-off of financial assets and liabilities. The purpose of this is to allow users of financial statements to assess the effects and potential effects of the netting contracts on the financial position of the entity, including rights of off-set associated with assets or liabilities recognized in the financial statements.

The changes to the standard apply retroactively, subject to approval, from the financial years beginning 1 January 2013 onwards. The Group is assessing the impact of the future application of the new provisions.

5. Determination of fair values

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.

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.

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.

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.

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.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities, 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. Regarding 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 Group is exposed to a variety of risks arising from its operating and financial activities which can be summarized as follows:

- credit risk
- liquidity risk
- market risk

This section presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks as well as the Group's management of capital. Further quantitative disclosures are also included throughout these 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 Group risk management policies are put in place in order to identify and analyze the risk faced by each company to set appropriate risk limits and control, and to monitor risks and adherence to limits. Both risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of a financial loss for the Group if a customer or counterparty in a financial transaction fails to meet its contractual obligations. This risk comes principally from the Group's receivables from customers and from investment securities.

Millions of euro		Carrying amount	
	note	**31 Dec. 2011**	31 Dec. 2010
Equity investments available for sale	*17*	528	538
Non-current financial assets	*18*	879	916
Other non-current assets	*19*	7	21
Current financial assets	*22*	33	28
Trade and other receivables	*21,23*	510	511
Cash and cash equivalents	*24*	759	776
TOTAL		**2.716**	**2.840**

The Group 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 credit risk concentration.

As part of activities related to the sale and distribution of electricity to eligible customers, the Group 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 adequate protection from default risk.

Equity investments available for sale amounting to EUR 528 million at 2011 year-end and they relate to investments held by the Company in listed companies.

As regards the credit risk on non-current financial assets, we refer to note 18. These amounts primarily relate to financial receivables from the affiliated company Enel Finance International NV (EUR 295 million) and from EDF, the French State-owned electricity company (EUR 545 million).

Moreover the credit risk regarding the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks, thereby diversifying the exposure among different institutions.

Liquidity Risk

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

Despite the financial market turbulence caused by the European sovereign debt crisis in the second half of 2011, Enel Group continued to have access both to the bank credit (using both committed and uncommitted credit lines) and to the commercial paper market. Any difficulty in raising funds is tackled through careful financial planning and proper funding policies. An additional deterioration in the credit market could nevertheless increase liquidity risk for Enel; in any event, a variety of options are being investigated for strengthening the financial structure of the Group even further.

Millions of euro		**31 Dec. 2011**		31 Dec. 2010	
	note	Carrying amount	Nominal value	Carrying Amount	Nominal value
Long-term loans	*27*	1.649	1.665	1.203	1.219
Other non-current liabilities	*32*	180	180	160	160
Other non-current financial liabilities	*31*	4	4	6	6
Short-term loans	*33*	472	472	821	821
Current portion long-term loans assets	*27*	30	30	135	135
Trade and other payables	*34, 35, 36*	1.540	1.540	1.312	1.312
TOTAL		**3.875**	**3.891**	**3.637**	**3.653**

We refer to note 27 for information about the expected cash flows of the long-term loans.

All current liabilities are expected to be paid within the next 12 months.

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, which 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.

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 tradeoff 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.

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 2011, excluding financial debt towards related parties amounting to EUR 611 million, only a 15% share of medium-long term debt was set at floating rates and it was almost fully hedged by financial derivative transactions through a Cross Currency Interest Swap designated as a cash flow hedge, disclosed in the next paragraph (see note 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 concerning 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 2011 and 31 December 2010.

Millions of euro	Notional amount		Fair value	
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010
Cash flow hedge derivatives:	323	278	(1)	(6)
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	323	278	(1)	(6)
Fair value hedge derivatives:	-	-	-	-
Forward	-	-	-	-
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Trading derivatives:	461	161	(1)	(8)
Forward	461	161	(1)	(8)
Option	-	-	-	-
Cross currency interest rate swap	-	-	-	-
Total forwards	**461**	**161**	**(1)**	**(8)**
Total options	**-**	**-**	**-**	**-**
Total cross currency interest rate swap	**323**	**278**	**(1)**	**(6)**
TOTAL EXCHANGE RATE DERIVATIVES	**784**	**439**	**(2)**	**(14)**

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

Millions of euro	Fair value	Stratification of expected cash flows					
CFH on exchange rates	**31 Dec. 2011**	2012	2013	2014	2015	2016	Beyond
Positive fair value	3	(1)	(1)	(1)	(1)	(117)	-
Negative fair value	(4)	(6)	(6)	(5)	(268)	-	-
FVH on exchange rates							
Positive fair value	-	-	-	-	-	-	-
Negative fair value	-	-	-	-	-	-	-
Trading derivatives on exchange rates							
Positive fair value	2	3	-	-	-	-	-
Negative fair value	(3)	(4)	-	-	-	-	-

As regards the potential impact on equity of a change in foreign exchange rates as of 31 December 2011, assuming a 10% depreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 16 million higher as a result of the increase of the fair value of Cash Flow Hedge derivatives. Conversely, assuming a 10% appreciation of the Euro against the Russian ruble, all other variables being equal, equity would have been approximately EUR 20 million lower as a result of the decrease of the fair value of Cash Flow Hedge derivatives.

Capital management

The board policy of the Group is to maintain a strong capital base so as to maintain creditor and market confidence and thus 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.

7. Changes in the scope of consolidation

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

2011

• the disposal, on 28 June 2011, of the entire share capital of the Dutch companies Maritza East III Power Holding B.V. and Enel Maritza O&M Holding Netherland B.V. which own respectively 73% of the share capital of the Bulgarian company Maritza East 3 AD, owner of a lignite-fuelled power plant 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 the operation and maintenance of the Maritza plant;

• the establishment, on 5 August 2011, of Enel re NV, a new company jointly controlled by the Company (50% stake) and by Endesa SA (50% stake). As of 30 November 2011 Enel.re NV wholly owns the former Company's subsidiary Enel.re Ltd and Compostilla Re SA (formerly fully owned by Endesa SA); consequently all these three reinsurance companies are jointly controlled entities and they are accounted for using the equity method as of 30 November 2011.

2010

• management was committed to selling 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.) and accordingly their consolidated values were reclassified to net assets held for sale in accordance with IFRS 5 as of 30 June 2010.

8. Segment information

The chief geographical areas of operation for Enel Investment Holding B.V. are:

- Central Europe, where the Division is active in electricity sales in France (Enel France) and the development of thermal power plants and support activities in Belgium (Marcinelle Energie and formerly Enel Operations Belgium);
- South-Eastern Europe, with the development of generation capacity (Enel Productie) and electricity distribution, sale and support activities in Romania (Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Distributie Muntenia, Enel Energie Muntenia, Enel Romania and Enel Servicii Comune), and the development of thermal plants in Greece (Enelco);
- Russia, with power generation and sales (Enel OGK-5);
- Others, with support services (Enel Rus) in the Russian Federation, coal trading in Switzerland (Pragma), reinsurance in the Netherlands (Enel.re) and Enel Investment Holding BV as Group holding company.

Performance

Millions of euro

	2011	2010	Change
Revenues	3.450	2.989	461
Gross operating margin	700	707	(7)
Operating income	339	410	(71)
Employees at year-end (no.)	8.029	9.071	(1042)
Capital expenditure	648	711	(63)

The table below shows performance by geographical area.

Millions of euro	Revenues			Gross operating margin			Operating income		
	2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change
Central Europe	803	429	374	60	59	1	59	58	1
South-eastern Europe	1.094	1.196	(102)	272	318	(46)	100	166	(66)
Russia	1.488	1.315	173	348	334	14	198	213	(15)
Others	65	49	16	20	(4)	24	(18)	(27)	9
Total	**3.450**	**2.989**	**461**	**700**	**707**	**(7)**	**339**	**410**	**(71)**

Revenues in 2011 came to EUR 3.450 million, up EUR 461 million compared with EUR 2.989 million in 2010. This greater performance was related to the following factors:

- an increase of EUR 374 million in revenues in Central Europe, essentially due to an increase in volumes sold in France (EUR 376 million). This is accompanied by the entry into effect of the ARENH mechanism in France, which provides access to a greater capacity at regulated prices;
- an increase of EUR 173 million in revenues in Russia, mainly attributable to the rise in unit sales prices (DAM prices from 845 RR/Mwh to EUR 960 RR/Mwh) and to higher volumes sold due to increased electricity demand of Enel OGK-5;

- a decrease of EUR 102 million in revenues in south-eastern Europe as a result of the change in the scope of consolidation after the sale of Enel Maritza East 3, Enel Operations Bulgaria and their holding companies in June 2011 (EUR 113 million);
- an increase of EUR 16 million in revenues essentially due to Enel Investment Holding as a result of the capital gain realized following the sale of equity investment in Maritza East III Power Holding BV and Maritza O&M BV in June 2011 (EUR 13 million).

The **gross operating margin** amounted to EUR 700 million, a decrease of EUR 7 million, essentially as a result of the following factors:

- a decrease in the margin in south-eastern Europe following the sale of the Bulgarian companies (EUR 47 million);
- an increase of EUR 14 million in the gross operating margin in Russia, as a result of the rise in the average sales prices of Enel OGK-5;
- an increase of EUR 24 million in the gross operating margin of Other companies thanks to a greater performance of Enel.re Ltd (EUR 16 million) and the above mentioned capital gain related to the sale of Bulgarian companies (EUR 13 million).

Operating income in 2011 amounted to EUR 339 million, a decrease of EUR 71 million over the previous year, taking account of a decrease of EUR 39 million for the deconsolidation of Bulgarian companies along with higher impairment losses accounted for (EUR 64 million) whose effects have been partially offset by the above mentioned capital gain on net assets disposal (EUR 13 million).

Capital expenditure came to EUR 648 million, down EUR 63 million from the previous year. This reduction is attributable to Marcinelle (EUR -30 million), due to the completion of activities for the building of a CCGT plant, Enelco (EUR -20 million) as a result of the cancellation of the Livadia Project in Greece together with lower investment by the Romanian companies (EUR -37 million) partially offset by higher capital expenditure of Enel OGK-5 (EUR + 26 million).

Information on the consolidated income statement

Revenues

9.a Revenues - *EUR 3.450 million*

Millions of euro

	2011	2010	Change
Revenues from the sale of electricity	3.115	2.713	402
Revenues from the transport of electricity	90	58	32
Revenues from premium reassurance provided	49	44	5
Capital Gain on net assets disposal	13	-	13
Other sales and services	183	174	9
Total	**3.450**	**2.989**	**461**

"Revenues from the sale of electricity" amounted to EUR 3.115 million, up EUR 402 million on 2010. This was thanks to Enel France (EUR 376 million) and Enel OGK-5 (EUR 169 million) following higher volumes of energy sold in 2011 due to increased electricity demand in Russia and to increase in the anticipated capacity agreement with Edf in France. These effects were partially offset by lower revenues from Bulgarian companies after their deconsolidation as at 28 June 2011 (EUR -113 million).

"Revenues from the transport of electricity" totaled EUR 90 million in 2011, up EUR 32 million compared to 2010. It mainly refers to Romanian companies acting in the electricity distribution network (Enel Distributie Banat, Enel Distributie Dobrogea and Enel Distributie Muntenia) which have reported higher revenues thanks to greater volumes of electricity transported.

"Revenues from premium reassurance provided" refer solely to Enel Re. Ltd. which was deconsolidated as of 30 November 2011 following the reinsurance business reorganization undertaken at the end of November 2011.

"Capital gain on net assets disposal" refers exclusively to the gain on the disposal of Bulgarian companies (EUR 13 million).

"Other sales and services" came to EUR 183 million with an increase of EUR 9 million on the corresponding period of 2010, mainly attributable to Enel OGK-5 (EUR 9 million).

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

Millions of euro

	2011	2010	Change
European Market	1.962	1.675	287
Russia	1.488	1.314	174
Total	**3.450**	**2.989**	**461**

Costs

10.a Raw material and consumables - *EUR 2.257 million*

Millions of euro

	2011	2010	Change
Electricity purchases	1.313	909	404
Fuel purchases for electricity production	873	802	71
Materials	71	124	(53)
Total	**2.257**	**1.835**	**422**

"Electricity purchases" increased by EUR 404 million to EUR 1.313 million. The variance in comparison with the previous year is mainly connected to higher costs incurred in 2011 by Enel France (EUR 342 million) due to the greater volumes of electricity purchased from EDF and from the market and by Enel OGK-5 (EUR 30 million).

"Fuel purchases for electricity production" totaled EUR 873 million in 2011, up EUR 71 million over 2010 driven by higher fuel prices experienced by Enel OGK-5 (EUR 102 million), which was partially made up by lower costs at Enel Maritza East 3 AD (EUR -31 million) deconsolidated as from 28 June 2011.

10.b Services – *EUR 321 million*

Millions of euro

	2011	2010	Change
Maintenance and repairs	49	61	(12)
Services connected with electricity systems	125	104	21
Building costs	11	12	(1)
Insurance costs	18	18	-
Leases and rentals	12	12	-
Other	106	108	(2)
Total	**321**	**315**	**6**

10.c Personnel – *EUR 186 million*

Millions of euro

	2011	2010	Change
Wages and salaries	148	143	5
Social security contributions	34	31	3
Employee leaving incentives	-	3	(3)
Other costs	4	6	(2)
Total	**186**	**183**	**3**

Personnel costs rose by EUR 3 million to EUR 186 million.

The variance in comparison to the previous year is mainly connected to Enel OGK-5 (EUR 6 million) as a consequence of greater wage related social contribution and salary indexation partially offset by Bulgarian companies sold at the end of June 2011 (EUR -4 million).

10.d Depreciation, amortization and impairment losses – *EUR 362 million*

Millions of euro

	2011	2010	Change
Depreciation	202	203	(1)
Amortization	16	13	3
Impairment losses	144	81	63
Total	**362**	**297**	**65**

"Depreciation" and "Amortization" remained substantially unchanged throughout the two reporting periods.

"Impairment losses" rose to EUR 144 million, up EUR 63 million over 2010 including:

- the impairment of goodwill pertaining to the Bulgarian companies (EUR 16 million) and Marcinelle (EUR 26 million);
- the write-off of advance payments (EUR 27 million) previously made by Enel OGK 5 to its supplier ROSpostavka, since construction works of Reftinskaya Dry-Ash Removal have not been carried out by this supplier;
- the write-off of trade receivables referring to Romanian companies operating in the electricity sales market (EUR 44 million) and Enel OGK-5 (EUR 10 million).

10.e Other operating expenses – *EUR 65 million*

Millions of euro

	2011	2010	Change
Provision for risks and charges	3	(46)	49
Taxes and duties	39	39	-
Other expensens	23	62	(39)
Total	**65**	**55**	**10**

Other operating expenses rose by EUR 10 million to EUR 65 million.

The increase of EUR 49 million in "Provision for risks and charges" was essentially due to the reversal into the income statement of Enel OGK-5's water rights provision booked in 2010 (EUR - 98 million), partially compensated in 2011 by the release to income statement of the provisions of the Romanian distribution companies further to a revised tariff drop (EUR -28 million) as well as the reversal of Enel Energie SA's provision (EUR -14 million).

10.f Capitalized costs – *EUR (80) million*

The decrease of EUR 26 million is mainly connected to lower capital expenditure carried out in 2011 by Romanian companies for improving the electricity distribution network. Capitalized costs (EUR 80 million) consisted of EUR 17 million in personnel costs and EUR 63 million in materials costs.

11. Financial income/(expense) - *EUR (94) million*

Millions of euro

	2011	2010	Change
Interest and other income on financial assets (current and non-current):			
-interest income at effective rate on non-current securities and recivables	25	31	(6)
-interest income at effective rate on short-term financial investments	20	25	(5)
Total interest and other income from financial assets	**45**	**56**	**(11)**
Foreign exchange gains	155	226	(71)
Income from derivative instruments	31	-	31
Other interest and income	25	27	(2)
Total	**256**	**309**	**(53)**

Millions of euro

	2011	2010	Change
Interest expense and other charges on financial debt (current and non-current):			
-interest expense on bank loans	48	38	10
-interest expense on bonds	39	47	(8)
-interest expense on other loans	37	25	12
Total interest expense and other charges on financial debt	**124**	**110**	**14**
Financial charges from securities	1	-	1
Foreign exchange losses	172	200	(29)
Expense from derivative instruments	30	50	(20)
Charges from equity investments	-	-	-
Accretion of employee benefits and other provisions	23	10	13
Other interest expense and financial charges	-	-	-
Total	**350**	**370**	**(20)**

"Financial income" totaled EUR 256 million, a decrease of EUR 53 million compared to 2010.

"Total interest expense and other charges on financial debt" came to EUR 124 million (EUR 110 million in 2010). The variance is mainly due to the increase of interest expense on bank loans, mainly attributable to Enel OGK-5, as well as new borrowings issued in 2011 and to higher interest expense on other loans primarily attributable to Enel France (EUR 8 million) whose effects have been partially made up for by lower interests on Company's bond after a partial reimbursement of GMTN bonds made in 2010.

Net exchange rate losses mainly attributable to Enel OGK-5 rose by EUR 42 million to EUR 17 million and they have been hedged through cross currency swaps resulting in positive realized income from financial derivatives.

12. Share of income/(expense) from equity investments accounted for using *the equity method* - *EUR 109 million*

Millions of euro

	2011	2010	Change
Income from associates and joint ventures	113	13	100
Expense from associates and joint ventures	(4)	(6)	2
Total	**109**	**7**	**102**

The balance at 31 December 2011 mainly reflects the very positive contribution of the joint ventures primarily referred to Rusenergosbyt (EUR 113 million) partially offset by losses arising from the associate Severenergia (in which the joint venture Artic Russia BV owns a 49% stake) for EUR 3 million.

13. Income taxes – *EUR 68 million*

Millions of euro

	2011	2010	Change
Current taxes	57	77	(20)
Deferred tax liabilities	20	10	10
Deferred tax assets	(9)	9	(18)
Total	**68**	**96**	**(28)**

The current taxation came to EUR 57 million (EUR 77 million in 2010). The decrease is mainly due to lower operating performance of Enel OGK-5 (EUR -15 million).

Deferred taxation accounted for in 2011 essentially reflects the accruals for the period with deferred tax expense related to the anticipated depreciation of Enel OGK-5 related to thermal power plants (EUR 11 million).

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

Millions of euro

	2011		2010	
Income before taxes	354	-	456	-
Theoretical tax	90	25,5%	116	25,5%
Permanent differences and minor items	(22)	-6,3%	(20)	-4,4%
Total	**68**	**19,2%**	**96**	**21,1%**

Information on the consolidated financial position

Assets

Non-current assets

14. Property, plant and equipment - *EUR 4.474 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. 2009	29	976	1.973	13	23	988	**4.002**
Investments	1	-	59	1	4	631	**696**
Depreciation	-	(35)	(127)	-	(3)	-	**(165)**
Assets entering service	-	12	375	-	1	(388)	**-**
Reclassified to assets HFS	(7)	(61)	(388)	-	(1)	(64)	**(521)**
Impairment	-	-	1	-	(2)	(18)	**(19)**
Exchange rate differences	-	39	56	-	1	33	**129**
Disposals and other changes	-	163	(156)	-	(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	-	(74)	(439)	-	(10)	-	**(523)**
Balance at 31 Dec. 2010	**23**	**768**	**2.105**	**14**	**24**	**1.209**	**4.143**
Investments	-	22	168	-	3	436	**629**
Depreciation	-	(26)	(151)	-	(5)	-	**(182)**
Assets entering service	-	78	620	-	5	(703)	**-**
Reclassified to assets HFS	-	-	-	-	-	-	**-**
Impairment	-	-	-	-	1	(37)	**(36)**
Exchange rate differences	-	(20)	(52)	-	-	(14)	**(86)**
Disposals and other changes	-	99	(83)	(14)	(9)	13	**6**
Total changes	**23**	**921**	**2.607**	**-**	**19**	**904**	**4.474**
Cost	23	1.021	3.197	-	34	904	**5.179**
Accumulated depreciation	-	(100)	(590)	-	(15)	-	**(705)**
Balance at 31 Dec. 2011	**23**	**921**	**2.607**	**-**	**19**	**904**	**4.474**

"Investments" in 2011 totaling EUR 629 million (EUR 696 million as of 31 December 2010) mainly refer to assets under construction (EUR 436 million) of which:

• EUR 171 million are connected to Enel OGK-5 expenses for the ongoing construction of two CCGT units at Sredneuralskaya GRES and Nevinnomysskaya GRES along with the capital expenditure of a new dry ash removal system in Reftinskaya GRES;

• EUR 214 million are related to the Romanian subsidiaries for the construction of electricity distribution grids and the Tele-control Project connected to the change of transformers for reducing network losses;

• EUR 49 million are accounted for by the capital expenditure for the construction of CCGT power plant in Belgium (Marcinelle Energie).

Further investments (EUR 193 million) are primarily attributable to investment in plant and machinery carried out by Enel OGK-5 (EUR 147 million) entering in service during 2011.

15. Intangible assets - *EUR 2.217 million*

Changes in intangible assets between 2011 and 2010 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. 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**
Investments	-	-	-	-	-	19	-	19
Reclassified to assets in use	-	-	-	-	8	(8)	-	-
Exchange rate differences	-	-	(3)	(1)	-	-	(32)	(36)
Change in scope of consolidation	-	-	-	-	-	-	-	-
Amortization	-	(3)	(5)	(3)	(4)	-	-	(15)
Impairment	-	-	-	-	-	-	(26)	(26)
Other changes	-	-	-	-	-	-	182	182
Reclassified to assets HFS	-	-	-	-	-	-	-	-
Total changes	**-**	**(3)**	**(8)**	**(4)**	**4**	**11**	**124**	**124**
Historical Cost	-	17	265	80	51	15	1.915	2.343
Accumulated amortization	-	(6)	(21)	(6)	(39)	-	-	(72)
Accumulated impairment losses	-	-	(20)	-	-	-	(34)	(54)
Balance at 31 Dec. 2011	**-**	**11**	**224**	**74**	**12**	**15**	**1.881**	**2.217**

"Patents and intellectual property rights" relate mainly to costs incurred in purchasing software and open-ended software licenses. Amortization is calculated on a straight-line basis over the asset's residual useful life (on average between three and five years).

"Concessions, licenses, trademarks and similar rights" mainly include costs incurred by the foreign electricity distribution companies to build up their customer base. Amortization is calculated on a straight-line basis over the average duration of the relationships with the customers acquired or the concessions.

"Customer list" only refers to the subsidiary Enel Energie Muntenia, after the completion of the PPA process and it is amortized over a forty-years period.

"Goodwill" came to EUR 1.881 million, an increase of EUR 124 million over the corresponding period of 2010. The following table sets out main changes of goodwill over 2011.

Millions of euro

	31 Dec. 2010	Translation differences	Impairment	Other changes	**31 Dec. 2011**
Enel OGK-5	1.242	(28)	-	-	1.214
Marcinelle Energie	20	-	(26)	6	-
Enel Distributie Muntenia	406	(3)	-	149	552
Enel Energie Muntenia	89	(1)	-	27	115
Total	**1.757**	**(32)**	**(26)**	**182**	**1.881**

The negative "translation differences" almost exclusively refer to Enel OGK-5 (EUR 28 million) after the depreciation of the Russian ruble against the Euro over 2011. "Other changes" essentially comprises the change in the valuation at period-end of the debt associated with the acquisition of minority stakes (including Enel Distributie Muntenia and Enel Energie Muntenia) under a number of put options granted to minority shareholders as part of the acquisitions of those companies. Moreover after having performed the annual impairment test over Marcinelle Energie, its goodwill has been deemed as no-longer recoverable and consequently the Group recorded an impairment loss totaling EUR 26 million.

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	Growth rate (1)	Discount rate WACC (2)	Explicit period of cash flows	Terminal Value (3)
	31 Dec 2011				
Enel OGK-5	1.214	1,2%	13,0%	10 years	*Perpetuity*
Enel Romania (4)	667	2,8%	9,8%	10 years	*Perpetuity*

(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 expected annuity with a rising yield for the years set out in the column.
(4) It refers to all the Romanian companies.

16. Equity investments accounted for using the equity method - *EUR 527 million*

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

Millions of euro

	31 Dec 2010	%	Change in scope of consolidation	Dividends	Income effect	Other changes	31 Dec. 2011	%
Artic Russia (1)	358	40,0	-	-	(4)	4	**358**	40,0
Res Holdings (2)	99	49,5	-	(120)	113	(1)	**91**	49,5
Enel.re NV	-	-	78	-	-	-	**78**	50,0
Total	**457**		**78**	**(120)**	**109**	**3**	**527**	

(1) includes Severenergia held for 49%

(2) includes Rusenergosbyt held for 100%

The increase of EUR 70 million in equity investments accounted for using the equity method for the year is essentially related to the following factors:

- the change in the scope of consolidation following the reorganization of the reinsurance activities within Enel Group in relation to the associate Enel.re NV accounted for using the equity method as from 30 November 2011 (EUR 78 million);
- a slight decrease of EUR 8 million of the equity investment in Res Holding BV as a net effect of dividends paid to the Company in 2011 (EUR -120 million) and its share of net income for the year (EUR 113 million).

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

Millions of euro

	Assets	Liabilities	Revenues	Net income	Assets	Liabilities	Revenues	Net income
	31 Dec. 2011				31 Dec. 2010			
Artic Russia (1)	1.152	294	-	(11)	927	69	-	79
Enel.re NV (2)	156	1	-	-	-	-	-	-
Res Holdings (1)	181	103	2.564	228	177	83	2.307	152

(1) Including its subsidiaries and associates
(2) Including its subsidiaries and associates accounted for using the equity method as from 1 December 2011

17. Equity investments in other companies - *EUR 528 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.

Equity investment available for sale - *EUR 523 million*

Millions of euro	31 Dec. 2011	%holding	31 Dec. 2010	%holding	Change
PT Bayan Resources	512	10,0%	500	10,0%	12
Echelon	11	7,4%	23	7,4%	(12)
Total	**523**		**523**		**0**

Bayan Resources T.b.K – *EUR 512 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 2011 the fair value of PT Bayan Resources T.b.k. rose to EUR 512 million with an increase of EUR 12 million over the corresponding period of the last year thanks to a revaluation of Indonesian currency against the Euro.

Echelon – *EUR 11 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 2011 the fair value of Echelon amounted to EUR 11 million (EUR 23 million at 31 December 2010). The decrease is caused by the depreciation of U.S. dollars currency against the Euro and by the drop in the share price.

Other investments - *EUR 5 million*

The other equity investments at 31 December 2011 mainly relate 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 of 31 December 2011 amounts to EUR 5 million.

18. Non-current financial assets – *EUR 879 million*

Non-current financial assets can be specified as follows:

Millions of euro	31 Dec. 2011	31 Dec. 2010	Change
Bond issued by Enel S.p.A.	-	30	(30)
Other securities designated at fair value through profit and loss	2	104	(102)
Medium Long Term Financial receivables	547	453	94
Medium Long Term Financial receivables for Leasing Agreements	31	32	(1)
Loans due from shareholder	296	297	(1)
Derivative contracts	3	-	3
Total	**879**	**916**	**(37)**

The decrease of EUR 37 million in "Non-current financial assets" for the year is mainly caused by the deconsolidation as of 30 November 2011 of Enel.re Ltd. financial assets "Bond issued by Enel S.p.A." (EUR 30 million) and "Other securities designated at fair value through profit and loss" (EUR 78 million). These effects are partially offset by a rise in "Medium Long Term Financial receivables" (EUR 94 million) related to the capitalization of costs following the Cooperation Agreement "EPR Flamanville 3" between Enel France and EDF (EUR 98 million).

Millions of euro	Notional amount		Fair value		
	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	Change
Cash flow hedge derivatives:					
- exchange rates	64	-	3	-	3
Total	**64**	**-**	**3**	**-**	**3**

At 31 December 2011, the notional amount of the exchange rate cash flow hedge derivative contracts classified as non-current financial assets totaled EUR 64 million with the corresponding fair value of EUR 3 million, related exclusively to Enel OGK-5.

The following table reports the fair value balances of derivatives broken down by type of measurement inputs used.

Millions of euro	31 Dec. 2011	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	3	-	3	-
Total	**3**	**-**	**3**	**-**

The following table sets out non-current financial assets 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. 2011			
Equity investments in other companies	524	524		
Other securities designated at fair value through profit or loss	2	2		

At 31 December 2011 non-current financial assets do not have either past due nor impaired items.

19. Other non-current assets - *EUR 7 million*

Other non currents assets refer exclusively to other sundry receivables.

Current assets

20. Inventories – *EUR 89 million*

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Raw materials, consumables and supplies:			
- fuel	59	31	28
- materials, equipment and other inventories	26	33	(7)
Total	**85**	**64**	**21**
Advances	4	23	(19)
Total	**89**	**87**	**2**

"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.

Inventories are recognized net of inventory write-down provision which totaled EUR 1 million at the end of 2011 (EUR 1 million as of 31 December 2010).

21. Trade receivables - *EUR 415 million*

Millions of euro

	31 Dec 2011	31 Dec 2010	Change
-sale and transport of electricity	415	367	48
-reinsurance operations	-	19	(19)
Total	415	386	29

"Trade receivables" rose by EUR 29 million to EUR 415 million. The increase in "Sale and transport of electricity" (EUR 48 million) is due to changes in the payment schedule in the regulated market and the capacity market of Enel OGK-5 (EUR 32 million) and the higher volumes of energy distributed to customers on the free market, and the related connection fees earned by Romanian companies (EUR 38 million) partially offset by lower sales of energy (EUR 22 million).

"Reinsurance operations" totaled EUR nil million at 2011 year-end following to the deconsolidation of Enel.re Ltd as from 30 November 2011.

Trade receivables from customers are recognized net of allowances for doubtful accounts, which totaled EUR 221 million at the end of 2011, as detailed in the table below.

Total at 31 Dec. 2010	191
Accruals	63
Reinstatement of value of Trade Receivables	(9)
Other changes	(24)
Total at 31 Dec. 2011	**221**

Trade receivables that had not been written down at 31 December 2011 break down by maturity as follows:

Millions of euro

Not past due	**223**
Past due:	
- from 0 to 6 months	100
- from 6 to 12 months	47
- from 12 to 24 months	24
- more than 24 months	21
Total at 31 December 2011	**415**

22. Current financial assets - *EUR 33 million*

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Intercompany Current Account	6	15	(9)
Derivative contracts	2	-	2
Short-term portion of long-term financial receivables	2	7	(5)
Other financial assets	23	6	17
Total	**33**	**28**	**5**

The item "Intercompany Current Account" as of 31 December 2011 is a financial receivable of the subsidiary Pragma Energy towards Enel S.p.A. referring to its intercompany current account.

"Other financial assets" is equal to EUR 23 million at the end of 2011, up EUR 17 million over 31 December 2010, and it also includes a financial receivable related to the sale of the Bulgarian companies (EUR 12 million).

The following table reports the notional amounts and the fair values of the derivative contracts classified under current financial assets.

Millions of euro	Notional amount		Fair value		
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010	Change
Trading derivatives:					
- exchange rates	260	-	2	-	2
Total	**260**	**-**	**2**	**-**	**2**

At 31 December 2011 the notional amount of the exchange rate trading derivative contracts classified as current financial assets came to EUR 260 million (with the corresponding fair value of EUR 2 million) and it is exclusively related to Romanian companies Enel Distributie Muntenia and Enel Energie Muntenia.

The following table reports the fair value balances of derivatives broken down by measurement inputs used.

Millions of euro

	31 Dec. 2011	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	2	-	2	-
Total	**2**	**-**	**2**	**-**

23. Other current assets – *EUR 82 million*

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
VAT receivables	44	51	(7)
Advanced paid to suppliers	15	11	4
Operational prepayments and accrued income	3	7	(4)
Sundry receivables	8	42	(34)
Other	12	11	1
Total	**82**	**122**	**(40)**

The item detailed in the table above is equal to EUR 82 million at the end of 2011 marking a decrease of EUR 40 million over 31 December 2010. The fall is mainly due to the drop in "Sundry receivables" (EUR 35 million) at Enel OGK-5 further to the offsetting of recoverable VAT paid on customs for imported equipment for CCGT.

24. Cash and cash equivalents – *EUR 759 million*

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Bank and post office deposits - free	759	764	(5)
Bank and post office deposits - tied up	-	12	(12)
Total	**759**	**776**	**(17)**

The decrease (EUR 17 million) is the result of higher "cash and cash equivalents" utilized by Romanian companies to finance their investment plans in 2011 (EUR 160 million). This was partially offset by greater Enel OGK-5 cash balances after the issue of new bonds and new bank loans raised (EUR 100 million) and by the collection of Enelco following the sale of the Power Train to Enel OGK-5 (EUR 44 million).

25. Assets held for sale – *EUR 0 million*

Millions of euro

	31 Dec 2011	31 Dec 2010	Change
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 are equal to nil as of 31 December 2011 following the sale of the Bulgarian companies with effective date on 28 June 2011.

Liabilities and shareholders' equity

26. Equity attributable to the shareholders of the Company – *EUR 4.311 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 has not changed throughout 2011.

Fair value reserve and sundry reserves – *EUR 488 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 7 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 481 million).

Reserve for equity investments accounted for using equity method – *EUR (55) 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 saw an increase of EUR 3 million which is primarily due to the net depreciation of the Group functional currency against the Russian ruble used by the Russian associated companies Severenergia and Rusenergosbyt.

Reserve from translation of financial statements in currencies other than euro – *EUR (340) million*

The decrease in this aggregate for the year totaling EUR 77 million is attributable to the net appreciation of the functional currency against the foreign currencies used by subsidiaries, in particular the Russian ruble and the Romanian leu.

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	31 Dec.2010	Gains/(Losses) recognized in equity for the year	Released to income statement	Change in scope of consolidation	Tax effects	**31 Dec.2011**
Gains/(Losses) on change in the fair value of the effective portion of CFH derivatives on interest and exchange rates (IAS 39)	(24)	25	2		(4)	(1)
OCI of companies accounted for using equity method	(58)	3	-	-	-	(55)
Reserve for fair value of financial investments available for sale	481	-	-	-	-	481
Exchange rate differences	(390)	(104)	-	-	-	(494)
Total gains/(losses) recognized in equity	**9**	**(76)**	**2**	**-**	**(4)**	**(69)**

Non-current liabilities

27. Long-term loans (including the portion falling due within 12 months) - *EUR 1.679 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 2011 compared to 31 December 2010, grouped by loan and interest rate type.

Millions of euro	Maturing	Balance	Nominal value	Balance	Current portion	Portion falling due at more than 12 months	Maturing in				
		31 Dec. 2011		31 Dec. 2010			2013	2014	2015	2016	Beyond
Bonds:											
- listed, fixed rate	2023	513	515	518	-	513	-	96	120	-	297
- listed, floating rate	2014	-	-	-	-	-	-	-	-	-	-
Bank loans:											
- fixed rate	2026	316	329	171	17	299	12	27	25	26	209
- floating rate	2021	119	120	117	13	106	10	19	16	14	47
- use of revolving credit lines		120	120	-	-	120	-	-	-	120	-
Non-bank loans:											
- with related parties		611	611	531	-	611	611	-	-	-	-
- floating rate		-	-	1	-	-	-	-	-	-	-
Total		**1.679**	**1.695**	**1.338**	**30**	**1.649**	**633**	**142**	**161**	**160**	**553**

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. 2011		31 Dec. 2010	31 Dec. 2011	
Euro	1.344	1.360	1.117	4,8%	4,7%
Russian Ruble	335	335	221	7,5%	7,7%
Total	**1.679**	**1.695**	**1.338**		

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

Millions of euro	Nominal value	Repayments	New financing	Exchange rate differences	Nominal value
	31 Dec. 2010				**31 Dec. 2011**
Bonds	521	(120)	122	(8)	515
Bank loans	301	(18)	286	-	569
Non-banks loans with related parties	531	-	80	-	611
Other loans	1	(1)	-	-	-
Total financial debt	**1.354**	**(139)**	**488**	**(8)**	**1.695**

The nominal value of long-term debt and its current portion at 31 December 2011 increased by EUR 341 million over 2010, which is the net effect of EUR 139 million in repayments, EUR 488 million in new financing and EUR 8 million in exchange rate losses.

The new financing transactions in 2011 refer to new bonds and new bank loans borrowed by Enel OGK-5 (EUR 122 million and EUR 286 million respectively) while the change in the intercompany loans relates to Enel France and Marcinelle Energie as a result of their increased funding needs for the activities performed in 2011.

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 611 million whose fair value hasn't been calculated. 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. 2011		31 Dec. 2010	
Bonds:				
- fixed rate	513	488	518	547
- floating rate	-	-	-	-
Total	**513**	**488**	**518**	**547**
Bank loans:				
- fixed rate	316	319	171	180
- floating rate	119	122	117	137
- use of revolving credit lines	120	120	-	-
Total	**555**	**560**	**288**	**317**
Non-bank loans:				
- fixed rate	-	-	-	-
- floating rate	-	-	1	1
Total	**-**	**-**	**1**	**1**
TOTAL	**1.068**	**1.049**	**807**	**865**

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

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Bonds:			
- fixed rate	513	395	118
- floating rate	-	-	-
Total	**513**	**395**	**118**
Bank loans:			
- fixed rate	299	171	128
- floating rate	106	117	(11)
-use of revolving credit lines	120	-	120
Total	**525**	**288**	**237**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	1	(1)
Total	**-**	**1**	**(1)**
TOTAL	**1.038**	**684**	**354**

Millions of euro	31 Dec. 2011	31 Dec. 2010	Change
Bonds:			
- fixed rate	-	-	-
- floating rate	-	123	(123)
Total	**-**	**123**	**(123)**
Bank loans:			
- fixed rate	-	-	-
- floating rate	17	-	17
-use of revolving credit lines	13	-	13
Total	**30**	**-**	**30**
Non-bank loans:			
- fixed rate	-	-	-
- floating rate	-	-	-
Total	**-**	**-**	**-**
TOTAL	**30**	**123**	**(93)**

Bonds issued – *EUR 513 million*

The aggregate amounting to EUR 513 million at 31 December 2011 refers to bonds issued by Enel Investment Holding B.V. under GMTN Programme (EUR 297 million) and Enel OGK-5 (EUR 216 million).

The bond issued by the Company in June 2006 was initially composed of five different installments for a nominal value of EUR 525 million and it is currently listed on the Luxembourg Stock Exchange. In this respect the Company has signed an agreement with its Parent Company Enel S.p.A for the internal assumption of this debt, based on which Enel S.p.A. undertook to the Company to assume all the Company's payment obligations in respect of the aforementioned bond. In September 2011, Enel Finance International N.V., an Enel S.p.A's subsidiary, assumed all the Company's payment obligations under the Note. 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. 2011	**31 Dec. 2011**	31 Dec. 2010
Bond, fixed rate 5,25%	2023	297	300	297
Total		**297**	**300**	**297**

On 5 October 2006 Enel OGK-5 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 bond, maturing at 1.820 days from the date of the issue. On 29 June 2011 OGK-5 completed the placement of new bonds for EUR 122 million with a 3-years maturity whose issuance was used to refinance the bond expired in September 2011. The fair value of fixed-rate bonds amounted to EUR 488 million at 31 December 2011.

Bank Loans – *EUR 555 million*

Bank loans relate exclusively to Enel OGK-5 and are broken down as follows:

- a fixed-rate bank loan maturing in 2023 (EUR 189 million);

• a long-term loan granted by European Investment Bank for financing Enel OGK-5's capex program with the floating-part maturing in 2021 (EUR 119 million) and the fixed-part maturing in 2026 (EUR 127 million);

• a revolving credit line maturing in 2016 drawn for EUR 120 million as of 31 December 2011.

Non-bank Loans – *EUR 611 million*

Non-bank loans with related parties totaled EUR 611 million with the following breakdown:

• a loan provided by Enel Finance International NV to Enel France S.A.S. amounting to EUR 388 million at 31 December 2011 in order to finance the Flamanville 3 project;

• a loan provided by Enel Finance International NV to Enel Lease Eurl amounting to EUR 29 million at 31 December 2011;

• a loan granted by Enel Finance International NV to Marcinelle Energie totaling EUR 194 million at 31 December 2011 aimed at supporting the construction of a CCGT power plant in Belgium.

28. Post-employment and other employee benefits – *EUR 52 million*

The item "Post-employment and other employee benefits" relates to estimated accruals made to cover benefits due at the time when 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 2011 and 31 December 2010.

Millions of euro	Benefits due upon termination of employment and other long-term benefits	
	2011	2010
Changes in actuarial liabilities:		
Actuarial liabilities at the beginning of the year	**65**	**52**
Service cost	3	3
Interest cost	5	5
Benefits paid	(8)	(7)
Other changes	(4)	(1)
Changes in scope of consolidation	-	-
Actuarial (gains)/losses	3	11
Foreign exchange (gains)/losses	(1)	2
Actuarial liability at the end of the year	**63**	**65**
Changes in plan assets	**-**	-
Reconciliation with carrying amount:		
Net actuarial liability at the end of the year	**63**	**65**
Net unrecognized (gains)/losses	11	9
Carrying amount of liability at the end of the year	**52**	**56**

The following table reports the impact of employee benefits on the income statement.

Millions of euro	**2011**	2010
Service cost	3	3
Interest cost	5	5
Amortization of actuarial (gains)/losses	(1)	-
Other changes	(2)	-
Total	**5**	**8**

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

	Romania	Russia	Romania	Russia
	2011		2010	
Discount rate	7,50%	8,64%	7,15%	7,75%
Long term salary increase	6,20%	7,00%	7,50%	7,00%
Long term inflation rate	3,00%	6,00%	4,00%	6,00%
Long term return on assets	N/A	N/A	N/A	N/A

29. Provision for risks and charges (including the portion falling within 12 months) - *EUR 62 million*

Millions of euro	31 Dec. 2010	Accruals	Released to income statement	Change in scope of consolidation	Utilization and other changes	**31 Dec. 2011**	*of which short term*
Provision for risks and charges:							
- insurance indemnification	119	20	-	(123)	(16)	-	-
- production order charges	13	-	-	-	(5)	8	2
- termination incentive	23	11	-	-	(8)	26	13
- other taxes and levies	22	(1)	(10)	-	-	11	11
- other	52	20	(54)	-	(1)	17	17
Total	**229**	**50**	**(64)**	**(123)**	**(30)**	**62**	**43**

The "Provision for insurance indemnifications" relates to Enel.re Ltd and represents the 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. Furthermore provision is also made for estimating the 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. This aggregate was equal to nil as of 31 December 2011 after the deconsolidation of Enel.re Ltd following the reinsurance reorganization process that took place in November 2011.

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 26 million as of 31 December 2011, refers to Enel OGK-5 (EUR 16 million) and to the Romanian companies (EUR 10 million).

“Other taxes and levies” mainly refer to the provision recognized by Enel OGK-5 with a reported drop in its carrying amount after a partial reversal of the provision for unauthorized water usage recognized at PPA (EUR 11 million).

“Other provisions” came to EUR 17 million, a decrease of EUR 35 million compared with 31 December 2010. The variance in comparison to the previous year is mainly connected to the Romanian companies and Enel OGK-5, in particular:

• Enel Distributie Banat, as a result of reversal into income statement of the provision on tariff drop (EUR -3 million) and of the amount paid to Nuclearelectrica, but considered unpaid by ANAF (*National Fiscal Administration Agency*) (EUR -3 million);

• Enel Distributie Muntenia, as a consequence of the reversal into income statement of provision on tariff drop (EUR -8 million) and the increase of provision for legal disputes (EUR 2 million),

• Enel Energie Muntenia, due to an extra-margin accrual (EUR 4 million);

• Enel Energie SA, as a consequence of the reversal into income statement of an extra-margin provision (EUR -10 million)

• OGK-5, due to the reversal into income statement of provision for legal claims (EUR -18 million).

30. Deferred tax assets and liabilities – *EUR 37 million and EUR 442 million*

Below is a breakdown 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		Increase/(Decrease) taken to income statement	Exchange rate differences	Other changes	Riclassification	
	31 Dec. 2010					**31 Dec. 2011**
Deferred tax assets:						
- accruals to provisions for risks and charges and impairment losses with deferred deductibility	17	4	-	-	-	21
- financial derivative instruments	2	-	-	(2)	-	-
- other items	11	5	-	-	-	16
Total	**30**	**9**	**-**	**(2)**	**-**	**37**
Deferred tax liabilities:						
- differences on non-current assets	9	16	-	-	13	38
- allocation of excess costs to assets	305	(1)	(7)	-	93	390
- write-down of receivables	3	1	-	-	-	4
- financial derivative instruments	-	-	-	1	-	1
- other items	111	4	(2)	2	(106)	9
Total	**428**	**20**	**(9)**	**3**	**-**	**442**

As of 31 December 2011, deferred tax assets totaled EUR 37 million and deferred tax liabilities came to EUR 442 million with no significant changes reported; the variance in comparison with 2010 essentially reflects the accruals for the period. Deferred tax liabilities essentially include the determination of the tax effects of the value adjustments to net assets

acquired as part of the final allocation of the cost of acquisitions made in the prior years primarily regarding Enel OGK5, Enel Distributie Muntenia and Enel Energie Muntenia.

No deferred tax assets were recorded in relation to prior tax losses in the amount of EUR 704 million, of which EUR 692 million related to Enel Investment Holding BV, because the tax laws in force in the Netherlands do not treat the expected income (dividends) of the companies as taxable. At 31 December 2010, the unrecorded cumulative tax asset related to prior tax losses was EUR 609 million.

31. Non-current financial liabilities - *EUR 4 million*

The following table reports the notional amounts and the fair values of the derivative contracts classified under non-current financial liabilities:

Millions of euro	Notional amount		Fair value		
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010	Change
Cash flow hedge derivatives:					
- exchange rates	259	278	4	6	(2)
Total	**259**	**278**	**4**	**6**	**(2)**

At 31 December 2011, the notional amount of the exchange rate cash flow hedge derivative contracts classified as non-current financial liabilities came to EUR 259 million with the corresponding fair value of EUR 4 million, related exclusively to Enel OGK-5.

The following table reports the fair value of derivatives on the basis of the measurement inputs used.

Millions of euro				
	31 Dec. 2011	Level 1	Level 2	Level 3
Cash flow hedge derivatives:				
- exchange rates	4	-	4	-
Total	**4**	**-**	**4**	**-**

32. Other non-current liabilities - *EUR 180 million*

Millions of euro			
	31 Dec.2011	31 Dec.2010	Change
Other non-current payables	10	10	-
Non-current operative deferred revenues	170	150	20
Total	**180**	**160**	**20**

At December 2011 this item essentially consisted of deferred revenues for electricity connections received for specific assets attributable to Romanian distribution companies.

Current liabilities

33. Short-term loans - *EUR 472 million*

At 31 December 2011, short-term loans amounted to EUR 472 million as detailed below.

Millions of euro			
	31 Dec. 2011	31 Dec. 2010	Change
Enel S.p.A - intercompany current account	472	819	(347)
Short term bank loans - secured	-	2	(2)
Total	**472**	**821**	**(349)**

The significant decrease of the negative intercompany current account held by the Company with Enel S.p.A. was essentially due to the proceeds collected after the sale of the Bulgarian companies at the end of June 2011 (EUR 218 million) and to the dividends received from its associates in 2011 (EUR 120 million).

34. Trade payables - *EUR 486 million*

This item came to EUR 486 million, an increase of EUR 62 million compared with 31 December 2010. It includes payables for the supply of electricity, fuel, materials and equipment for tenders and sundry services.

35. Current financial liabilities - *EUR 23 million*

Millions of euro			
	31 Dec.2011	31 Dec.2010	Change
Deferred financial liabilities	19	19	-
Derivative contracts	3	8	(5)
Other items	1	6	(5)
Total	**23**	**33**	**(10)**

The following table shows the notional amounts and the fair value of the derivative contracts classified under current financial liabilities:

Millions of euro	Notional amount		Fair value		
	31 Dec. 2011	31 Dec. 2010	**31 Dec. 2011**	31 Dec. 2010	Change
Trading derivatives:					
- exchange rates	201	161	3	8	(5)
Total	**201**	**161**	**3**	**8**	**(5)**

At 31 December 2011, the notional amount of the exchange rate trading derivative contracts classified as current financial liabilities came to EUR 201 million with the corresponding fair value of EUR 3 million, and it is exclusively connected to Enel OGK-5.

The following table reports the fair value of derivatives broken down by type of measurement inputs used.

Millions of euro

	31 Dec. 2011	Level 1	Level 2	Level 3
Trading derivatives:				
- exchange rates	3	-	3	-
Total	**3**	**-**	**3**	**-**

36. Other current liabilities - *EUR 1.023 million*

Millions of euro

	31 Dec.2011	31 Dec.2010	Change
Payables to related parties	17	18	(1)
Payables to third parties:			
- Payables for put options granted to minority shareholders	820	651	169
- Deferred revenues	8	38	(29)
- Other tax payables	52	50	2
- Other sundry payables	126	92	34
Total	**1.023**	**849**	**175**

At 31 December 2011 "Other current liabilities" came to EUR 1.023 million, up EUR 175 million on 2010. The item "Payables for put options granted to minority shareholders" at 31 December 2011 essential relates to the liabilities to Enel Distributie Muntenia for EUR 660 million (EUR 511 million at 31 December 2010), Enel Energie Muntenia for EUR 116 million (EUR 90 million at 31 December 2010), Marcinelle Energie in the amount of EUR 44 million (EUR 37 million at 31 December 2010).

These liabilities, which are estimated at fair value on the basis of Level 3 inputs, are determined on the basis of the exercise conditions specified in the contracts; the change for the year produced a decrease of the same amount in the goodwill of the subsidiaries.

37. Liabilities held for sale - *EUR 0 million*

Millions of euro

	31 Dec.2011	31 Dec.2010	Change
Medium/Long term loans	-	388	(388)
Provisions for risks and charges >12 months	-	4	(4)
Deferred tax liabilities	-	3	(3)
Other non-current financial liabilities	-	32	(32)
Short term loans	-	25	(25)
Trade payables	-	20	(20)
Other current liabilities	-	13	(13)
Total	**-**	**485**	**(485)**

"Liabilities held for sale", amounted to nil as of 31 December 2011 after the sale of the Bulgarian companies with effective date on 28 June 2011.

38. 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 2011	31 dec 2011	2011	
Shareholder				
Enel Spa	7	509	32	13
Associated Company				
Artic Russia	-	-	-	-
Res Holding BV	-	-	-	-
Enel Green Power Holding Sarl	-	-	-	-
Rusenergosbyt LLC	-	-	-	-
Other affiliated companies				
Enel Produzione	1	5	-	-
Enel Trade	59	59	105	149
Enel Trade Romania	1	5	37	-
Enel Ingegneria e Innovazione	4	25	2	1
Enel Finance International	300	611	21	4
Enel Servizi	3	12	2	1
Enel Distribuzione	-	16	2	-
Enel Energia	-	5	-	-
Enel Servizio Elettrico	-	1	-	-
Enel Green Power Romania	-	2	-	-
Enel Green Power France	33	-	-	2
	408	**1.250**	**201**	**170**

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

Compensation of Directors

The emoluments of the Company Directors as intended in Section 2:383 (1) of the Dutch Civil Code, which were charged in 2011, amounted to EUR 65 thousand (EUR 65 thousand in 2010) and they are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2011**	31 Dec. 2010
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

Auditor's remuneration

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

39. Contractual commitments and guarantees

The contractual commitments and guarantees as of 31 December 2011 can be specified as follows:

• in June 2008 the Company acquired 80% of the share capital of the Belgium company Marcinelle Energie S.A. (ME) from Duferco Diversification (DD), the remaining 20% still being held by DD. ME is a special purpose vehicle incorporated for the construction of a CCGT power plant in Marcinelle Belgium. For this acquisition the Company paid an initial amount of EUR 19,2 million, postponing the payment of additional sums amounting 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 aforementioned remaining amount of EUR 12,8 million, the Parent Company Enel S.p.A. issued two Parent Company guarantees, on behalf of the Company, for EUR 4,8 million and EUR 8 million, respectively. Furthermore, as provided by the sale and purchase agreement executed between the parties, Enel S.p.A., issued a Parent Company guarantee for EUR 11.4 million on behalf of the Company in order to counter guarantee 80% of an agreement already executed by Marcinelle Energie with Fluxis S.A. for the connection to the natural gas grid. The Company also granted a "put option" to Duferco for the remain 20% of the shares to be exercised within 72 months after 12 months from the "provisional acceptance";

• the Company also guaranteed the obligations of the Dutch joint company Artic Russia B.V. under the RUB 14.2 billion Club – Dual Tranche – Term Facility Agreement and the RUB 31 billion Restated Loan Agreement. For the RUB 14.2 billion Club – Dual Tranche – Term Facility Agreement, the Company provided a guarantee of up to RUB 5.7 billion in favour of Intesa San Paolo. For the RUB 31 billion Restated Loan Agreemen the Company provided a joint and several guarantee of up 15.2 billion together with Eni International B.V. in favour of SeverEnergia Llc, GazpromNeft Llc and JSC Novatek in order to guarantee the 49% stake held by Artic Russia B.V. in the Russian project company SeverEnergia Llc. Moreover, the Company also signed a Cross Indemnity Deed with Eni International B.V. so that the obligations are joint and several. In each case should the guarantee under the Restated Loan Agreement been called by SeverEnergia Llc, GazpromNeft Llc, or JSC Novatek, neither the Company nor Eni International B.V incurs liability for an amount which is greater than its due proportion. For the Company, such due portion is equal to the 40% stake held in Artic Russia B.V.;

• with reference to the RUB 93.150 million financing granted by Sberbank, Gazprom Bank and VTB Bank to SeverEnergia Llc, in which the company holds an indirect 19,60% stake, the Company signed a comfort letter on 23 December 2011 which aims at giving comfort to the above mentioned banks in particular about (i) no creation of any encumbrances on direct or indirect interest in SeverEnergia; (ii) no change in SeverEnergia shareholder's structure; (iii) commitment to provide financing to SeverEnergia in case the project incurs cost overruns in an aggregate amount of up to RUB 30 billion, provided neither the lenders, collectively or individually, nor third lending parties have provided funds to finance the cost overruns; (iv) commitment to provide financing to SeverEnergia up to a maximum principal amount of RUB 10,4 billion, in the event JSC Artic Gas Inc, CJSC Urengoy Inc, JSC Neftegastechnologia are obliged to the payment of certain promissory notes following the

issuance of a judicial decision by a Russian court. The aforementioned comfort letter was issued in proportion to its shareholding in SeverEnergia (19,60%);

• in relation to the development of a project by the subsidiary Enel OGK-5 for the construction of a CCGT power plant in Russia using a former Power Train pertaining to Enelco SA, the Company issued two Parent Company Guarantees for a cumulative amount of EUR 94,7 million in favour of the suppliers Ansaldo and Nooter Eriksen (EUR 69,7 million and EUR 25 million respectively) as security to the timely payment of the due invoices. Following the payment of invoices for a cumulative amount of EUR 56,9 million, the value of the residual guarantee was accordingly reduced to EUR 37,7 million;

• during 2007 Enel participated in a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) for the selection of strategic investors for the development, financing, construction and operation of two nuclear units, of 720 MW each in the 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 9,15% stake 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 Company decide that the project is no longer worthwhile the Company will have the right to withdraw from the PCO at any time by paying, as a penalty equal to its share of the development costs (a maximum of approximately EUR 4 million). In March 2010, the Company executed a share capital increase of EUR 1,4 million equal to 9,15% of the EUR 15 million required of the shareholders;

• in December 2009 the Company entered into a share premium contribution agreement with its Parent Company Enel S.p.A. and also entered into a share sale and purchase agreement with Enel Distribuzione S.p.A. relating to the Romanian companies. More specifically Enel S.p.A. contributed 80% of Enel Romania S.r.l., 64,43% of Enel Distributie Muntenia S.A. and 64,43% of Enel Energie Muntenia S.A. to the Company, through a voluntary non-cash share premium contribution; while the Company acquired the 51% of Enel Distributie Dobrogea S.A. from Enel Distribuzione S.p.A. for EUR 160 million, 51% of Enel Distributie Banat S.A. for EUR 220 million, the 51% of Enel Energie S.A. for EUR 80 million and 20% of Enel Romania S.r.l. for EUR 11 thousand. According to the Privatization Agreement (initially signed between Enel S.p.A. and the Romanian S.C. Electrica SA), S.C. Electrica S.A. has the right (Put Option) to require the Company to purchase - during the periods between 1 July and 31 December of 2008, 2009, 2010, 2011 and 2012 the remaining 23,6% stake 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). Purely for information purposes at the time of publication of this document, the value of consolidated debt associated to the put option granted to minority shareholders was estimated at around EUR 776 million as of 31 December 2011.

40. Subsequent events

Agreement with National Railway Company in Romania

As of 31 December 2011, Romanian subsidiaries Enel Energie SA and Enel Energie Muntenia SA had a cumulative provision for doubtful accounts related to trade receivables towards National Railway Company S.A. ("C.F.R.") which amounted to EUR 168 million.

On 24 January 2012, following negotiations between the Romanian subsidiaries and Romanian authorities, a settlement was agreed in order to enforce the payment obligation of National Railway Company C.F.R. S.A.; as a consequence of this settlement National Railway Company C.F.R. S.A. paid 36% of its overdue position to Enel companies in January 2012 resulting in a positive impact on their operating income for EUR 45 million due to the reversal into income statement of the provisions for doubtful accounts.

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 2011

Enel Investment Holding B.V. non-consolidated income statement for the year ended 31 December 2011

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

Millions of euro	Notes		
		2011	2010
Revenues			
Revenues from sales and services	*44.a*	1	-
Other revenues	*44.b*	75	-
	(Subtotal)	76	-
Costs			
Services	*45.a*	13	1
Personnel	*45.b*	1	-
Depreciation, amortization and impairment losses	*45.c*	32	3
Other operating expenses		-	-
	(Subtotal)	46	4
Operating income		**30**	**(4)**
Income/(loss) from equity investments	*46*	156	94
Financial income	*47*	16	23
Financial expense	*47*	(34)	(71)
	(Subtotal)	138	46
Income before taxes		**168**	**42**
Income taxes		-	-
NET INCOME FOR THE PERIOD (attributable to the shareholders)		**168**	**42**

The Notes on pages 96 to 120 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of comprehensive income for the year ended 31 December 2011

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

Millions of euro	Notes		
		2011	2010
Net income for the period		**168**	42
Other components of comprehensive income:			
Effective portion of change in the fair value of cash flow hedges		-	10
Change in the fair value of financial investments available for sale		-	360
Income/(Loss) recorded in other comprehensive income		**-**	**370**
COMPREHENSIVE INCOME FOR THE PERIOD		**168**	**412**
Attributable to:			
- Equity shareholders of the Company		**168**	**412**

The Notes on pages 96 to 120 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 2011

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

Millions of euro	Notes		
ASSETS		**31 Dec. 2011**	31 Dec. 2010
Non-current assets			
Equity investments in subsidiaries and associated companies	*48*	4.830	4.785
Equity investments available for sale	*49*	523	523
Equity investments in other companies	*48*	5	4
Other non-current financial assets	*50*	295	297
	(Total)	**5.653**	**5.609**
Current assets			
Current financial assets	*51*	17	8
Other current assets	*52*	28	10
Cash and cash equivalents		2	-
	(Total)	**47**	**18**
Assets classified as held for sale	*53*	**-**	**212**
TOTAL ASSETS		**5.700**	**5.839**

The Notes on pages 96 to 120 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 2011

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

Millions of euro	Notes		
LIABILITIES AND SHAREHOLDERS' EQUITY		**31 Dec. 2011**	31 Dec. 2010
Equity attributable to the shareholders of the Parent Company	*54*		
Share capital		1.593	1.593
Share premium		2.410	2.410
Fair value reserve - Available for sale		482	482
Retained earnings (losses carried forward)		(156)	(198)
Net income for the period		168	42
TOTAL SHAREHOLDERS' EQUITY		**4.497**	**4.329**
Non-current liabilities			
Long-term loans	*55*	297	297
Other non-current liabilities	*56*	8	8
	(Subtotal)	**305**	**305**
Current liabilities			
Current financial liabilities	*57*	490	838
Other current liabilities	*58*	408	367
	(Subtotal)	**898**	**1.205**
TOTAL LIABILITIES		**1.203**	**1.510**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5.700**	**5.839**

The Notes on pages 96 to 120 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated statement of changes in shareholders' equity for the year ended as at 31 December 2011

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

Millions of euro	Share capital	Share premium reserve	Available-for-sale reserve [1]	Cash flow hedge reserve	Retained earnings/(losses carried forward)	Net income for the period	**Total shareholders' equity**
at 1 January 2010	**1.593**	**2.410**	**122**	**(10)**	**(168)**	**(30)**	**3.917**
Profit appropriation	-	-	-	-	(30)	30	-
Share Premium contribution	-	-	-	-	-	-	-
Comprehensive income for the period of which:							-
Net income/(loss) for the period recognized in equity	-	-	360	10	-	-	370
Net income/(loss) for the period	-	-	-	-	-	42	42
at 31 December 2010	**1.593**	**2.410**	**482**	**-**	**(198)**	**42**	**4.329**
Profit appropriation	-	-	-	-	42	(42)	-
Share Premium contribution	-	-	-	-	-	-	-
Comprehensive income for the period of which							-
Net income/(loss) for the period recognized in equity	-	-	-	-	-	-	-
Net income/(loss) for the period	-	-				168	168
at 31 December 2011	**1.593**	**2.410**	**482**	**-**	**(156)**	**168**	**4.497**

[1] This reserve is not freely distributable

The Notes on pages 96 to 120 are an integral part of these non-consolidated financial statements

Enel Investment Holding B.V. non-consolidated cash flows statement for the year ended 31 December 2011

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

Millions of euro

	2011	2010
Income for the period	**168**	**42**
Adjustments for:		
Financial (income)/expense	(138)	(46)
(Gains)/Losses and other non-monetary items	(43)	3
Increase/(Decrease) in financial and non-financial assets/liablilities	(40)	(1)
Increase/(Decrease) in trade payables	2	1
Dividends received	156	94
Interest income and other financial income collected	17	20
Interest expense and other financial expense paid	(32)	(88)
Cash flows from operating activities (a)	**90**	**25**
Equity investments net of cash and cash equivalents acquired	-	(87)
Disposals of entities less cash and cash equivalents sold	258	361
Cash flows from investing/disinvesting activities (b)	**258**	**274**
Financial debt (new borrowings)	-	-
Financial debt (repayments)	-	(152)
Cash flows from financing activities (c)	**-**	**(152)**
Increase/(Decrease) in cash and cash equivalents (a+b+c)	**348**	**147**
Cash and cash equivalents at the beginning of the year	(820)	(967)
Cash and cash equivalents at the end of the year	(472)	(820)

The Notes on pages 96 to 120 are an integral part of these non-consolidated financial statements

Notes to the Enel Investment Holding B.V. non-consolidated financial statements as of 31 December 2011

41. Form and content of the non-consolidated financial statements

Relationship with Parent Company and principal activities

Enel Investment Holding B.V. (hereinafter: the "Company") is a private limited liability Company, where 100% of the shares are held by Enel S.p.A., the ultimate Parent Company, which has its registered office in Rome (Italy).

Enel Investment Holding B.V., which has its registered office 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 the water sector;
- in the communications, information-technology industries and the multimedia and interactive services industries;
- in network-based sectors (electricity, water, gas, district heating, telecommunications) and in 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 24 February 2012 Enel S.p.A., the Parent Company, issued a letter of support as of 31 December 2011 guaranteeing its continuous financial support to meet the Company's liabilities until next year financial statement approval.

Statement of compliance

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

These non-consolidated financial statements were approved by the Board of Directors on 1 March 2012.

Basis of preparation

These non-consolidated financial statements consist of the non-consolidated income statement, the non-consolidated statement of other comprehensive income, the non-

consolidated financial position, the non-consolidated statement of changes in shareholder's equity, the cash flows statement 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-current assets (or disposal groups) whose carrying amount will be mainly recovered through sale, rather than through on-going use, are classified as held for sale and shown separately from other balance 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.

42. Summary of significant accounting policies

Please see page 28 to 41 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 B.V. non-consolidated financial statements as of 31 December 2011 for evaluating the equity investments 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 apply. The reversal may not exceed the original cost."

Please see pages 42 to 47 of the notes of 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 and use 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 an 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.

43. Risk management

The Company could be exposed to the following risks arising from its activities:

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements including all subsidiaries belonging to Enel Investment Holding BV scope of consolidation.

Credit risk

In its commercial and financial activities, the Company 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 concerning the derivatives portfolio is considered negligible since transactions are conducted solely with leading Italian and international banks thereby diversifying exposure among different institutions.

Liquidity Risk

Liquidity risk is managed by the Group Treasury unit at Enel S.p.A., 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 in international financial markets caused by the European sovereign debt crisis of the second half of 2011, 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.

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

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.

In order to contain this exposure within the limits set at the start of the year as part of its risk management policies, Enel S.p.A. may enter into derivative contracts, on behalf of the Company, 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.

Interest rate risk

Interest rate risk management is designed to balance 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.

As of 31 December 2011 there are no outstanding interest rate derivatives pertaining to the Company.

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 regarding 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 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.

As of 31 December 2011 there are no outstanding exchange rate derivatives pertaining to the Company.

Capital management

The Board policy of the Company is to maintain a strong capital base for maintaining creditor and market confidence and sustaining the 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 return of capital is calculated as a percentage of net income over the total equity, net of available-for-sale reserve excluded in this key performance indicator because Company's management has preferred to exclude those equity reserves which might be rather volatile over the periods:

Millions of euro

	31 Dec.2011	31 Dec.2010
Total Equity	4.497	4.329
Fair value reserve-Available for sale	482	482
Adjusted Equity	4.015	3.847
Net Income	168	42
Return of capital (*)	**4%**	**1%**

* Key Performance Indicator determined on year basis

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

Revenues

44.a Revenues from sales and services – *EUR 1 million*

The service fee to Group companies (EUR 0,86 million) relates to the recharge of operating expenses based on the service agreement signed in 2011 by and between the Company and other Enel Group Dutch companies.

44.b Other revenues – *EUR 75 million*

Millions of euro

	2011	2010	Change
Result sale Bulgarian companies	19	-	19
Result contribution in kind Enel.Re. Ltd into Enel.Re. N.V.	56	-	56
Total	**75**	**-**	**75**

Other revenues totaling EUR 75 million in 2011 relate to:

- the capital gain realized following the sale of equity investments in Maritza East III Power Holding B.V. and Maritza O&M B.V. in June 2011 executed for a total consideration of EUR 230 million;
- the capital gain realized following the contribution of Enel.Re. Ltd into Enel.Re. N.V. in November 2011 for a total fair value contribution amounting to EUR 78 million resulting in a capital gain of EUR 56 million.

Costs

45.a Services – *EUR 13 million*

Millions of euro

	2011	2010	Change
Project expenses equity investements	7	-	7
Transaction costs related to equity investment acquisitions/divestments	3	-	3
Other expenses	3	1	2
Total	**13**	**1**	**12**

The project expenses equity investments relate to costs paid to the related party Enel Ingegneria & Innovazione connected to withdrawal from the Livadia project in Greece previously carried out by the subsidiary Enelco.

The transaction costs related equity investment acquisition/divestments refer to ancillary expenses incurred by the Company throughout the process of disposing of the Maritza companies as of 28 June 2011.

45.b Personnel – *EUR 1 million*

As of 31 December 2011 the Company had nine directors and employed five staff members. Personnel expenses include an amount of EUR 0,62 million in salaries and EUR 0,04 million in social security compensations.

45.c Depreciation, amortization and impairment losses – *EUR 32 million*

Millions of euro

	2011	2010	Change
Depreciation	-	-	-
Amortization	-	-	-
Impairment losses	32	3	29
Total	**32**	**3**	**29**

In 2011 management has decided to account for impairment losses to the following Company's equity investments in:

- Enel Rus LLC (EUR 5 million) since its prior losses have been considered as no longer recoverable;
- Enel Albania SHPK (EUR 1 million) and Linea Albania-Italia SHPK (EUR 0,1 million) following the decision to dismiss them during 2012;
- Marcinelle Energie SA (EUR 26 million) further to the excess costs deemed as no longer recoverable.

46. Income/(loss) from equity investments – *EUR 156 million*

This item exclusively refers to dividends resolved by subsidiaries and other companies equal to EUR 156 million at 2011 year-end (EUR 94 million in 2010), as detailed below:

Millions of euro

	2011	2010	Change
Res Holdings B.V.	120	42	78
Enel France Sas	17	52	(35)
Enel Distributie Banat SA	10	-	10
Enel Distributie Dobrogea SA	7	-	7
PT Bayan Resources Tbk	2	-	2
Total	**156**	**94**	**62**

47. Financial income/(expense) – *EUR (18) million*

Millions of euro

	2011	2010	Change
Interest and other income from non-current financial assets:			
- Assumption of GMTN bond - Enel S.p.A.	12	21	(9)
- Assumption of GMTN bond - Enel Finance International N.V.	4	-	4
Interest and other income from current financial assets:			
- Financial receivable - Marcinelle Energie	-	2	(2)
Total income	**16**	**23**	**(7)**
Interest and other charges on non-current financial debt:			
- Interest on GMTN bonds	16	21	(5)
- Assumption of GMTN bond - Enel S.p.A.	2	-	2
Interest and other charges on current financial debt:			
- interest on debts to banks	-	-	-
- Intercompany current account - Enel S.p.A	15	14	1
- Intercompany loan - Enel Finance International NV	-	2	(2)
Foreign exchange losses:			
- on other receivables	1	-	1
- on cash and cash equivalents	-	-	-
- on loans	-	1	(1)
- on other payables	-	1	(1)
Expense on financial derivative instruments:			
- from trading derivatives - Enel S.p.A.	-	32	(32)
Total charges	**34**	**71**	**(37)**
Total	**(18)**	**(48)**	**30**

Financial income decreased by EUR 7 million in 2011 compared to 2010. This change is essentially connected to the repayment of a part of the shareholder loan (assumption of issued bonds) occurred in 2010.

Financial expense fell by EUR 37 million in 2011 to EUR 34 million with the variation essentially referring to the recognition in 2010 of trading derivatives expense connected to the share capital repayment in US Dollars made by the associated company Artic Russia B.V. to the Company further to the sale of 51% stake in Severenergia.

Information on the non-consolidated financial position

Assets

Non-current assets

48. Equity investments – *EUR 4.835 million*

The following table shows the changes occurred in 2011 for each equity investment held by the Company in subsidiaries, associates, joint ventures and other companies:

Millions of euro	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding	Impairment	Other changes	Acquisitions/disposals	Capital contributions/reimbursement	Adjustment of value of *put option*	Net change	Original cost	(Write downs)/ revaluations	Carrying amount	% Holding
	31 Dec. 2010				**Changes in 2011**						**31 Dec. 2011**			
A) Subsidiaries														
Enel.Re Ltd.	21,3	-	**21,3**	100,0%	–	–	(21,3)	–	–	(21,3)	-	-	**-**	-
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%	–	–	–	(27,7)	–	(27,7)	32,7	(17,8)	**14,9**	75,0%
Enel France SAS	34,9	-	**34,9**	100,0%	–	–	–	–	–	-	34,9	-	**34,9**	100,0%
OGK 5	2.497,6	-	**2.497,6**	56,4%	–	–	–	–	–	-	2.497,6	-	**2.497,6**	56,4%
Enel Rus LLC	9,1	-	**9,1**	100,0%	(5,0)	–	–	–	–	(5,0)	9,1	(5,0)	**4,1**	100,0%
Enel Productie SRL (GPI)	4,8	-	**4,8**	100,0%	–	–	–	–	–	-	4,8	-	**4,8**	100,0%
Marcinelle Energie SA	155,6	-	**155,6**	80,0%	(26,0)	(1,0)	-	-	10,8	(16,2)	165,4	(26,0)	**139,4**	80,0%
Enel Albania SHPK	1,5	-	**1,5**	100,0%	(1,2)	–	–	–	–	(1,2)	1,5	(1,2)	**0,3**	100,0%
Linea Albania-Italia SHPK	0,2	-	**0,2**	100,0%	(0,1)	–	–	–	–	(0,1)	0,2	(0,1)	**0,1**	100,0%
Enel Romania SRL	0,1	-	**0,1**	99,9%	–	–	–	–	–	-	0,1	-	**0,1**	99,9%
Enel Distributie Muntenia S.A.	1.009,5	-	**1.009,5**	64,4%	–	–	–	–	33,1	33,1	1.042,6	-	**1.042,6**	64,4%
Enel Energie Muntenia S.A.	178,1	-	**178,1**	64,4%	–	–	–	–	5,9	5,9	184,0	-	**184,0**	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%
Total subsidiaries	**4.439,6**	**(17,8)**	**4.421,8**		**(32,3)**	**(1,0)**	**(21,3)**	**(27,7)**	**49,8**	**(32,5)**	**4.439,4**	**(50,1)**	**4.389,3**	
B) associated companies														
Res Holdings B.V. (49,5%)	84,1	-	**84,1**	49,5%	–	–	–	–	–	-	84,1	-	**84,1**	49,5%
Enel.Re N.V.	-	-	**-**	0,0%	–	–	77,8	–	–	77,8	77,8	-	**77,8**	50,0%
Artic Russia B.V. (40%)	278,7	-	**278,7**	40,0%	–	–		–	–	-	278,7	-	**278,7**	40,0%
Total associated companies	**362,8**	**-**	**362,8**		**-**	**-**	**-**	**-**	**-**	**77,8**	**440,6**	**-**	**440,6**	
C) other equity investments														
Energo Nuclear S.A.	4,4	-	**4,4**	9,2%	–	–	–	0,5	–	0,5	4,9	-	**4,9**	9,2%
Total other equity investments	**4,4**	**-**	**4,4**		**-**	**-**	**-**	**0,5**	**-**	**0,5**	**4,9**	**-**	**4,9**	
Total	**4.806,8**	**(17,8)**	**4.789,0**		**(32,3)**	**(1,0)**	**(21,3)**	**(27,2)**	**49,8**	**45,8**	**4.884,9**	**(50,1)**	**4.834,8**	

The following table lists equity investments in subsidiaries, associates, joint ventures and other companies as at 31 December 2011:

Millions of euro	Currency	Share capital	Shareholders' equity	2011 Net income/(loss)	% holding	Carrying amount
A) Subsidiaries						
Pragma Energy S.A.	CHF	4.000.000	5,5	1,8	100,0	6,5
Enelco S.A.	EUR	7.160.108	24,0	(2,2)	75,0	14,9
Enel France SAS	EUR	34.937.000	109,1	31,7	100,0	34,9
Enel OGK 5	RUB	35.371.898.370	2094,6	89,5	56,4	2.497,6
Enel Rus LLC	RUB	350.000	4,3	0,2	100,0	4,1
Enel Productie Srl	RON	19.910.200	1,8	(0,8)	100,0	4,8
Marcinelle Energie SA	EUR	110.061.500	133,9	(0,9)	80,0	139,4
Enel Albania Shpk	ALL	73.230.000	0,3	(0,2)	100,0	0,3
Linea Albania-Italia Shpk	ALL	27.460.000	0,2	(0,0)	100,0	0,1
Enel Romania Srl	RON	200.000	0,0	0,1	100,0	0,1
Enel Distributie Muntenia S.A.	RON	271.635.250	898,2	11,7	64,4	1.042,6
Enel Energie Muntenia S.A.	RON	37.004.350	134,6	(1,3)	64,4	184,0
Enel Distributie Dobrogea S.A.	RON	280.285.560	233,6	26,7	51,0	160,0
Enel Distributie Banat S.A.	RON	382.158.580	333,9	53,0	51,0	220,0
Enel Energie S.A.	RON	140.000.000	28,1	(8,8)	51,0	80,0
B) Associated companies						
Res Holdings B.V.	EUR	18.000	0,2	193,9	49,5	84,1
Enel.Re N.V.	EUR	50.000	154,0	0,7	50,0	77,8
Artic Russia B.V.	EUR	100.000	842,7	(3,5)	40,0	278,7

48.a Investments in subsidiaries

Pragma Energy S.A.

In March 2005 the Company bought 100% of Pragma Energy S.A.'s shares from Enel Trade S.p.A. for 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, owning 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).

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

In July 2007 the Company paid Enelco S.A. EUR 3 million for share premiums.

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

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

In December 2010 the board of directors approved the cancellation of the project in Greece as described above. Following the termination of the activities, the Enel Group has decided in 2011 to move the Power Train under construction from Greece to Russia because the turbine can be effectively utilized in a CCGT plant by Enel OGK-5, another subsidiary of the Company; the Company Board of Directors decided in February 2011 to bear a share of the non-recoverable costs arising from moving the job order from Greece to Russia in the amount of EUR 7 million.

Considering that, the cash received by Enelco in relation to the Power Train payment was deemed to be excessive (EUR 46 million), Enelco's shareholder meeting resolved to decrease its share capital by EUR 37 million in October 2011, of which EUR 28 million pertaining to Enel Investment Holding BV.

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 Enel Group initiatives in various business areas in France, including energy trading, are concentrated.

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

During 2009 Enel France SAS 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.

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 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.

In accordance with the agreement of 31 December 2008 the Company acquired 54.869.719 shares for a total of RUB 243 million (equal to EUR 6 million).

In accordance with the aforementioned agreement of 31 December 2009, based on information received from Enel OGK-5's legal department, at 31 December 2009 the Company recorded 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 aforementioned events, the Company's 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. No changes to these figures were reported in 2011.

Enel Rus Llc

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

During 2009 the Company recapitalized Enel Rus Llc. by RUB 400 million (approximately EUR 9 million).

In 2011 management has decided to account for an impairment loss of its equity investment in Enel Rus Llc. totaling EUR 5 million because its prior losses were considered as no longer recoverable.

Enel Productie Srl

Regarding the joint development of the construction of a coal power plant in the Free Trade Zone of the city of Galati (the Project), under the terms of the Cooperation Agreement signed with Global International 2000 and Romelectro on 5 March 2008, the company acquired 85% of the shares of Enel Productie Srl (previously called Global Power Investment Srl), minus one share for RON 0,8 million (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 by RON 19 million (equal to EUR 4,5 million).

Marcinelle Energie S.A.

Marcinelle Energie S.A. was incorporated for the construction of a CCGT power plant in the Wallonia region Marcinelle (Belgium). In June 2008 the Company acquired 80% of the corporate capital of the Belgian special purpose company Marcinelle Energie S.A. for EUR 37 million. During 2010 the Company recapitalized Marcinelle Energie S.A. by EUR 86 million by converting an existing financial receivable into a new equity investment increase.

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 12 months after the "provisional acceptance". The value of this put option as at 31 December 2011 is recognized as current liability amounting to EUR 44 million (EUR 33 million at 31 December 2010).

In December 2011, following the impairment test performed on its goodwill, the value of consolidated goodwill was considered as not longer recoverable. As a result of the aforementioned event, the Company similarly decided to account for an impairment loss of its equity investment in Marcinelle Energie S.A. totalling EUR 26 million.

Enel Albania SHPK

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

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 by LEK 122 million (EUR 1 million) and paid up the unpaid part of the issued capital totalling LEK 27 million (EUR 0,2 million).

Following the decision made by the Company in 2011 to liquidate Enel Albania SHPK management decided to account for an impairment loss of its equity investment of EUR 1,2 million taking into account its prior losses brought forward.

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 Italy together with Enel Albania SHPK.

During 2010 the Company paid up the unpaid share capital for an amount of LEK 27 million (EUR 0,2 million).

Following the decision made by the Company in 2011 to liquidate Linea Albania-Italia SHPK management decided to account for an impairment loss of its equity investment of EUR 0,1 million taking into account its prior losses brought forward.

Enel Romania Srl

In December 2009 Enel S.p.A. 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 remaining 20% of the shares in Enel Romania Srl. were purchased in December 2009 from Enel Distribuzione S.p.A. for EUR 11 thousand. One further 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 located in Romania.

Enel Distributie Muntenia S.A.

In December 2009 Enel S.p.A. 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 ask the Company to purchase a further 23,57% of the shares in Enel Distributie Muntenia S.A. The value of this put option as at 31 December 2011 is determined as a current liability of EUR 305 million (EUR 272 million at 31 December 2010).

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

Enel Energie Muntenia S.A.

In December 2009 Enel S.p.A. 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 ask the Company to purchase a further 23,57% of the shares in Enel Energie Muntenia S.A. The value of this put option as at 31 December 2011 is determined as a current liability of EUR 54 million (EUR 48 million at 31 December 2010).

Enel Energie Muntenia S.A. supplies captive consumers whose place of consumption is in the location determined by Enel Distributie Muntenia S.A.'s distribution license.

Enel Distributie Dobrogea S.A.

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

Enel Distributie Dobrogea S.A. distributes electricity in the eastern Romanian counties of Constanta, Tulcea, Calarasi and Ialomita.

Enel Distributie Banat S.A.

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

Enel Distributie Banat S.A. distributes electricity in the eastern Romanian counties of Timisoara, Arad, Hunedoara and Caras-Serverin.

Enel Energie S.A.

In December 2009 the Company purchased 51,003% of the shares held by Enel Distribuzione S.p.A. the Romanian company Enel Energie S.A. for EUR 80 million.

Enel Energie S.A. supplies electricity to captive consumers, whose place of consumption is in the locations determined by the distribution licenses of Enel Distributie Dobrogea S.A. and Enel Distributie Banat S.A.; it also supplies electricity to free market consumers.

48.b Associated companies

Enel.Re N.V. & Enel.Re Limited

In order to reorganize the reinsurance business activities within the Enel Group as carried out by the Company's former subsidiary Enel. Re. Ltd and Compostilla Re SA (wholly owned by Endesa S.A.) in August 2011 the Company established a new wholly owned company named Enel.Re N.V. under the laws of the Netherlands with an initial share capital of EUR 50 thousand. Subsequently 50% of the shares issued were sold and transferred to Endesa S.A. for a value of EUR 25 thousand.

Furthermore, in November 2011, both the shareholders of Enel.re NV, Enel Investment Holding BV and Endesa SA, contributed their entire stakes in Enel.Re Ltd and in Compostilla Re SA to Enel.Re N.V.

The value of the contribution of Enel.Re Ltd was set at its fair value as of 30 November 2011 which is broadly comparable, at the same date, with its consolidated net equity value as stated in the IFRS consolidated financial statement of the Company Enel S.p.A totalling EUR 78 million. The difference between this value and the book value in the books of the Company of Enel.re Ltd totalling EUR 56 million was recorded in the 2011 income statement under other revenues.

The shares in Enel.Re Ltd, a reinsurance company existing under the laws of Ireland, were acquired by the Company in 2004 following the liquidation of the Company's subsidiary Enel Holding Luxembourg S.A., a Luxembourg company incorporated as a holding company carrying out financial activities for the Enel Group, which ceased operations.

Res Holdings B.V.

In June 2006 the Company bought 49,5% of the shares in Res Holdings B.V. for EUR 83 million (equal to USD 105 million) from a third party. Ancillary costs included in the cost price totalled EUR 1 million. Res Holdings B.V., a company existing under the laws of the Netherlands, owns 100% of the shares in the Russian electricity trading company, Rusenergosbyt Llc.

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 EUR 15,2 million (USD 20,6 million). Part of the total purchase price (USD 10 million) has not been paid yet and it is classified as per 31 December 2011 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 51% of the corporate capital of the Russian company SeverEnergia LLC from Artic Russia B.V. for USD 1.566 million in September 2009. This consideration was to be paid to Artic Russia B.V. in two instalments: the first instalment of USD 384 million was paid in September 2009, while the second tranche of USD 1.184 million was paid on 1 April 2010. Artic Russia B.V. has used Enel's portion of the first collected tranche (USD 153,6 million) 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 instalment 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 has been consequently deducted from equity investments. Moreover in order to hedge the exchange rate risk related to the above mentioned second instalment, in 2009 the Company entered into financial derivative instrument with Enel S.p.A. that was designated as a Cash Flow Hedge derivative at 2009 year-end. 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 corresponding positive exchange rate realized has contributed to a higher amount collected as share premium repayment.

48.c Other investments

Energo Nuclear S.A.

During 2008 Enel participated in a public tender launched by Nuclearelectrica (a company wholly owned by the Romanian State) relating to the selection of strategic investors for the development, financing, construction and operation of two nuclear units, each of 720 MW, to be added to the Cernavoda power plant, a nuclear power plant in Romania owned by Nuclearelectrica. In this

regard the Company has signed an investment agreement for a 9,15% stake in the Romanian Project Company and obliges it to fund 9,15% of the subscribed share capital of the PCO and of the development cost, totalling a maximum of EUR 4 million. The 9,15% stake in the newly incorporated Romanian company Societatea Comercială EnergoNuclear S.A., was acquired in March 2009 by subscribing to newly issued shares for an overall exposure of RON 1,8 million (EUR 0,4 million).

The total acquisition cost included in the cost price amounts to EUR 2,6 million. During 2010 the Company recapitalized Energo Nuclear S.A. for RON 5,6 million (EUR 1,4 million), while in 2011 the Company paid a further RON 1,9 million (EUR 0,5 million) with its stake being unchanged.

49. Equity investments available-for-sale – *EUR 523 million*

The following table lists equity investment classified as available for sale at 30 June 2011 and 31 December 2010.

Millions of euro

	31 Dec. 2011					31 Dec. 2010				
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	(9)	-	11	7,9	20	3	-	23	7,9
PT Bayan Resources	138	492	(118)	512	10	138	480	(118)	500	10
Total	**158**	**483**	**(118)**	**523**		**158**	**483**	**(118)**	**523**	

Echelon Corporation

The 7,9% stake in corporate capital of Echelon was bought in December 2005 from Enel S.p.A. for USD 25 million (EUR 20 million). Echelon is listed on the NASDAQ stock market in the USA and 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.

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 regard the amount retained at 31 December 2009 by the Company in 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 the share price decreased continuously by 80% since acquisition. The impairment recorded in 2008 amounting to EUR 118 million was recorded in the income statement.

50. Other non-current financial assets – *EUR 295 million*

Millions of Euro

	31 Dec. 2011	31 Dec. 2010	Change
Financial receivables:			
- due from Shareholder	-	297	(297)
- due from Enel Finance International N.V.	295	-	295
Total	**295**	**297**	**(2)**

Financial receivables relate to an internal agreement between the Company and Enel S.p.A. based on which the latter undertook to the Company to assume all the Company's payment obligations under the notes issued (a 5,25% fixed-rate bond instalment maturing in 2023).

In 2011 further to a reorganization whereby all international financial activities of the Enel Group were centralized in Enel Finance International N.V., the Company terminated the initial agreement with Enel S.p.A. as of 29 September 2011 and entered into a new agreement for the assumption of debt with Enel Finance International N.V.

Current assets

51. Current financial assets – *EUR 16 million*

Millions of euro

	31 Dec. 2011	31 Dec. 2010	Change
Financial receivables due from Group companies:			
- accrued income on GMTN debt assumption	4	4	-
- other financial receivables	-	4	(4)
Financial receivables due from others:			
- other financial receivables	12	-	12
Total	**16**	**8**	**8**

The change on 31 December 2010 (up EUR 8 million) was mainly due to the recognition of a financial receivable from ContourGlobal LP after the sale of Bulgarian companies (EUR 12 million); this receivable is interest-bearing (5% annual fixed rate) and it's due within twelve months from the closing of the disposal which took place on 28 June 2011.

52. Other current assets – *EUR 28 million*

At 2011 year-end other receivables refer to the receivable further to the equity disinvestment in Enelco (EUR 28 million) to be received by the Company upon finalizing a few legal steps with Greek public authorities (see paragraph 30.1 for further notes).

53. Assets classified as held for sale – *EUR 0 million*

During 2010 the Board of Directors of the Company decided to dispose of its subsidiaries Maritza East III Power Holding B.V. and Maritza O&M Holding Netherlands B.V. to non-Group counterparties and therefore the equity investment in these companies had been separately classified as assets held for sale as per 31 December 2010.

In June 2011 the entire share capital of the Netherlands-registered companies Maritza East III Power Holding B.V. and Maritza O&M Holding Netherlands B.V. was sold and transferred to the purchaser ContourGlobal for a total consideration of EUR 230 million.

Liabilities and shareholders' equity

54. Shareholders' equity – *EUR 4.497 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*

Fair value reserve AFS - *EUR 481 million*

This items includes the accumulated income recognize directly in equity referring to available-for-sale financial assets measured at fair value in Bayan Resources T.b.K and Echelon Corporation.

The following tables provide a reconciliation of Group results for the year and shareholders' equity with the corresponding figures for the Company.

Reconciliation of non-consolidated equity to consolidated equity

Million of euro

	31 Dic. 2011	31 Dic. 2010
Stand Alone Net Equity	**4.497**	**4.329**
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 OCI reserves effect	(396)	(322)
Fair value and sundry reserve	6	-
Cash flow hedge of the bulgarian companies	-	(17)
Retain earnings of consolidated companies - 2009	184	184
Retain earnings of consolidated companies - 2010	209	209
Net Income of consolidated companies - 2011	24	-
Impact of IFRIC 18	18	18
Consolidated Net Equity	**4.311**	**4.170**

Reconciliation of non-consolidated income statement to consolidated income statement

Million of euro

	2011	2010
Stand Alone Net Results	**168**	**42**
Results of subsidiaries	169	200
Intragroup dividends	(156)	(94)
Equity investments accounted for by using the equity method	109	109
Impairment adjustments	(42)	(6)
Consolidation difference at consolidation level	(56)	-
Group Net Results	**192**	**251**
Total Minority interests	**94**	**109**
Consolidated Net Results	**286**	**360**

Non-current liabilities

55. Long-term loans – *EUR 297 million*

Millions of euro	Maturing	Carrying amount	Nominal value	Carrying amount	Nominal value
		31 Dec. 2011		31 Dec. 2010	
Bonds:					
- listed, fixed rate 5,25%	2023	297	300	297	300

At 2011 year ended the Company had outstanding issued bonds, listed on the Luxembourg stock exchange, for a total nominal value of EUR 300 million whose maturity is set in 2023.

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. agreed to assume all of the Company's payment obligations regarding of the aforementioned bonds. In September 2011 this agreement was terminated and a new agreement was signed under the same conditions with Enel Finance International N.V.

56. Other non-current liabilities – *EUR 8 million*

Current liabilities

57. Current financial liabilities – *EUR 490 million*

Millions of euro	**31 Dec. 2011**	31 Dec. 2010	Change
Intercompany current account with Enel Spa	472	820	(348)
Accrued expenses on GMTN bond	4	4	-
Accrued expenses from Shareholder	14	14	-
Total	**490**	**838**	**(348)**

The significant decrease in the intercompany current account held with Enel S.p.A. was essentially due to the proceeds collected by the Company after the sale of Bulgarian companies at the end of June 2011 (EUR 218 million) and the dividends received in 2011 both from its subsidiaries and associates (EUR 157 million).

58. Other current liabilities – *EUR 408 million*

Millions of euro	**31 Dec. 2011**	31 Dec. 2010	Change
Payables owed to related parties:			
- shareholder	4	1	3
Payables due to third parties:			
- Acquisition Marcinelle Energie S.A. (80% stake)	-	13	(13)
-Put option liability - Marcinelle Energie S.A.	44	33	11
-Put option liability - Enel Distributie Muntenia S.A.	305	272	33
-Put option liability - Enel Energie Muntenia S.A.	54	48	6
- Other sundry payables	1	-	1
Total	**408**	**367**	**41**

"Other current liabilities" mainly relate to the fair value of put options granted to minority shareholders of the owned entities Marcinelle Energie S.A. (20%), Enel Distributie Muntenia S.A. (23,6 %) and Enel Energie Muntenia S.A (23,6%).

59. 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 31 December 2011 and 31 December 2010 respectively.

Millions of euro	Receivables	Payables	Cost	Income	Dividends
	31 Dec. 2011		**2011**	**2011**	**2011**
Shareholder:					
Enel S.p.A	-	490	18	12	-
Subsidiaries:					
Marcinelle Energie S.A.	-	-	-	-	-
Enelco S.A.	28	-	-	-	-
Enel France SAS	-	-	-	-	17
Enel Distributie Banat SA	-	-	-	-	10
Enel Distributie Dobrogea SA	-	-	-	-	7
Associated Companies:					
Res Holding B.V.	-	-	-	-	120
Other affiliated companies:					
Enel Finance International S.A.	300	-	4	-	-
Enel Ingnegneria & Innovazione	-	-	7	-	-
Total	**328**	**490**	**29**	**12**	**154**

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

Compensation of Directors

The emoluments of the Company Directors charged in 2011, as per Section 2:383 (1) of the Dutch Civil Code, amounted to EUR 65 thousand (EUR 65 thousand in 2010) and are summarized in the following table:

(all amounts in thousands of Euro)	**31 Dec. 2011**	31 Dec. 2010
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

Auditor's remuneration

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

60. Subsequent events

On 25 January 2012, the extraordinary general shareholders assembly of EnergoNuclear approved a share capital increase of EUR 5 million. The Company owns 9,15% of its share capital and therefore the corresponding outflow was equal to EUR 457 thousand.

Amsterdam, 20 April 2012

The Board of Directors:

L. Ferraris

A. Brentan

C. Machetti

C. Tamburi

C. Palasciano

H. Marseille

F. Mauritz

A.J.M. Nieuwenhuizen

K. Schell

61. 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 Board of Directors proposes to allocate the net profit of the 2011 amounting to EUR 168 million to the Company's retained earnings.

Auditor's report

The auditor's report is included in page 120.

ERNST & YOUNG

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 2011 of Enel Investment Holding B.V., Amsterdam (the Netherlands), which comprise the consolidated and non-consolidated statement of financial position as at 31 December 2011, the consolidated and non-consolidated income statements, the consolidated and non-consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and 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 these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the director's report in accordance with Part 9 of Book 2 of the Dutch 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 with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Enel Investment Holding B.V. as at 31 December 2011 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 Dutch Civil Code.

Report on other legal and regulatory requirements

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

Eindhoven, 20 April 2012

Ernst & Young Accountants LLP

signed by G.J. Verwoert

Subsidiaries and associated companies of Enel Investment Holding B.V. at 31 December 2011

Below is a list of the subsidiaries and associates of Enel Investment Holding B.V. at 31 December 2011. The Company has full title to all investments.

The following information is included for each company: name, registered office, activity, share capital, currency, 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 2011

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2011				
Parent company:								
Enel Investment Holding BV	Amsterdam	Netherlands	Holding company	1.593.050.000	EUR	Enel SpA	100,00%	100,00%
Subsidiaries:								
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	Bucharest	Romania	Electricity distribution	271.635.250	RON	Enel Investment Holding BV	64,43%	64,43%
Enel Energie Muntenia 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 Lease Eurl	Lyon	France	Electricity generation from renewable resources	500.000	EUR	Enel France Sas	100,00%	100,00%
Enel OGK-5 OJSC	Ekaterinburg	Russian Federation	Electricity generation	35.371.898.370	RUB	Enel Investment Holding BV	56,43%	56,43%
Enel Productie Srl	Bucharest	Romania	Electricity generation	19.910.200	RON	Enel Investment Holding BV	100,00%	100,00%
Enel Romania 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%
Enelco SA	Athens	Greece	Plant construction, operation and maintenance	7.160.108	EUR	Enel Investment Holding BV	75,00%	75,00%
Marcinelle Energie SA	Charleroi	Belgium	Electricity generation, transport, sale and trading	110.061.500	EUR	Enel Investment Holding BV	80,00%	80,00%
OGK-5 Finance LLC	Moscow	Russian Federation	Finance	10.000.000	RUB	Enel OGK-5 OJSC	100,00%	56,43%
Pragma Energy SA	Lugano	Switzerland	Coal trading	4.000.000	CHF	Enel Investment Holding BV	100,00%	100,00%
Prof-Energo LLC	Sredneuralsk	Russian Federation	Energy services	10.000	RUB	Sanatorium-Preventorium Energetik OJSC	100,00%	56,43%
Sanatorium-Preventorium Energetik OJSC	Nevinnomyssk	Russian Federation	Energy services	10.571.300	RUB	OGK-5 Finance LLC Enel OGK-5 OJSC	0,01 % 99,99%	56,43%
Sociètè Du Parc Eolien Grandes Terres Ouest Eurl	Lyon	France	Electricity generation from renewable resources	21.000	EUR	Enel France Sas	100,00%	100,00 %
Teploprogress OJSC	Sredneuralsk	Russian Federation	Electricity sales	128.000.000	RUB	OGK-5 Finance LLC	60,00%	33,86%

Associated companies accounted for using the equity method at 31 December 2011

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2011				
Compostilla Re SA	Luxembourg	Luxembourg	Reinsurance	12.000.000	EUR	Enel.Re NV	100,00%	50,00%
Enel.Re Ltd	Dublin	Ireland	Reinsurance	3.000.000	EUR	Enel.Re NV	100,00%	50,00%
Enel.Re NV	Amsterdam	Netherlands	Reinsurance	50,000	EUR	Enel Investment Holding BV Endesa SA 50,00%	50,00%	50,00%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company:								
Artic Russia BV	Amsterdam	Netherlands	Holding company	100.000	EUR	Enel Investment Holding BV	40,00%	40,00%
Subsidiary of Artic Russia BV:								
SeverEnergia	Moscow	Russian Federation	Gas and oil processing and transport	55.114.150.0000	RUB	Artic Russia BV	49,00%	19,60%

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
Parent company:								
Res Holdings BV	Amsterdam	Netherlands	Holding company	18,00	EUR	Enel Investment Holding BV	49,50%	49,50%
Subsidiaries of Res Holding BV:								
Lipetskenergosbyt LLC	Lipetskaya Oblast	Russian Federation	Electricity sales	7.500	RUB	Rusenergosbyt C LLC	75,00%	18,93%
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%

Other equity investments at 31 December 2011

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2011				
Echelon Corporation	Wimintgon	USA (Delaware)	Energy control networking platform	424.128,16	USD	Enel Investment Holding BV	7,07%	7,07%
Energonuclear S.A.	Bucharest	Romania	Electricity generation	102.006.000	RON	Enel Investment Holding BV	9,15%	9,15%
PT Bayan Resources Tbk	Jakarta	Indonesia	Coal producer	0	CRC	Enel Investment Holding BV	10,00%	10,00%

Companies in liquidation at 31 December 2011

Company name	Registered office	Country	Activity	Share capital	Currency	Held by	% holding	Group % holding
				31 Dec. 2011				
Enel Albania Shpk	Tirana	Albania	Construction, operation and maintenance of plants. Electricity generation and trading	73.230.000	ALL	Enel Investment Holding BV	100,00%	100,00 %
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 %